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LOCAL DIGITAL MARKETING ETHICS: WHERE PERSONALISATION HELPS AND WHERE IT CROSSES THE LINE

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Abstract. *The rapid development of artificial intelligence and data analytics has significantly transformed digital marketing practices, enabling businesses to deliver highly personalized consumer experiences. However, the growing use of AI-driven personalization raises important ethical concerns related to privacy, transparency, consumer autonomy, and potential manipulation. This study examines the ethical boundaries of personalization in local digital marketing and identifies situations in which personalized marketing practices create value for consumers and when they become intrusive or ethically problematic. The research is based on an interdisciplinary methodological approach combining a review of academic and professional literature, comparative analysis of ethical marketing practices, and conceptual modelling. As a result, the study proposes the Ethical AI Personalization Framework for local digital marketing, which outlines key principles for responsible data use, algorithmic transparency, and consumer trust. The findings highlight that ethical personalization can enhance customer experience and marketing effectiveness, while excessive data use and manipulative techniques may undermine consumer trust and reputational sustainability. The proposed framework may support businesses in developing more responsible and transparent digital marketing strategies.*

The rapid digital transformation of the global economy has fundamentally reshaped marketing practices, particularly in the context of local digital markets. Businesses increasingly rely on data-driven technologies to personalize consumer experiences and optimize marketing communication. Artificial intelligence (AI), machine learning algorithms, and advanced analytics allow organisations to tailor content, recommendations, and promotional messages to individual users in real time. Such personalisation techniques significantly improve marketing efficiency

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and consumer engagement, thereby becoming a central component of contemporary digital marketing strategies [2].

However, the rapid growth of personalized marketing has also generated significant ethical concerns. While consumers appreciate relevant recommendations and improved user experiences, they are simultaneously concerned about the collection and use of their personal data. The increasing ability of digital platforms to track user behaviour across devices and contexts has raised important questions about privacy, transparency, and autonomy. As a result, scholars and practitioners increasingly emphasise the need to balance technological capabilities with ethical responsibility in digital marketing practices [6].

In the context of local digital marketing, these concerns become particularly pronounced. Local marketing strategies frequently rely on geo-location data, behavioural tracking, and predictive analytics to deliver highly contextualized content. For example, mobile applications can recommend nearby restaurants, retail stores, or services based on a user's real-time location and past preferences. Although such services provide convenience and operational efficiency, they also raise questions about the extent to which organisations should monitor and analyse personal data to influence consumer decisions.

Another important dimension of this issue is consumer trust. Research indicates that trust is one of the key determinants of long-term customer relationships in the digital economy. When consumers perceive that companies misuse their personal data or engage in manipulative targeting practices, their trust in the brand decreases significantly [7]. Therefore, ethical marketing practices are not only a matter of regulatory compliance but also a strategic factor in building sustainable competitive advantage.

The growing attention to data protection regulations further emphasizes the importance of ethical approaches to digital marketing. Legislative frameworks such as the General Data Protection Regulation (GDPR) in the European Union establish strict requirements for transparency, data minimization, and user consent. These regulations highlight the need for businesses to adopt privacy-aware design principles and ensure responsible use of personal data in marketing activities.

Given these developments, the ethical implications of AI-driven personalisation in local digital marketing require comprehensive analysis. The purpose of this study is to examine the ethical boundaries of personalized marketing practices and identify the conditions under which personalisation enhances consumer experience without violating privacy expectations. The article

explores the benefits of personalisation in digital marketing, identifies situations in which personalisation becomes intrusive, and outlines strategies for implementing ethical and responsible marketing practices.

This study adopts an interdisciplinary methodological approach that integrates concepts from digital marketing, artificial intelligence ethics, and data privacy research. The study employs qualitative analytical methods, including a systematic literature review, conceptual modeling, and comparative analysis of ethical frameworks used in digital marketing practices.

First, a systematic review of both academic and professional literature was conducted to identify the main ethical challenges associated with AI-driven personalisation in digital marketing. The literature included peer-reviewed journal articles, policy documents, and analytical reports focusing on data privacy, algorithmic transparency, and ethical marketing practices. Special attention was paid to studies addressing the relationship between consumer trust and personalized marketing technologies [6; 7; 8].

Second, a conceptual analysis of existing ethical design approaches was carried out. This analysis allowed the identification of key principles that determine responsible use of personalisation technologies, including transparency, user consent, data minimization, and algorithmic accountability.

Third, based on the synthesis of these theoretical perspectives, a conceptual framework titled the “Ethical AI Personalisation Framework” was developed. The purpose of this framework is to illustrate the relationship between technological personalisation mechanisms and ethical safeguards that ensure responsible digital marketing practices.

The framework integrates three key dimensions:

1. **AI-driven personalisation technologies,**
2. **consumer experience and value creation,**
3. **ethical governance mechanisms.**

These components collectively determine whether personalisation practices remain beneficial for consumers or cross ethical boundaries related to privacy and manipulation.

The proposed framework illustrates the structural relationship between data-driven personalisation technologies and ethical governance mechanisms in digital marketing systems. At the first level, various consumer data sources, including behavioural data, purchase history, and geolocation information, provide the input for AI-based analytics.

At the second level, artificial intelligence technologies process these datasets using machine learning algorithms and predictive models. These technologies

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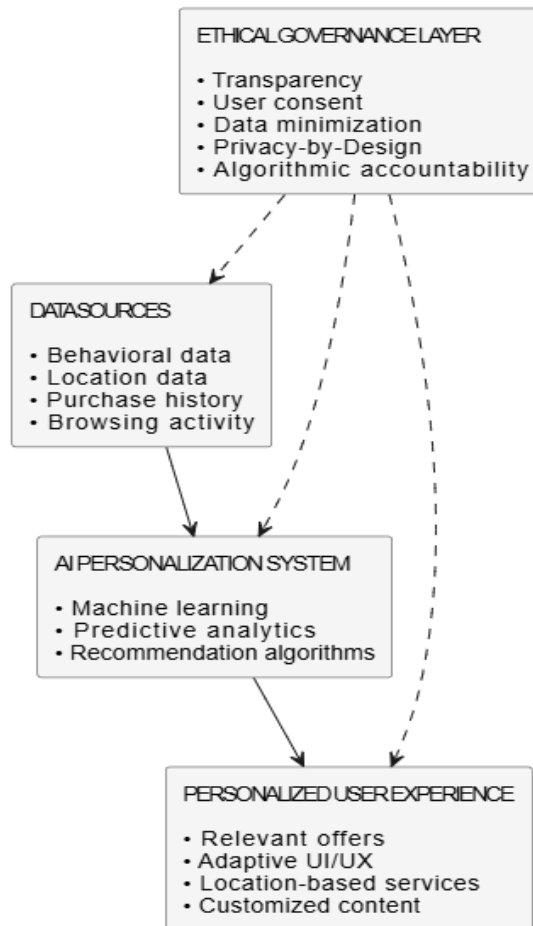


Fig. 1. **Ethical AI Personalisation Framework for Local Digital Marketing**

generate insights that enable personalized marketing communication and adaptive digital interfaces.

The third level represents the consumer experience, where personalized recommendations, location-based services, and customized user interfaces create value for users by increasing relevance and convenience.

However, the effectiveness and legitimacy of such personalisation depend on the presence of ethical governance mechanisms. Therefore, the framework introduces an ethical layer that includes transparency, informed consent, data minimization, and algorithmic accountability. These principles ensure that personalisation technologies operate within acceptable ethical boundaries and respect users' privacy and autonomy.

By integrating technological capabilities with ethical safeguards, the framework highlights the conditions under which AI-driven personalisation enhances consumer experience without becoming intrusive or manipulative.

Artificial intelligence technologies have significantly expanded the capabilities of digital marketing systems. Machine learning algorithms can process vast amounts of consumer data, identify behavioural patterns, and generate personalized recommendations with high accuracy. These technologies enable companies to move beyond traditional mass marketing approaches towards highly individualised communication strategies that address specific consumer needs and preferences [8].

Personalisation systems typically rely on several types of data, including demographic information, browsing history, purchase behaviour, social media interactions, and geolocation data. By integrating these data sources, AI algorithms can predict user interests and deliver highly targeted advertising content or product recommendations. Such predictive analytics significantly increases marketing effectiveness by ensuring that promotional messages reach the most relevant audience segments.

From a business perspective, personalized marketing offers multiple advantages. Empirical research demonstrates that targeted advertising can substantially increase conversion rates and customer retention. Consumers often prefer receiving recommendations that match their interests rather than being exposed to irrelevant marketing content. Consequently, companies invest heavily in AI-driven personalisation technologies to improve customer engagement and optimize marketing budgets [2].

Despite these advantages, AI-based personalisation also introduces significant ethical challenges. One of the primary concerns is the potential manipulation of consumer behaviour. Behavioural targeting techniques can exploit cognitive biases and emotional triggers, encouraging consumers to make decisions that they might not otherwise consider. Scholars refer to this phenomenon as "digital nudging", where interface design and algorithmic recommendations subtly guide user choices [9].

Another ethical concern relates to the creation of so-called "filter bubbles" or "information bubbles." Personalized content delivery systems often prioritize information that aligns with a user's existing preferences, limiting exposure to alternative viewpoints or products. This can potentially reduce consumer autonomy and reinforce behavioural patterns that benefit the platform rather than the user.

Privacy issues also represent a major ethical challenge. Many consumers are unaware of the extent to which their data is collected and analysed by digital platforms. Studies show that individuals frequently underestimate the amount of information companies can infer from seemingly insignificant behavioural signals, such as browsing patterns or time spent on specific content [6].

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Furthermore, the opacity of algorithmic decision-making complicates ethical oversight. Many AI systems operate as "black boxes", making it difficult for users and regulators to understand how recommendations are generated. Lack of transparency may lead to discriminatory outcomes, biased advertising targeting, or unfair treatment of specific consumer groups.

Therefore, ethical digital marketing requires companies to implement transparent data practices and ensure that personalisation technologies respect user autonomy and privacy. Responsible marketing strategies should focus not only on maximizing engagement but also on maintaining fairness, transparency, and accountability.

Although ethical concerns exist, personalisation can significantly enhance consumer experience when implemented responsibly. Ethical personalisation focuses on delivering relevant and useful content while respecting user privacy and maintaining transparency about data usage.

One of the primary benefits of personalisation is increased relevance of information. In digital environments characterized by information overload, consumers often struggle to identify products or services that correspond to their needs. Personalized recommendation systems help filter large volumes of information and present users with options that align with their interests and preferences [3]. Consequently, consumers spend less time searching for relevant products and can make more informed purchasing decisions.

Another important benefit is the improvement of user experience in digital interfaces. AI-driven personalisation allows websites and mobile applications to adapt their design, content, and navigation structures to individual users. For example, e-commerce platforms can display personalized product categories, while service applications can recommend nearby facilities based on user location. Such adaptive interfaces improve usability and make digital interactions more intuitive [1].

Personalisation also contributes to more efficient resource allocation for businesses. Traditional advertising methods often involve broad audience targeting, which can lead to wasted marketing expenditures. In contrast, data-driven targeting ensures that promotional messages are delivered to users who are more likely to be interested in the product. This approach improves return on investment and reduces the volume of irrelevant advertising.

In the context of local digital marketing, personalisation can provide additional value through location-based services. Mobile applications and digital platforms can deliver timely information about nearby services, events, or promotions. For example, consumers may receive recommendations for restaurants, stores, or cultural events located within walking distance. Such

contextual relevance enhances convenience and supports local economic activity.

Moreover, ethical personalisation can strengthen relationships between businesses and consumers. When users perceive that companies genuinely aim to improve their experience rather than exploit their data, trust in the brand increases. Trust is a critical component of long-term customer loyalty and plays an important role in maintaining competitive advantage in digital markets.

Therefore, personalisation should not be viewed solely as a potential threat to privacy. When implemented with appropriate safeguards and transparency, it can significantly improve both consumer experience and business performance.

Despite its potential benefits, personalisation can easily become intrusive when companies prioritize marketing efficiency over ethical considerations. One of the most widely discussed issues in this context is the so-called "creepiness factor" in digital marketing. This term describes the discomfort consumers feel when marketing messages appear to rely on excessively detailed personal information.

A common example of intrusive personalisation involves the use of sensitive personal data without explicit consent. Information related to health conditions, financial difficulties, or personal relationships is particularly sensitive and requires careful handling. When companies use such data for targeted advertising without clear user permission, consumers often perceive this as a violation of their privacy [4].

Another problematic practice involves continuous behavioural tracking. Modern digital platforms frequently collect data through cookies, mobile sensors, and cross-platform analytics systems. While such data collection enables more accurate targeting, excessive tracking may create a perception of continuous surveillance. Consumers may feel that their online activities are being monitored without their knowledge or control.

Location-based marketing presents additional ethical challenges. Although geo-targeting can provide useful information about nearby services, continuous location tracking raises serious privacy concerns. If users are not adequately informed about how their location data is collected and used, such practices may undermine consumer trust and lead to significant reputational damage for organisations.

Lack of user control also represents an important ethical issue. Many digital platforms make it difficult for users to opt out of personalized advertising or delete their personal data. Complex privacy settings and unclear consent mechanisms reduce users' ability to manage their digital identities. Ethical marketing practices require companies to provide simple and accessible tools for data management and personalisation control [5].

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Furthermore, algorithmic personalisation may reinforce social inequalities and biases. Machine learning systems trained on historical data may inadvertently reproduce discriminatory patterns. For instance, targeted advertising algorithms may display high-paying job advertisements primarily to male users or offer different pricing conditions based on inferred socioeconomic status.

These examples illustrate that personalisation technologies must be implemented with careful consideration of ethical implications. Without appropriate safeguards, personalized marketing may undermine consumer autonomy, privacy, and trust.

Table 1

Ethical Risks Associated with AI-Driven Personalisation in Digital Marketing

Personalisation Practice	Potential Ethical Risk	Impact on Consumers	Mitigation Strategy
Behavioural targeting	Manipulation of consumer decisions	Reduced autonomy in decision-making	Transparent recommendation systems
Location tracking	Invasion of privacy	Feeling of surveillance and loss of control	Explicit user consent and clear opt-out options
Predictive analytics	Algorithmic bias and discrimination	Unequal access to offers or opportunities	Algorithm auditing and fairness monitoring
Data aggregation	Loss of anonymity	Exposure of sensitive behavioural patterns	Data minimization and anonymization
Cross-platform tracking	Excessive profiling	Lack of awareness of data collection	Clear privacy policies and user control tools

Source: author's compilation based on [2-5].

The ethical risks associated with AI-driven personalisation in digital marketing are summarized in Table 1. The table highlights the relationship between specific personalisation practices, potential ethical challenges, and strategies that organisations can implement to mitigate these risks.

Behavioural targeting and predictive analytics represent some of the most widely used techniques in personalized marketing. While these approaches improve marketing efficiency, they can also influence consumer behaviour in subtle ways, potentially reducing user autonomy. Research indicates that algorithmic recommendation systems may shape consumer preferences by prioritizing specific types of content or products [8].

Location-based targeting introduces additional privacy concerns. Continuous tracking of user location may create the perception of surveillance, particularly when users are not fully aware of how their data is collected and processed. Providing clear consent mechanisms and transparent data usage policies can significantly reduce these concerns.

Another important challenge relates to algorithmic bias. Machine learning systems trained on historical data may unintentionally reproduce existing social or economic inequalities. Therefore, organisations should regularly audit personalisation algorithms to ensure fairness and avoid discriminatory outcomes.

Finally, excessive data aggregation and cross-platform tracking may result in detailed consumer profiling that exceeds reasonable privacy expectations. Implementing data minimization strategies and allowing users to control their personal data are essential steps toward responsible marketing practices.

Overall, addressing these ethical risks requires an integrated approach that combines technological safeguards, organizational policies, and transparent communication with consumers.

To address the ethical challenges associated with AI-driven personalisation, organisations increasingly adopt the concept of **privacy-by-design**. This approach emphasizes integrating privacy protection mechanisms directly into the development of digital systems rather than treating them as an afterthought. The concept was originally proposed by Cavoukian and later incorporated into major data protection regulations, including the GDPR.

Privacy-by-design principles include data minimization, transparency, and user empowerment. Data minimization means collecting only the information necessary for providing a specific service. By limiting data collection, companies reduce the risk of misuse or unauthorized access to personal information.

Transparency is another key component of ethical marketing practices. Organisations should clearly communicate how user data is collected, stored, and used for personalisation purposes. Privacy policies must be understandable and accessible rather than hidden within lengthy legal documents.

User control is equally important. Consumers should have the ability to easily modify personalisation settings, withdraw consent, or delete their personal data. Providing such options enhances user autonomy and strengthens trust in digital platforms.

Cybersecurity also plays a critical role in ethical data management. Data breaches not only violate legal requirements but also severely damage brand reputation. Therefore, companies must implement robust security mechanisms to protect personal data from unauthorized access.

In addition to technological measures, organisations should develop internal ethical guidelines for data use. Marketing teams should receive regular training on

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ethical decision-making and responsible data practices. Establishing internal ethics committees or review boards can help ensure that marketing strategies align with both legal requirements and societal expectations.

Finally, ethical marketing should be viewed as a long-term strategic investment rather than a regulatory obligation. Companies that prioritize transparency and user trust are more likely to build sustainable relationships with their customers and maintain a positive brand image in competitive digital markets.

Conclusions. The rapid development of artificial intelligence technologies has fundamentally transformed digital marketing practices, enabling unprecedented levels of personalisation. In the context of local digital marketing, AI-driven personalisation allows businesses to deliver highly relevant content, improve user experience, and optimize marketing performance.

However, these technological capabilities also introduce complex ethical challenges related to privacy, transparency, and consumer autonomy. When personalisation relies on excessive data collection, hidden tracking mechanisms, or manipulative targeting strategies, it can undermine consumer trust and create significant reputational risks for organisations.

The analysis presented in this study demonstrates that the ethical boundaries of personalisation depend primarily on transparency, user consent, and data governance practices. Responsible marketing strategies should prioritize user autonomy, provide clear information about data usage, and allow consumers to control their digital identities.

The future of digital marketing will likely depend on the ability of organisations to integrate technological innovation with ethical responsibility. Businesses that successfully balance personalisation with privacy protection will be better positioned to establish trust-based relationships with their customers and maintain sustainable competitive advantage in the digital economy.

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