

HOW PERSONALIZATION IN MARKETING IMPROVES CUSTOMER EXPERIENCE: A MIXED METHOD ANALYSIS WITH A CASE STUDY OF NETFLIX

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Keywords: *personalization, customer experience, personalization marketing, customer satisfaction, Netflix*

Abstract: *Personalized marketing strategies stand out as one of the most effective practices for improving customer experience in the digital economy. Consumers find services and content offered specifically to them more relevant and satisfying, while companies leverage customer data, artificial intelligence, and behavioral analytics in this process. This research examines the impact of personalization on customer experience using both quantitative and qualitative data. The study also uses Netflix, a platform notable for its personalized digital marketing practices, as a case study. The quantitative results show that personalization has positive effects on customer satisfaction, user engagement, and customer loyalty. Qualitative findings reveal that customers perceive personalized experiences as more useful, meaningful, and emotionally stronger. The Netflix example demonstrates that recommendation systems and user-specific content delivery contribute to platform success by increasing customer loyalty. In conclusion, the study shows that personalization strategies, when implemented ethically and correctly, significantly improve customer experience.*

KAKO PERSONALIZACIJA U MARKETINGU UNAPREĐUJE KORISNIČKO ISKUSTVO: ANALIZA MJEŠOVITIM METODAMA SA STUDIJOM SLUČAJA NETFLIXA

Ključne riječi: *personalizacija, korisničko iskustvo, personalizovani marketing, zadovoljstvo korisnika, Netflix*

Sažetak: *Personalizovane marketinške strategije izdvajaju se kao jedna od najefikasnijih praksi za unapređenje korisničkog iskustva u digitalnoj ekonomiji. Potrošači usluge i sadržaje koji su posebno prilagođeni njima doživljavaju kao relevantnije i zadovoljavajuće, dok kompanije u ovom procesu koriste podatke o korisnicima, vještačku inteligenciju i analizu ponašanja.*

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Ovo istraživanje ispituje uticaj personalizacije na korisničko iskustvo korišćenjem kvantitativnih i kvalitativnih podataka. U radu se kao studija slučaja analizira i Netflix, platforma prepoznatljiva po primjeni personalizovanih praksi digitalnog marketinga.

Kvantitativni rezultati pokazuju da personalizacija pozitivno utiče na zadovoljstvo korisnika, njihovu angažovanost i lojalnost. Kvalitativni nalazi pokazuju da korisnici personalizovana iskustva doživljavaju kao korisnija, smislenija i emocionalno snažnija. Primjer Netflix-a pokazuje da sistemi preporuka i pružanje sadržaja prilagođenog pojedinačnim korisnicima doprinose uspjehu platforme povećanjem lojalnosti korisnika. Zaključno, istraživanje pokazuje da strategije personalizacije, kada se primjenjuju etički i na odgovarajući način, značajno unapređuju korisničko iskustvo.

1. Introduction

The rapid development of digital platforms and online services has significantly altered consumer behavior and expectations. Customers now prefer brands that offer experiences tailored to their needs and interests, rather than standard services and generic advertisements. With this shift, businesses have begun leveraging technologies like artificial intelligence (AI), machine learning, and big data analytics to provide more personalized services to consumers. Personalization in marketing refers to customization of marketing messages, recommendations, and services based on customers' demographics, purchase history, online behavior, and personal preferences. As traditional mass marketing methods lose their effectiveness, personalization has become a crucial strategy for businesses to enhance customer experience.

Customer experience (CX) refers to the overall perception resulting from all interactions consumers have with a brand or company. Positive customer experiences increase customer satisfaction, trust and loyalty, and long-term commitment. Companies that effectively implement personalization strategies can build stronger emotional connections with customers, thereby increasing customer engagement. Personalized product recommendations, targeted advertising, customized email campaigns, and AI-powered customer service are among the key tools to improve customer experience today. Personalization also reduces information overload by providing customers with content tailored to their interests, facilitating decision-making processes. However, alongside the advantages of personalization, some concerns arise regarding data privacy, transparency, and the ethical use of customer information. Therefore, it is crucial for businesses to develop responsible data management practices while maintaining customer trust.

2. Literature review and case study of netflix personalized marketing approach

Personalization in marketing refers to offering consumers customized content, products, and services based on their needs, preferences, and online behavior. (Hollebeek, Srivastava, & Chen, 2019). With the development of digital technologies, personalization practices have become central to modern marketing strategies. (Dwivedi et al., 2021). Businesses can perform more effective marketing activities by analyzing customer behavior through artificial intelligence, big data analytics, and machine learning technologies. (Mariani, Perez-Vega, & Wirtz, 2021). In the literature, personalization is considered one of the fundamental elements of customer-centric marketing. (Rosario & Raimundo, 2021).

Personalized product recommendations, targeted advertising, dynamic website content, and customized email campaigns are widely used in digital marketing (Xie, Hall, & Zang, 2020). Research shows that consumers respond more positively to content tailored specifically to them, and this directly affects their purchasing behavior (Li, Sun, & Wang, 2021).

The concept of customer experience is defined as the sum of all emotional, cognitive, and behavioral experiences resulting from all interactions customers have with a brand (Keiningham et al., 2020). Today, consumers expect not only quality products or services but also fast, easy, and personalized experiences (Barari et al., 2021). Therefore, businesses are investing more in personalization strategies to improve customer experience. Providing content tailored to user preferences on digital platforms facilitates customers' decision-making processes and makes the service experience more efficient (Chylinski et al., 2021). As a result, positive effects emerge on customer loyalty and repeat purchase behavior (Rather, 2021).

In the literature, the impact of personalization on customer loyalty is considered one of the important research topics (Shankar et al., 2021). Modern marketing approaches focus on building long-term relationships with customers rather than short-term sales (Pansari & Kumar, 2021). Thanks to personalization strategies, businesses can better understand their customers and offer solutions that meet their expectations (Mariani et al., 2021).

Netflix is a global streaming platform operating in the digital entertainment industry today, employing marketing strategies centered on user data (Deloitte Insights, 2022). The company's rise to this position was made possible by its adaptation to the digitalization process of its business model, which began as a DVD rental service in 1997, and especially by its transition to a streaming model after 2007 (Smith & Telang, 2022). This transformation has turned Netflix from a mere content provider into a technology company based on data analytics and artificial intelligence-driven decision-making processes (Johnson & Lee, 2023). Content recommendations are developed using the logic of "similar users watched this," taking into account not only individual data but also the behavioral patterns of similar user groups (Smith & Telang, 2022). This structure facilitates content discovery while also encouraging users to spend more time on the platform (Deloitte Insights, 2022).

Parallel to its recommendation system, Netflix offers a personalized homepage design, providing each user with a customized content ranking. In this system, the order in which content is displayed is not fixed and is constantly rearranged by algorithms (Johnson & Lee, 2023). For instance, thrillers and dramas might be prioritized for one user, while comedies or romantic productions might be more visible for another (Smith & Telang, 2022). This approach is a significant marketing strategy that accelerates user decision-making and increases content consumption (Deloitte Insights, 2022).

Netflix also has a culture of experimentation, validating its marketing decisions through continuous A/B testing. Design changes, button placements, content ordering, and color schemes are tested on different user groups to compare performance. Based on the data obtained, the version that generates the highest engagement is adopted permanently. This approach allows Netflix to base its marketing strategies entirely on measurable data rather than intuitive decisions. (Deloitte Insights, 2022)

As a result, Netflix has achieved a strong position in the digital media sector thanks to AI-powered recommendation systems, personalized user experience, and data-driven marketing approach (Johnson & Lee, 2023). This model is considered one of the most ad-

vanced examples of the hyper-personalization-based modern marketing approach, which is now emulated by many digital platforms.

3. Research methodology & objectives

The main objectives of the study include analyzing the role of digital marketing in influencing consumer behavior, identifying the marketing tool used in digital media, and examining how a connection is established between digital marketing strategies and consumers.

This study adopts a mixed-methods research design, combining quantitative and qualitative approaches to gain a more comprehensive understanding of the impact of personalization in marketing on customer experience.

Objectives of the study:

The primary objective of this research is to examine the impact of personalization practices in marketing on customer experience in the digital economy. Specifically, the study aims to:

- Investigate the effects of personalization strategies on customer satisfaction, customer engagement, and customer loyalty;
- Analyze how consumers perceive personalized marketing in terms of convenience, ease of use, and emotional value.
- Examine how technologies such as artificial intelligence, machine learning, and data analytics enable personalized customer experiences
- Identify both the advantages and limitations of personalization, including ethical concerns such as data privacy and transparency.
- Evaluate the effectiveness of personalization practices through a real-world study using Netflix.

Quantitative data were collected from various reliable sources to support the research and provide accurate statistical evidence. Consumer surveys were used to examine customer preferences, purchasing behavior, satisfaction levels, and attitudes toward products and services. Sales data, including marketing performance statistics such as website traffic, conversion rates, engagement metrics, and return on investment (ROI), were analyzed to measure the effectiveness of marketing campaigns and strategies. Industry reports also provided valuable insights into market trends, competitor activity, and overall industry performance. Academic studies were also reviewed to support the research with established theories, previous findings, and reliable statistical data. All these sources together contributed to creating a comprehensive and data-driven analysis.

Quantitative analysis focused on key performance indicators such as customer satisfaction, customer retention rates, conversion rates, and customer engagement. Quantitative data for this study were collected through a consumer survey conducted with 100 participants from different age groups and digital media usage habits. Participants were asked structured questions about their satisfaction with personalized services, their interaction with personalized content, their purchasing behavior, and their trust in companies using personalization strategies. The survey aimed to measure consumers' attitudes toward personalized marketing and its impact on customer experience. Customer satisfaction was

analyzed to assess the extent to which customer expectations were met, while retention rates were examined to measure customer loyalty and repeat purchases. Conversion rates were used to evaluate the effectiveness of marketing strategies, and customer engagement was assessed to analyze the level of customer interaction and commitment to the brand.

In the qualitative analysis process, consumer perceptions, emotional responses, user experiences, and privacy concerns were examined in detail. These analyses helped to better understand consumers' attitudes towards digital services and brands. Data was collected through customer reviews, consumer behavior research, academic literature, and the Netflix case study. Customer reviews provided information about users' real experiences and satisfaction levels, while consumer behavior research was used to examine user habits and decision-making processes. Academic literature supported theoretical information and previous research findings on the subject, and the Netflix case study was analyzed to evaluate personalized marketing strategies and user experience practices.

Ethical Considerations

While Netflix's personalization system improves the customer experience, it also raises some ethical issues. These issues include data privacy, algorithm transparency, and excessive reliance on user tracking. To maintain customer trust, it is crucial that Netflix adheres to ethical data usage and transparency principles. Some critics argue that excessive personalization may limit content diversity due to the constant recommendation of similar genres and themes.

Limitations

Because a small sample was used, the findings may have limited generalizability. When secondary data are considered, data from years other than the most recent one may also appear, which means the information may not be entirely up to date.

Research Findings

The findings of these studies were conducted with 100 participants who actively use digital media in a digital environment, and were supported by inferences from secondary sources and the literature.

Customer Satisfaction

The results of this survey of 100 participants show that customer satisfaction is significantly higher when users are exposed to personalized marketing content. Approximately 82% of participants stated that personalized recommendations increased their overall satisfaction. This indicates that personalization provides a more efficient and satisfying user experience. Most participants stated that personalized recommendations make digital platforms easier to use by reducing unnecessary options and increasing content relevance.

Customer Engagement

The findings show that personalization increases customer engagement on digital platforms. Approximately 76% of participants stated that they spent more time with recommended content. This reveals that personalized systems are effective in capturing user attention and encouraging sustained interaction. A large majority of participants reported

spending more time with recommended content (videos, product or service recommendations).

Conversion Rates & Purchasing Behavior

The results also show that personalized marketing has a strong impact on consumer decision-making. Approximately 68% of participants stated that personalized recommendations influenced their purchasing decisions. This reveals that personalization plays a significant role in increasing conversion rates. Many participants indicated their purchasing decisions and led them to buy products or subscribe to services.

Customer Retention & Loyalty

According to the survey, users tend to continue using platforms that offer personalized experiences. Approximately 71% of participants stated they showed higher loyalty to such platforms. This indicates that personalization positively contributes to long-term customer loyalty. Participants reported feeling more committed to services that understand their preferences and consistently offer relevant recommendations.

Privacy & Trust Concerns

While there is generally a positive attitude towards personalization, approximately 39% of participants reported concerns about data privacy and how personal information is collected and used. This indicates that although personalization improves the user experience, it needs to be balanced with transparency and ethical data practices to maintain customer trust.

Summary of Secondary Data Findings

Overall, secondary data findings confirm that personalization is a powerful tool for enhancing customer experience and business performance, but it must be implemented ethically and responsibly for long-term effectiveness and consumer trust. However, the literature also highlights significant challenges such as data privacy concerns, ethical data use, and the need for transparency in algorithm-based recommendations.

Marketing performance statistics reveal improvements in key metrics such as conversion rates, repeat purchase behavior, and overall customer engagement. Academic studies show that personalized marketing strengthens emotional connection, trust, and long-term customer loyalty. Industry reports emphasize that personalization enhances consumer response by providing more relevant content and reducing information load.

Various sources generally indicate that companies using personalization strategies achieve higher customer satisfaction, engagement, and retention rates compared to traditional mass marketing. Industry reports, academic studies, marketing statistics, and secondary data findings from the existing literature all suggest that personalized marketing has a significant and positive impact on customer experience.

4. Discussion

Overall, both the quantitative data and the Netflix case study reveal that personalization has a strong and positive impact on customer experience and business performance.

Personalization increases customer satisfaction, strengthens engagement, boosts repeat purchase rates, and improves brand loyalty. These findings indicate that personalization represents an important success factor in digital marketing.

Previous research also suggests that brands offering personalized experiences can significantly influence consumer behavior. For instance, according to Epsilon research, approximately 80% of consumers are more likely to purchase from brands that offer personalized experiences (Epsilon, n.d.). Furthermore, personalization has been associated with an 80% increase in customer satisfaction, a 60% increase in repeat purchase rates, and a 45% increase in customer loyalty. These findings suggest that personalization can directly influence consumer decisions and contribute to higher conversion rates.

In the case of Netflix, approximately 80% of watched content is reportedly influenced by recommendation systems. This indicates that personalized recommendation algorithms play an important role in shaping user behavior on the platform. Such systems can increase viewing time, strengthen user engagement, and contribute to platform growth by reducing subscriber churn. The Netflix case study therefore demonstrates the importance of personalized recommendation systems in enhancing customer satisfaction, engagement, long-term subscription behavior, and overall customer loyalty.

The results of the present study are consistent with these observations. Based on a survey of 100 participants, 82% of respondents reported increased customer satisfaction, 76% reported higher engagement, 68% reported a positive influence on purchasing decisions, and 71% reported stronger customer loyalty. These results support the argument that personalization can significantly improve customer retention and engagement.

The qualitative findings further reveal that consumers particularly value personalized experiences because they reduce effort, simplify decision-making processes, and make digital interactions more relevant, meaningful, and enjoyable. Personalization therefore appears to influence customer experience not only through functional benefits but also through emotional engagement.

However, the findings also highlight an important limitation of personalization strategies. The collection and processing of customer data may raise concerns regarding privacy, transparency, and responsible data management. Organizations must therefore balance the benefits of personalization with ethical data practices in order to maintain consumer trust and achieve sustainable long-term results.

5. Conclusion

The findings of this study demonstrate that personalization can significantly improve customer experience by increasing satisfaction, engagement, loyalty, and the relevance of digital interactions. The quantitative findings, qualitative insights, and Netflix case study collectively indicate that personalized marketing can influence consumer behavior and strengthen long-term relationships between customers and brands.

The Netflix case illustrates how recommendation systems and user-specific content can be effectively integrated into a digital business model. Personalization enables companies to provide customers with more relevant experiences while simultaneously improving engagement and supporting customer retention.

Nevertheless, successful personalization should not be based solely on technological capabilities and extensive data collection. Transparency, privacy protection, responsible data management, and ethical use of customer information are essential for maintaining trust.

In conclusion, personalization represents an important strategic tool in contemporary digital marketing. When implemented responsibly and ethically, it can create value for both consumers and organizations by improving customer experience while contributing to stronger customer relationships and sustainable business performance

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