

Abstract

This thesis examines the role of privacy in the era of digital customization by means of a literature review. While personalized communication inhabits many benefits such as convenience to users, the necessary data collection threatens the consumers' information privacy. Even though privacy concerns are consumer-heterogeneous and context-dependent, a trade-off between personalization and privacy arises. If the data collection penetrates an individual's information boundaries, personalization will be perceived as an invasion to privacy. Trust, however, can have a mitigating effect on the trade-off and can facilitate the transfer of sensitive information from the user to the organization. Therefore, firms should focus on trust-building practices in order to compensate the insufficient privacy regulations, which are currently employed. Consequently privacy has a significant role in the era of digital customization and this thesis will introduce managerial implications and suggestions for future research.