

THE IMPORTANCE OF PERSONALIZATION IN E-COMMERCE AND ITS APPLICATION IN BUSINESSES

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Introduction:

The role of e-commerce in today's business world is significant and growing. E-commerce refers to the buying and selling of goods and services through the internet. The role it plays in the modern economy has been quiet imperative and impressive. On one side, E-commerce provides customers with the ability to shop from anywhere, at any time, making it a convenient and accessible way to purchase goods and services. On the other side, it allows businesses to reach a global market, enabling them to expand their customer base and tap into new markets. E-commerce can provide businesses with cost savings by reducing the need for physical retail space and allowing for more efficient inventory management. E-commerce provides businesses with the opportunity to enhance the customer experience by providing personalized recommendations, a user-friendly website and a seamless checkout process.

E-commerce has transformed the way businesses operate and has had a significant impact on the global economy. As more and more consumers turn to the internet to purchase goods and services, the role of e-commerce will continue to grow in importance.

From the products and content you display, to where you display them, to the channels you use to communicate with consumers - every interaction between brand and consumer has a significant impact on customer conversion, retention and loyalty.

As we ease into a year where the spotlight shines on ecommerce and digital competition continues to increase, it's time for brands to buckle down and make the most of every resource available to them.

E-Commerce in India:

E-commerce in India has grown rapidly in recent years, with the widespread adoption of smartphones and the internet, as well as the government's push for digital payments and digital India initiatives. India is the world's fastest-growing e-commerce market, with e-commerce sales expected to reach \$111.1 billion by 2025, up from \$38.5 billion in 2017 (Nasscom). The number of internet users in India is expected to reach 900 million by 2025, up from 622 million in 2020. In 2020, the e-commerce market in India was dominated by Amazon and Flipkart, which together accounted for more than 80% of the market (Statista). Mobile commerce is becoming increasingly popular in India, with mobile devices accounting for more than 70% of e-commerce traffic in 2020. Fashion and electronics are the most popular categories for online shopping in India, followed by home and furniture. The COVID-19 pandemic has led to a surge in e-commerce sales in India, with e-commerce sales up 36% in 2020 compared to 2019.

Cash on delivery is still the most popular payment method for e-commerce purchases in India, although digital payments are growing rapidly, with digital payments accounting for more than 40% of e-commerce transactions in 2020.

In 2020, Amazon India had the largest market share in e-commerce, followed by Flipkart and JioMart. The government of India has launched several initiatives to promote e-commerce and digital payments, including Digital India, Startup India, and Make in India. Logistics and infrastructure remain major challenges for e-commerce in India, with high costs and poor delivery networks in many parts of the country (Nasscom).

Personalization in E-commerce:

Personalization is the process of tailoring the online shopping experience for each individual customer based on their preferences, behavior and demographic information. Personalization is a key element in the success of e-commerce businesses today. With the growing number of online shoppers and the increasing competition in the market, businesses are looking for ways to

differentiate themselves and provide a more customized shopping experience to their customers. Researches have shown that personalization can lead to increased customer satisfaction and loyalty, higher conversion rates and increased sales. As such, many e-commerce businesses in India are investing in personalization technologies and data analytics to improve their offerings and provide a more personalized shopping experience.

- Nearly 90% of retail marketers are using personalization for their business, but few are using advanced personalization tactics. [Liveclicker]
- Marketers who are using advanced personalization tactics see up to a \$20 return on every \$1 they invest. [Liveclicker]
- Nearly 50% of global B2C marketing leaders are willing to allocate more budget to content and personalization technologies. [Forrester]
- 53% of digital experience professionals believe they lack the right technology to personalize experiences. [Forrester]
- Marketers have reported a 760% increase in email revenue attributed to personalized and segmented emails. [Campaign Monitor]

Personalizing the customer experience: the driving force of differentiation in retail

Today's retail environment is challenging from almost any perspective because of price pressure from discounters, market disruption from online players, and increased price transparency for shoppers. Traditional differentiation approaches in retail—such as a unique selection or strategic pricing and promotions—are not as effective as they once were, as competitors can easily imitate them. But differentiation is still possible through personalized approaches in which retailers create unique experiences tailored to individual customers.

Highly personalized customer experiences, when offered to millions of individual customers by using proprietary data, are difficult for competitors to imitate. When executed well, such experiences enable businesses not only to

differentiate themselves but also to gain a sustainable competitive advantage. Moreover, our research has shown that personalized experiences drive up both customer loyalty and the top line. Let's have a look on figures depicting customers' expectations and choice behaviors:

- 36% of consumers say that retailers need to more to offer personalized shopping experiences. [Retail TouchPoints]
- 64% of shoppers believe that retailers don't truly know them. [Salesforce]
- 50% of online consumers are likely to return to a website that recommends products. [Invesp]
- 66% of consumers expect the companies they shop from to understand their needs and preferences. [Salesforce]
- 59% of consumers who have experienced personalization believe it has an influence on purchase decisions. [Infosys]



Image Source: woorise.com

Glimpses of some of the successful eCommerce Personalization:**Amazon**

One of the most popular eCommerce platforms you remember in the first seconds is Amazon. With getting the leading positions in the sales statistics, it is now considered to be the most personalized website for online shopping for years. Basically, you are involved in the personalization process after you click the homepage, as the website covers all the possible products you might want to purchase.

The main tactics of Amazon are to track your on-site behavior and display the products based on your browsing history, purchase list, and the products which you have already added to your cart. Additionally, you can easily find the list of recommended products you might be interested in after you have bought something from a certain category. For instance, if you have purchased the office chairs for your remote work at home, the shopping platform will also suggest your buying the computer desk. Sounds really awesome, isn't it?

Facebook

Just like Amazon, Facebook also conducts content personalization by analyzing your user behavior and offers the exact news, articles, ads, and updates according to its trending in your regions. For example, a new popular marketing trend for the eCommerce platforms is Facebook targeting, which implies producing the specific content and making the most attractive offers for the audience, who is more likely to buy your product or services. By analyzing and personalizing the data ensures the perfect audience targeting for getting its highest outreach and maximizing the revenue as well.

The Iconic

The Iconic clothing online shop is also doing well with consumer personalization and audience targeting. They try to get the general information about their users for displaying them the relevant products they might consider purchasing.

For instance, they offer a \$20 discount for the order by only stating their gender when signing up for the newsletter. Thus, for the next time, the shoppers will be able to get personalized offers without any necessity to open the filters for the products they would like to get.

Furthermore, that's a great option for conducting a personalized marketing campaign, like the widely used email marketing, as you can provide your potential consumers and loyal customer with the specific deals they might be interested in. As a result, by implementing such a simple trick, the Iconic managed to improve the customers' experience via personalization.

Warby Parker

One of the most catching and stylish methods of eCommerce personalization certainly is presented by the premium eyeglasses brand Warby Parker. They have created a simple and useful quiz for defining the user preferences and targeting each customer of their website.

By completing the quiz before getting the list of the eyeglasses for purchasing, you will get the personalized choices of products, and the eCommerce website gets the valuable information about your preferences they can easily target for your future offers.

Here are some of the ways in which businesses can use personalization to enhance the customer experience and increase sales:

- **Personalized product recommendations:** Using data analytics, businesses can make personalized product recommendations to customers based on their browsing and purchase history. This can help customers discover products they may not have considered before and increase the chances of making a purchase.
- **Personalized email marketing:** By using data such as a customer's purchase history, location and browsing behavior, businesses can create targeted email campaigns that are personalized to each customer. This

can increase the chances of the customer opening the email and making a purchase.

- **Personalized landing pages:** Businesses can use data such as a customer's location, device and browsing behavior to create personalized landing pages. This can provide customers with a customized experience and increase the chances of making a purchase.
- **Personalized search results:** By using data such as a customer's search history, businesses can personalize search results to provide customers with relevant results based on their preferences and behavior.
- **Personalized product pricing:** Businesses can use data such as a customer's location, device and purchase history to personalize product pricing. This can help increase sales and improve customer satisfaction by providing a more customized experience.

By using personalization, e-commerce businesses can create a more engaging and relevant shopping experience for customers. This can lead to increased customer satisfaction, engagement and sales, which is crucial for the success of an e-commerce business in today's competitive market.

Personalization: A compromised deal!

While personalization in e-commerce can provide many benefits, there are also some potential drawbacks to consider:

1. **Privacy concerns:** Personalization requires the collection and analysis of customer data, which can raise privacy concerns for customers. If e-commerce companies are not transparent about how they collect and use customer data, it can lead to mistrust and decreased customer loyalty.
2. **Filter bubble:** Personalization can lead to a filter bubble, where customers only see products and content that align with their past preferences and behaviors. This can limit exposure to new products and ideas, and prevent customers from discovering new things.

3. Biased recommendations: Personalization algorithms can sometimes be biased, leading to recommendations that are not relevant or fair for all customers. For example, if the algorithm is biased towards certain demographics or preferences, it can lead to discrimination and reduced inclusivity.

4. Technical challenges: Personalization requires sophisticated algorithms and data analysis, which can be technically challenging and require significant investment in infrastructure and personnel.

5. Limited data availability: Personalization depends on the availability and quality of customer data, which may not always be available or accurate. This can limit the effectiveness of personalization and lead to less relevant recommendations or marketing messages.

6. Complexity and maintenance: Personalization systems can be complex and require ongoing maintenance and updates to remain effective. This can be a challenge for smaller e-commerce businesses that don't have dedicated IT resources.

7. Increased costs: Personalization requires additional resources and technology to collect and analyze customer data, which can be costly for smaller e-commerce retailers.

Should You Implement eCommerc Personalization?

To conclude, eCommerce personalization is a perfect booster for enhancing your sales, increasing your audience, and getting your online shopping platform onto the next level of development. Being already implemented with famous brands and huge companies, personalization can generate much more purchases, interact with the users during their shopping, and encourage them to consider some other products they might also buy.

Needless to add, eCommerce personalization is the future of improving the consumer experience during online shopping, so it's definitely worth getting for your business.

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