



A Study on Customer's Perception Towards Personalization in Online Purchases

KEYWORDS

Consumer perception, personalization, online purchases.

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ABSTRACT E-tailers provide a variety of customer service, many of which are personalized in an attempt to improve customer satisfaction. This research has been conducted to examine the customer's perception towards personalization in online purchases among the consumers in Thane. The study also attempts to explore the trend setters in personalization of online purchases, latent attractions of personalization in online purchases in the electronic era. The result has shown that the simplified payment & delivery via 1-Click and personalized E-Coupons provided has helped customers in Thane to make better online purchases according to their tastes and preferences.

INTRODUCTION

Recent growth of online business has created a substantial amount of innovative services to overcome the intense online competition. These services have been found to be very useful in increasing customer satisfaction and have become a key component in making an online business successful. A major feature that personalization can contribute toward better service is analyzing customer preference and tailoring the service process and content to meet the needs of customers.

Desire for personalization is on the rise. Demand for Emails, ads and website personalization is getting most popular. Online Retailers are today increasingly using data to personalize an online purchase experience. Geo location, shopping and browsing history, weather — all can impact how products are presented to online buyers. Personalization extends to much more than just welcoming back a returning customer or showing recommendations based on their previous purchases. It's about using what data you have to create a compelling experience that encourages the customer to take action and come back again.

Personalization

Personalized service is an interactive process in which a vendor provides relevant customized content based on clients' preferences. Competition forces E-tailers to provide more services, and in many cases the vendors are competing on service features rather than on price.

With each site we visit, account we create, and click, save, share, or purchase we make, we unknowingly shape and define our online shopper persona. This online persona allows marketers to target content to us, and personalize what products, prices, and promotions we see.

Attractions of Personalization in online purchase

1. One-to-one after-sale services: Tailoring services provided after the customer has purchased a product (e.g., providing troubleshooting advice or allowing for product return or repair, fitting, etc.).

2. Customized website features: Allowing customers to change website appearance, such as background colour or functional layouts.

3. Selective content: Personalization provides contents only in areas in which the customer had shown interest.

4. E-coupons: Personalization uses Customers experience and provides discounts on certain items, on any one item, or on all items based on previous purchases online.

5. E-news: Personalization lets customer know whenever there is a SALE, new arrivals, etc. of their choice of products.

6. Simplified payment (1-Click): Allowing customers to order repeatedly without re-entering payment and delivery information.

Trend setters in Personalization of online Purchases

1. Personalization Wrapped in an App

And personalization isn't just for websites – it has made an impact on apps too.

The Roposo app, the best fashion app of 2014.

a) Hot stuff

The fashion editors are customer's personal designers cherry pick HOT STUFF from more than 100 online web stores.

b) Heart it

Get to know the customers better when they love any product.

c) Create a list

LISTs are like shelves in your wardrobe, where customer select and sort products that customers like.

d) Get notification

The app also lets customer know whenever there is a SALE on the products in customers List.

2) Vitruvien.com

For years, men have been struggling to fit into generic sizes of readymade shirts. So, at Vitruvien, have taken it upon to give customers the option to purchase a shirt that is fitted uniquely, without compromising even an inch on quality. And all this at 'the click of a button' convenience

a) Choose the fabric

Pick a fabric of ones choice from our wide collection

sourced from reputed mills.

b) Customize your style

Customer gets to choose every detail of shirt - be it the collar, cuff, pocket and so on, down to the smallest button. The choice is all of customer.

c) Add your measurements

Choose any one of the 4 options from *Standard Sizes*, *Send a Shirt*, *Body Measurements* or *Shirt Measurements* to provide with your measurements and let the sites tailors craft a shirt to fit customer perfectly.

As it can be seen, personalization isn't just about connection – it's also about making things convenient and friendly.

OBJECTIVES OF STUDY

1. To identify different attractions influencing consumer's perception towards personalization in online purchases.
2. To identify few trend setters in personalization of online purchases.
3. To analyze consumer's perception towards personalization in online purchases.

REVIEW OF LITERATURE

In an effort to understand evolving consumer behaviours and retailer initiatives, MyBuys and the e-tailing group partnered to analyse both sides of the personalization paradigm in two 2014 studies. Personalization Comes of Age: 2014 Retail and Consumer Insights indicated that Personalization ranks in the top 3 issues retailers will devote time to in 2014, behind mobile and marketing. Emails are the most successful personalization tactics for over 80% of participating retailers, while product page and cart success is major for over 76%. Desire for Personalization is on the rise. Demand for Email, Ads and Website Personalization Most Popular and that age has no impact on the level of satisfaction with personalized shopping experiences.

HYPOTHESIS

"Personalization has an influence on the online purchase decisions of the customers"

NULL HYPOTHESES

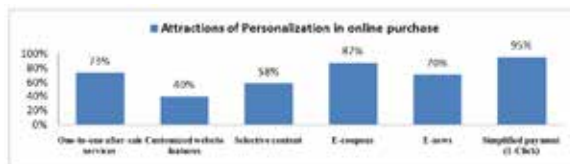
1. H_0 - There is no association between gender and customer perception towards personalization in online purchases.
2. H_0 - There is no association between education and customer perception towards personalization in online purchases.
3. H_0 - There is no association between income and customer perception towards personalization in online purchases.

RESEARCH METHODOLOGY

The research is both exploratory and descriptive in nature and relies on both primary and secondary data. Secondary data was collected from the available sources like journals, articles and website. A convenience sample of 250 customers residing in Thane, were selected for the present study.

SURVEY RESULTS AND INTERPRETATION

The Figure no.1 depicts the Attractions of Personalization in online purchase



KMO and Bartlett's Test

K M O and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.570
Bartlett's Test of Sphericity	Approx. Chi-Square	66.420
	Df	6
	Sig.	.000

The value of the KMO Measure of Sampling Adequacy for this set of variables is .570, which would be labeled as 'miserable'. Since the KMO Measure of Sampling Adequacy does not meet the minimum criteria, study is done by using non-parametric testing of the data.

Table 1 Chi-square test

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.827 ^a	1	.000
N of Valid Cases	250		

H_0 - There is no association between gender and customer perception towards personalization in online purchases. The Chi-square test result rejects the null hypothesis. Hence it is proved that there is an association between gender and customer perception towards personalization in online purchases.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal		
Phi	.251	.000
Contingency Coefficient	.244	.000
N of Valid Cases	250	

To test the strength of association phi test and Contingency Coefficient test was performed. From the above table it can be observed that since the values are between 0.2 to 0.6, there is a weak association between gender and customer perception towards personalization in online purchases.

Table 2 Chi-square test

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	40.510 ^a	2	.000
N of Valid Cases	250		

H_0 - There is no association between education and customer perception towards personalization in online purchases. Test result rejects the null hypothesis. Hence it is proved that there is an association between education and customer perception towards personalization in online purchases.

Table 3 Chi-square test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	234.367 ^a	2	.000
N of Valid Cases	250		

H_0 - There is no association between income and customer perception towards personalization in online purchases. Test result rejects the null hypothesis. Hence it is proved that there is an association between income and customer perception towards personalization in online purchases.

Symmetric Measures

	Value	Approx. Sig.
Phi	.966	.000
Nominal by Nominal Contingency Coefficient	.695	.000
N of Valid Cases	250	

From the above table it can be observed that since the values are between 0.8 to 1, there is a strong association between income and customer perception towards personalization in online purchases.

FINDINGS

Quantitative

- Total 87% female and 61% male are influenced by personalization of online purchases. It is observed that influence of personalization is more on women respondents
- Total 41% graduates, 64% post graduates and 95% professionals are influenced by personalization of online purchases. The higher a person is qualified the higher is his/her expectations from the E-Retailer's.
- Total 28% less than 2 lakh earners, 48% 2 to 5 lakh earners and 92% more than 5 lakh earners are influenced by personalization of online purchases. Higher the income of the respondents' higher gets his expectations from the E-Retailers.

Qualitative

- The personalization of online purchases helps to get updates from the Indian and international selling brands. It is probably because everyone gets to access the Internet anywhere. There are no Geographical borders.
- It is found that online buyers who have opted in to receive promotional emails from retailers not only welcome relevant product recommendations in the messaging they receive, but would also be prepared to share personal preferences in order to receive those personalized recommendations. In particular, respondents to the study wanted to be alerted to sales on products they had previously purchased.
- Privacy may be a big concern for online users, but it takes a backseat when it comes to shopping online. Nearly 80% of online buyers say they would trade increased privacy for more personalized offers from retailers

CONCLUSION

The research findings have important implications for practicing managers of e-commerce firms. Most factor that influenced customers' perceived personalization is the simplified payment and delivery procedure, the 1-Click option. Simply providing service information to facilitate is not enough to nourish long-term customer loyalty. Today's online customers demand in-depth and specific choice based information as per their needs. The most beneficial and appropriate strategy for companies is customer centric guideline. Personalization of online purchase helps to retain old customers and absorb new customers. Among competitive space the eRetailers are more successful who acquire more loyal customers using Personalized E-coupons and E-news.

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