

# PERSONALIZED ADVERTISING: THE FUTURE OF ECOMMERCE BUSINESS

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**Abstract:** *Personalized advertising has become a key differentiating factor for many ecommerce businesses. Online sellers, are using their knowledge of the consumer to provide an experience that is unique and relevant to his or her preferences. Consecutively, companies are seeing an increase in conversions and higher customer retaining rates. Online sellers use personalization advertising plan to help them improve the usefulness of their marketing activities. The purpose of this paper is to study from a holistic view online personalized strategy and how they can be implemented in order to increase customer satisfaction thus retaining customers and, in the long-term, gaining their loyalty. This paper also aims to examine techniques in use today to support personalization, and provide directions for future research and development for realizing the full potential of personalization.*

**Key Words:** *Personalized advertising, marketing activities E-commerce companies, Online sellers.*

## 1. INTRODUCTION:

E-commerce industry is the dazzling star in the age of Internet revolution. That doesn't mean that all of the e-commerce firms regularly make money. The online businesses, small as well as big, have to face different experiments. Establishing an e-commerce business is a complex task. One has to take care of everything, from website maintenance to customer service and loyalty. Ecommerce businesses can no longer expect growth as a result of simply selling online. Online sellers who have failed to provide outstanding customer service, such as customer trust, loyalty, cooperation and friendliness, have faced a more difficult time in success. Because online shopping is now a popular activity, the challenge is no longer to get new customers to shop online, but to keep existing online shoppers alive and earn more incremental dollars. Ecommerce businesses need the outstanding strategies to survive in today's cut throat competition, online sellers need to know buyer needs better, faster, and deliver real-time tailor-made recommendations. In short, sellers online must customise their customer interfaces. For the last few years personalisation has been a top priority for the marketers as it helps marketer provide immediate viewing information that customer wants. Gain further sales by using the customer's proper understanding of worth, based on previous knowledge stored about them. However, many ecommerce businesses are still struggling to implement the strategy vigorously. Recent studies show that personalisation is a very effective way of reinforcing the value of consumer life for online sellers. It can have a positive effect on the core metrics that make up successful e-commerce business.

## 2. OBJECTIVES OF THE CURRENT STUDY :

The purpose of this paper is to understand the basic concept of customization and different aspects of personalised advertising such as techniques and long tail selling. The objective of the paper is also to understand the proper application of personalised advertising in order to improve customer experience and increase customer satisfaction and retention for a longer period of time.

## 3. RESEARCH METHODOLOGY

The study is descriptive in nature. This paper is based on the secondary data and information that has been collected from the concerned sources as per need of the paper. The relevant books, articles, papers and web-sites are used in this study.

## 4. WHAT IS PERSONALISATION?

Personalisation is one of the ground-breaking persuasive components in web-based business publicizing. Personalisation is a promoting technique wherein organizations utilize innovation and client data to customize and improve electronic trade connections between a business and every individual client. Personalisation is dependent on different technologies for data collection, categorisation, analysis, transmission and scalability. The technology helps marketers to collect their target customer data facts like age group, gender, income, location, behaviour and interests to create a truly personalized experience. Personalisation is about implementing a plan that feels personal to customers. It doesn't require to create an individual plan for each customer. Proper implementation of personalisation helps online

sellers to increase engagement meet the customer's needs more effectively and efficiently, and stimulates purchase by using additional knowledge acquired from existing customers' online behaviours. The power of big data combined with analytics and data management skills provides vast opportunities to online sellers to speak to their customers on a personal level, and offer personalisation. As a result, businesses are becoming better at personalizing communications. Large eCommerce companies such as Amazon, Flip Cart and Snapdeal have long been able to offer winning personalisation and are continuing to improve their personalisation efforts by making data-centric advertising decisions to improve customer experiences. Planning and executing an effective personalised e-commerce plan may take enough time, furthermore a good personalisation requires huge financial resources. However, the revenue is huge, as customizable approaches achieve higher sales and revenue than those with set limits. Personalisation is a crucial advertising tool because it is moving away from traditional marketing practices and placing people at the centre so that they can make choices.

## 5. TECHNIQUES OF PERSONALISATION:

The ultimate goal of personalized advertising is to engage customers or prospective customers by interconnecting with each customer as an individual. In today's rapidly evolving digital market, Data-driven dynamic advertising is a necessary for all the E sellers to offer personalised experience to their potential customers. Technological and advertising innovations have changed the way E sellers engage with their potential customers. At present time technology promises to help online sellers in multiple ways. Innovations such as artificial intelligence deliver and manage effectively multichannel ad campaigns through the use of native advertising to multiply the potential to not only increase the ROI of ad spend, but also to improve customer experience. Online sellers can get personalisation work by delivering specialised customers' needs through:

### 5.1. PERSONALISED WEB EXPERIENCES:

Web personalisation is the first step in developing a more inclusive, personalized approach to communicate with customers and embark a continued relationship. Dynamic Website Personalisation (DWP) techniques help to tailor the



content, notifications and deals presented to individual users in real time, generated on the basis of their past and present behaviours, interests – through their browsing history, past demographic purchases and social networking clues. The purpose of customising and delivering a personalised web experience is to engage individual visitors by providing them with highly personalised content, including marketing offers and product recommendations, and inspire them to stay on your site for longer and ultimately make more purchases. That's where Amazon and other eCommerce giants are very involved, 35 per cent of Amazon's revenue is created from its customised recommendation engine that works on deep learning based on complex Artificial Intelligence (AI) technology. (AI)driven marketing engine can easily and consistently chase a customer's browsing history and search

requirements Understands what the company wants them to purchase. The same intellect can be applied to market promotions that provide discount and reward loyalty services for consumers.

### 5.2. EVENT BASED PERSONALISATION:

Event based personalisation is based on personalised communications – emails, messages, letters, text and so on to strengthen the customer relationship at key points or events in the customer journey. The high-quality customer communications managing software can work with CRM to handle the intricate methods involved. For example, Amazon Diwali Campaign Started on 1st October till 5th October, offered ample discounts across categories like PCs, laptops, tablets, smartphones, etc. Boundless arrangements on the greater part of the electronic things like Wi-Fi, cell phones, switches, and home machines were additionally given. With the Great Indian festival, Amazon Diwali Drive made giant sales.



Source: [www.amazon.in](http://www.amazon.in)

### 5.3. RETARGETED ADVERTISING :

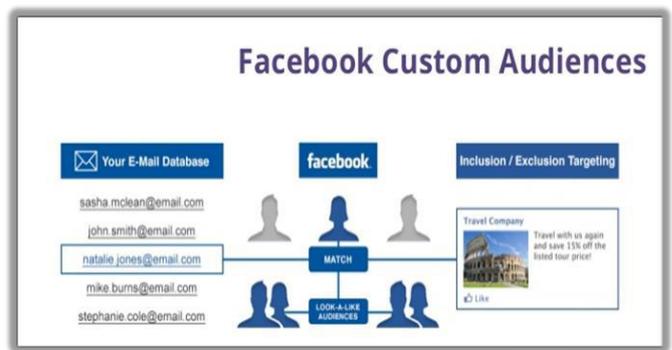
Retargeting, is based on an interest clue by customer of the advertisements. E sellers can automatically trigger the creation of personalised documents, and delivery to the customer’s desired communications channels (such as email, website, apps and SMS). Personalized retargeted ads are wisely constructed to reach out to explicit people in target market. With social media becoming an essential part of marketing policies, it is obvious that personalisation can be seen in social advertisements. Some ads use cookies to capture this interest while with Facebook they use Likes or Pixel Code to grab individuals interest and then serve same or similar ads when individuals revisit Facebook. Online sellers are tapping their consumer browsing data to retarget them on social media through ads that are designed to draw their attention back to them. Retargeting is a powerful branding and conversion optimization tool, but it provides better result if it is used as a fraction of a bigger digital strategy.

### 5.4. CUSTOMER ONBOARDING:

Ecommerce businesses have extensively used the customer onboard personalisation technique. The process of transforming first time users into cherished customers is the personalisation of user onboarding. Personalizing the onboarding of users can give e-marketers a control over maintaining the interest of users and nurturing them along the activation funnel. Online sellers need to develop a carefully planned onboard process for their customers for a longer period of time, to attract, convince and satisfy customers. The easiest way to customise the onboarding experience is to design a welcome page which calls users by name. Online sellers develop an onboarding process by collecting actionable visions on consumer behaviour from day one. To take this beyond there are a number of processes. A proper process of onboarding helps to increase customer retention and satisfaction and leads to positive results for the companies.

### 5.5. CUSTOM AND MATCHING SOCIAL MEDIA AUDIENCES :

The social networking site's progress provides a treasure of information that online sellers can use to provide their customers with personalised experience. Major social networking sites such as Facebook and Google are also specialists in delivering custom data-driven ads. Additionally, innovation-based organisations such as IBM have entered the market for information-driven publicity. Online salespeople can use Facebook as an effective advertising medium to attract customers from around the world. Facebook Custom Audiences enables online sellers to display personalised ads and marketing offers to Facebook abusers who have previously been involved via other channels such as email or telephone. Matched audiences enable online sellers to deliver promotional messages based on website retargeting, account targeting, and targeted email contacts. Online sellers can easily upload customer records, emails, phone numbers or names of individuals who have responded to website offers or ads of particular online sellers, and Facebook will discover matches amongst its users. Online sellers can then target those people with specific Facebook advertisements to create incredibly focused campaigns within their target accounts to reach decision-makers.



Source: www.facebook.com

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### 5. CROSS-DEVICE TRACKING :

Cross-device tracking refers to technology that allows online sellers to track consumer behaviour across multiple Internet-connected devices, including smartphones, TV sets, tablets and personal computers. The aim of cross-device monitoring is to decide that the person using smartphone A is the same person using tablet X and laptop Z and then retarget that person. Online advertisers can even more effectively address customers by following users across devices and compiling data about their behaviour. The advertisers' main challenge is to understand how to achieve cross-device allocation, analyse data and create suitable advertising plans. Cross-device marketing provides more visions of potential customers' interests, which can be used to tailor more effective campaigns. This method of tracing is universally seen as the future model of tracking.

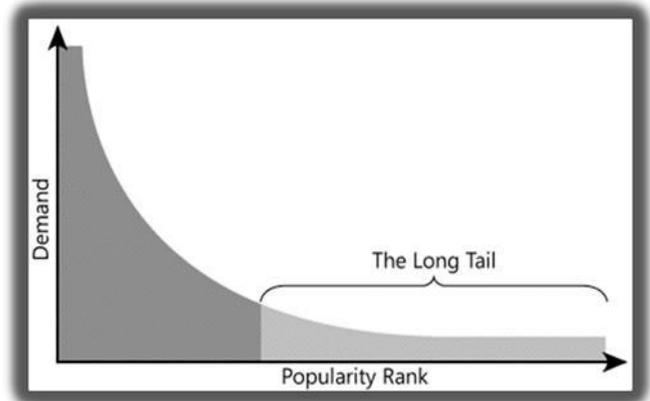


Source: [https://en.ryte.com/wiki/Cross-Device\\_Tracking](https://en.ryte.com/wiki/Cross-Device_Tracking)

## 6. LONG TAIL SELLING AS THE NEXT PERSONALISATION LEVEL :

The Long Tail Sale is the swing from a hit-focused marketplace to a mass of niche markets. In earlier practise, the majority of profits were made by selling a few. Nowadays a lot of products are offered to smaller numbers of niche people. Customisation and long tail sales are some of the consumer-facing styles which help online sellers engage their customers most effectively and maximise their conversions. Chris Anderson, Wired Magazine's editor-in - chief, devised the long tail model in 2004. As consumers become accustomed to those higher benchmarks, their expectations are naturally raised. An area where customization has shifted to the next level is "long tail selling," referring to time slots (niches) that are low in demand but collectively form a vast market for consumers to explore. The market which these low sales volume products constitute even exceeds the best seller products market. Online sellers need both a head of reasonably few hits and a tail of many niches for Long Tail effects to work. In the diagram below- a

1. The Y-axis stands for sales.
2. X-axis represents products of popular rank.
3. Head represents the highest selling point.
4. Mid-section where sales start slowing down. and
5. A long tail, below the head and mid-section. But it is, much broader.
6. The dark portion of the curve is the hits that have long ruled our markets.
7. The lightest part is the non-hits (or niches) from which the added benefit comes from



Source: [https://en.wikipedia.org/wiki/Long\\_tail](https://en.wikipedia.org/wiki/Long_tail)

The vertical axis is sales which shows a standard demand curve that could affect any industry; the horizontal axis speaks for products. Consumers may become confused and unable to decide what to buy, in the face of numerous choices. Some might say that the tail is truly infinite. The true form of demand is revealed when consumers are offered infinite choice. The Long Tail refers to the theory that low-demand or low-sales products can jointly rival or exceed best sellers' market share. Online sellers who put the Long Tail theory into practise employ the internet's distribution power and reach the majority of niches with success. People favour niches because they better fulfil narrow interests, and we all have some narrow interest in one phase of our life or another. For e sellers it's not just about selling, it's about judging niches for products that might have customers, but are hard to find. To the right customer when it comes to serving the right product, at the right time, At the same time the scale and the intelligence matter. Online sellers need "scale," because they will not be able to access (enough) niche customers unless they have a huge database. But to find that perfect unusual match they need "intelligence" too. Online sellers need "scale," because they will not be able to access (enough) niche customers unless they have a huge database. But to find that perfect unusual match they need "intelligence" too. Online sellers need to narrow down the deals they are presenting — not for the generic best sellers, but rather for the consumer's most significant choices. In practise, that is "personalisation."

## 7. WHEN PERSONALISATION WORKS? AND WHEN IT DOESN'T?:

Personalisation is a top priority for marketers since Personalisation is becoming more feasible these days due to the rapid advancement in ecommerce technology. It's important to understand that creating a successful personalisation plan is challenging job, and online sellers require a lot of hard work and effort. Just as any advertising plan depends on successful replication, so does personalisation too. While designing a customization plan, it is important to include those features that will keep customers regularly back in. Online sellers will need them to come back again and again to chase their habits. They will definitely be attracted by a focused strategy on consumer behaviour, and helps in a successful transaction. Web portals such as Google, Yahoo! Amazon Flip Kart and Go.com have all developed focused plans to engage the customer, resulting in higher conversion rates and repeat sales. A well-executed, personalisation can create higher conversion rates and also increase brand loyalty, the ecommerce industry has matured to the extent that online stores need to figure out new ways to keep their customers coming back for more and not lose out to a competitor who gives better discounts. No matter how incredible or impressive the personalisation efforts of a company. No matter how amazing or impressive the personalisation efforts of a company, there will always be some people who simply aren't attracted. Personalisation can also yield unfavourable results in ecommerce marketing. Online customers have different situations or attitudes which make personalisation unwanted. Some internet users are purely private, wishing to consider their own business and allowing others to consider their own business. Some users do not want a relationship that is irrelevant to them, with those ecommerce companies. Although some people have real reasons to fear that the unified webs of today are not secure. Thus, the issue of privacy is one of the biggest concerns. Sometimes, sending the same message over and over again can not only annoy but disturb customers. People may not identify the value in the

personalisation offered, such as when companies are offering to tailor the product offerings. Customisation cannot be a guarantee of positive feedback. Personalized advertising is typically more expensive from a marketer perspective than the other types of online advertising. The main challenges include the acquisition of sufficient data, the combination of different internal and external data, the scarcity of customer-focused data and technological blocks in addition to these online marketing problems may also lack the ability to examine and exploit customer-focused data. All of these issues can force marketers to edge their personalisation efforts

## 8. CONCLUSION:

In today's competitive cut-throat online businesses, where a new e-commerce store is burgeoning daily. If an online seller wants to stay in the business for a longer period of time and want to increase a competitive advantage, then the key is personalisation. For consumers loaded with information today, a one-size-fits-all approach is no longer satisfactory. Thus, at the right time, offering the right content to the right users helps attain consumer attention and faith, thereby increasing the buyer's likelihood of becoming a loyal client. Although personalisation comes with its own challenges, it has its own advantages in keeping the competitive advantage along with increased profits for ecommerce businesses. Personalisation leaves a wide room open for the discovery and execution of new innovative ideas which take customer experience to the next level. With very few brands themselves at the apex of their game, online sellers worldwide are purifying their personalisation efforts. This indicates the scope for development in this area.

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