Personalization of E-Commerce Applications in SMEs: Conclusions from an Empirical Study in Switzerland

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ABSTRACT

Personalization of e-commerce applications is an issue that is gaining increasing importance with the advancing maturity of such systems. There is already e-commerce software on the market offering integrated e-shop and personalization functions. However, the available software is too time-consuming and expensive for SMEs. With this in mind we saw a need to investigate the potential for personalization from the particular angle of SMEs. In addition to some theoretical fundamentals of personalization, this paper presents the results of an empirical study. With the help of a survey, we investigated the application potential for personalization tools in Swiss companies. The conclusions show that SMEs are (still) skeptical towards e-commerce applications which use personalization. It furthermore becomes clear that the heterogeneity of organizational and technical conditions impedes the development of standardized tools.

Keywords: e-commerce; personalization; SMEs.

INTRODUCTION

The paper presents the results of a longitudinal, publicly funded research project about “personalization of e-commerce applications run by SMEs”. The quality of e-commerce applications has been constantly improved over the last few years. Especially the major suppliers run Web sites that are of noticeable usefulness and are reliable enough to assure the customer’s trust (Schubert & Dettling, 2002). This is confirmed by continuously positive growth figures in online business.

Personalization is always targeted at the fulfillment of a special requirement. It can be aimed at people as well as at organizational roles in companies (e.g., a pur-
chasing agent). Personalization—as we understand it—starts AFTER THE LOGIN. The mere speculation about a user on the basis of local cookies on the client PC which has the smack of spying on someone does not fall into the scope of our discussion. Personalization is context sensitive (regarding output for a certain user) and requires learning (by the system). The interface between the customer and the system is called “point of interaction” (POI). Personalization can be an important component for the success of an e-commerce application because it is beneficial to all interested parties (Buxel, 2001).

For the personalization of e-shops there are integrated software packages available, such as, e.g., One-to-One (Broadvision), Dynamo Relationship Commerce Suite (Art Technology Group), Personalization Manager (Net Perceptions) or ADAPTe (ResponseLogic), which already supply the full range of e-commerce applications. These products are expensive applications generally destined for use in large companies. The standardized online shops partially used in SMEs only contain rudimentary tools for the personalization of transactions.

We believe that a separate consideration of these companies is significant because SMEs differ from large corporations in many respects. In the context of the personalization of e-commerce applications the specific features of SMEs become particularly relevant. SMEs are generally characterized by the fact that they have limited resources and often lack the benefits of economies of scale. With regard to using e-commerce applications, above all limited financial resources, poor conceptual knowledge, lacking IT resources and low economies of scale can all have a negative effect. The low economies of scale result primarily from the small size of the company because the usefulness of e-commerce applications increases with the number of transactions completed and the volume of turnover generated. SMEs offer specialized, qualitative high value products in their small market segment which are tailored to customers’ needs (product differentiation). It is precisely for this reason that elements of personalization should also be applied in e-commerce.

At the beginning of the project, we had to examine if the essential technical preconditions are fulfilled in SMEs and how much demand there is for personalization. The potential for personalized e-commerce applications in SMEs as well as the requirements for the development of a personalization tool, result from these aspects.

The paper starts with the description of the research design and a short literature review on personalization. The following sections present the findings of an empirical study. We summarize the findings and draw some conclusions for the currently emerging potential for the implementation of personalization software in SMEs in Switzerland.

**RESEARCH DESIGN**

The research findings presented in this paper stem from a project which has been carried out since 1999 together with different SMEs in Switzerland. The rea-
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