**Effect of Personalized Marketing on Consumer Trust Formation
in E-commerce**

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**Abstract**

**Problem introduction.** Mostly the servitization reflects in the e-commerce market and in the field of food sales. This market segment is called e-grocery. In Russia, this market is the fastest growing. With the e-grocery market development in Russia, retailers faced another problem: how can we keep our competitive advantages if all competitors are now online, all competitors have almost identical time for product delivery, assortment and quality? This study is designed to solve this problem; the purpose is to determine the effect of servitization (using the personalised marketing tools) on the retailers’ effectiveness in the Russian e-grocery market.

**Level of the study problem.** The development of e-commerce is not associated with high competition in the Russian market and the problem of catching the attention of the consumer is becoming more and more relevant, because the awareness of businesses about the effectiveness of personalised marketing and the number of personalised messages delivered by different market players are growing, as Behera R. K. noted in his study (2021).

Nowadays personalisation has a more digital nature of use. It is no longer aimed at modifying the product itself, but rather at the consumer's path; focuses on collecting and analysing useful information about the consumer in order to further apply this information to management and marketing decisions (Peppers and Rogers, 1997); and also aims to send messages relevant to the needs of consumers at every stage of the way, from choice to online purchase (Behera et al., 2020). Personalisation is a necessity and one of the indicators of business success, and consumers expect that during the purchase process they will receive offers based on their behaviour, location and preferences (Forbes, 2021). There are a number of obstacles to the implementation of successful personalisation in the e-commerce market (Fanfarillo et al., 2018): 1) a huge amount of information about consumers and the complexity of its processing; 2) the complexity of providing unique content for each communication channel in order to communicate with the client; 3) the complexity of setting up all personalisation tools.

It is necessary to consider various approaches to the implementation of a personalised strategy in the formation of a positive consumer experience and trust formation. There are several ways to create a personalised customer experience in an online environment (Emarsys, 2017): personalised e-mailing, SMS messages, landing pages, personalised advertising. In the case of collecting and analysing all the necessary information about customers and connecting end-to-end analytics to track the effectiveness of a marketing strategy, it is possible to configure a personalisation system in e-commerce to improve many financial indicators directly. Such advertising has a decent effect on maintaining communication with existing customers (Baek and Momorito, 2021).

**Methods, sample.** The methodology based on three methods: theoretical analyses the approaches to servitization, survey (March 2022–April 2022, 384 respondents) and CFA with regression OLS model.

For empirical study, the questionnaire was designed to capture an online survey among e-grocery customers. In this study, the focus on consumers of e-grocery goods was made as the most developed segment of e-commerce in Russia. This questionnaire determines the effectiveness of personalised marketing tools that affect customer satisfaction and form trust in the long term.

At the first stage of the empirical study, a factor analysis was performed, the following effect factors were preliminarily selected: Online Shopping Experience (OSE); Seller or Customer Service (SS); External Incentives (EI); Security and Privacy (SP). It was expected that in the process of factor analysis, factors corresponding to those in the integrated model would be formed (Fig. 1), then variables were selected among them, which, at the second stage of the study, would be used in regression analysis in order to identify their impact on consumer satisfaction in the e-grocery market and, as a consequence, on trust.

**Results.** To understand which variables are included in each factor, it is necessary to correlate the maximum factor loads of each variable in the matrix with the factors obtained. Thus, during the factor analysis, it is possible to divide the variables used into groups for further analysis. As a result, an additional factor was identified and the issues were reorganised according to the initial assumptions of the integrated model.

The next stage of factor analysis is the selection of substitute variables that will be used for subsequent analysis. To do this, the variables with the largest basic factor load in each factor are selected from the rotated matrix of components among the variables used. The analysis resulted in the identified 5 final factors: OSE, SS, EI, SP and I.

*Online Shopping Experience*

*(OSE)*

*Seller Service*

*(SS)*

*External Incentives*

*(EI)*

*Security and Privacy*

*(SP)*

Consumer expectations the seller will use the personalised marketing in  e-grocery

*Consumer experience in the buying process*

*Personalised consumer experience during the purchase process*

*Personalised offers on the website /
in the app*

*Personalised customer support during checkout*

*Personalised customer support after checkout*

*User-friendly interface*

*Personalised advertising (promotion)*

*Personalised price offers*

*Security*

*Privacy*

*H1*

*H2*

*H3*

*H4*

*H5*

**Figure 1.** Integrated model of consumer confidence formation through satisfaction.

*Source: compiled by the authors based on (Fornell, 1992; Thuan, 2020).*

According to the results of OLS, it can be argued that there are only three significant variables that affect the dependent variable. Excluding two insignificant variables, we can argue that R2 has not changed, and the selected model is reliable. According to the results of LSM in the obtained model: $y=1.081+0.371x\_{1}+0.267x\_{2}+0.155x\_{3},$ where $y$ – customer satisfaction of an online grocery ordering service; $x\_{1}$ – personal customer support (factor «Seller or Customer Service»); $x\_{2}$ – interface in the mobile app (factor «Interface»); $x\_{3}$ – personalised offers during the process of buying food (factor «Online Shopping Experience»).

**Novelty.** In Russian practice, as practice of emerging market, the connection of e-commerce, e-grocery and personalised marketing in the academic literature is presented with a rather narrow focus, and during the analysis of current foreign and Russian papers in the field of marketing, no systematic concept was identified that can be considered basic for studying personalisation in e-grocery in Russia.

The results proved that the degree of consumer satisfaction has a positive effect on the formation of trust in the e-commerce market, since e-satisfaction is identical with the accumulated personalised online shopping experience, and the greater it is, the stronger the trust in a particular retailer.