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“We’ll tailor your experience”

A qualitative study about the design and application of personalization strategies among online
fashion retailers

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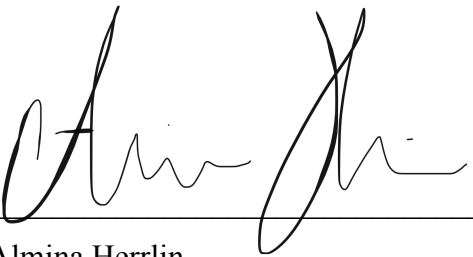
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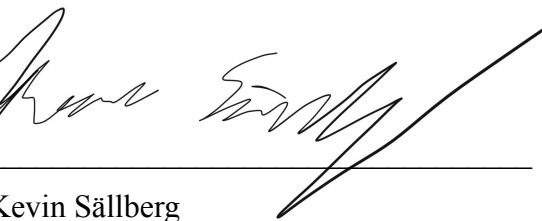
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Abstract

Personalization is a strategic way for retailers to tailor an experience based on information provided by the customer, to fulfill the individual's needs. It has been explored in great detail, resulting in benefits being revealed, as well as strategies being put forth. However, this study identifies great possibilities to improve our knowledge of the research field, by adopting a holistic approach, looking at the retailers' work with personalization in a larger network of actors. Previous research has addressed that retailers currently lack knowledge about the right method to apply personalization strategies and only a few have fully implemented their strategies. This has resulted in a lack of consensus on how to design and apply personalization strategies, which this study focuses on. To address these issues, observations and interviews of online fashion retailers are conducted, with the enhanced value net approach serving as a framework. The findings of this study reveal that when designing a personalization strategy, retailers value customer data highly, and use different approaches to collecting it. In applying their strategy, this study shows that retailers prioritize different aspects in personalizing their offers. Furthermore, surrounding actors play an important role in this process. Adopting a holistic view of the retailer as part of a bigger puzzle highlights the complexity of designing and applying personalization strategies to improve the customer experience in today's retailing.

Keywords: content personalization, interface personalization, customer experience, personalization strategy, enhanced value net approach

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1. Introduction

1.1 Phenomenon

One of the most significant ongoing transformations of contemporary society is caused by digitalization, as it encompasses many elements of business and everyday life (Hagberg, Sundstrom & Egels-Zandén, 2016). The retail sector both affects and is affected by this transformation. Various digital products and services are offered to consumers, and new forms of consumption are associated with these digital technologies. Customers increasingly turn to e-commerce to satisfy their shopping needs and Covid-19 has sped up and amplified this transition to digital shopping (Bhatti, Akram, Basit, Khan, Naqvi & Bilal, 2020). By 2025 e-commerce is expected to account for 24.5% of all global retail sales (Statista, 2022). E-commerce has streamlined shopping as it can be carried out anywhere and at any time (Turkle, 2011) but with technological improvements, even more advanced ways of shopping are enabled. For example, digitalization has improved retailers' knowledge about their customers, as information has become easier to collect than in the past, tracking the customers' shopping journey and their behavior. Thus, much of retailing has turned to the information society, which has resulted in personalization services being created.

Personalization is considered by this study, as the act of tailoring an experience based on information provided to the system, with the intent of fulfilling someone's individual needs (Kalaiganam, Kushwaha & Rajavi, 2018). However, the term has no unanimous definition. It is used differently depending on the field and means different things to different scholars (Fan & Poole, 2006; Kwon & Kim, 2012). Therefore, it is necessary to highlight that this study embraces the following: personalization, the experience created automatically by the system, includes the sub-term customization, which is a direct and active way for customers to tailor the experience according to their choices (Cho & Sundar, 2022). For example, personalization services can include products being recommended to the customer based on previous purchases. In terms of customization, the customer can, for example, filter to show certain colors.

In recent years, the perks of personalization in offline retailing have driven retailers to apply it to their online services as well (Kalaiganam et al., 2018). Personalization strategies that derive from data have even been labeled the life-blood of online retail (National Retail Federation n.d.). The difference is how the data is being collected. In offline retailing, two or more people interact, while online retailing collects data through the customer's interactions with technology.

The importance of personalization has been emphasized frequently, and the various dimensions of personalization have resulted in a variety of personalization strategies being developed and embodied (Kwon, Cho & Park, 2010). According to Kwon et al. (2010), the emphasized importance of personalization is based on three reasons. First, it can be an important source of competitive advantage in areas such as differentiation. Second, personalization is a way for retailers to add value by providing appropriate information that will simplify customers' decision-making process (Treiblmaier, 2007). This is especially relevant as there has been an explosion in the number of choices that are available on the internet for customers. The last reason is the dramatic reduction of costs in information technology (IT).

Using proprietary data enables highly personalized customer experiences offered to millions of individual customers (Lindecrantz, Gi & Zerbi, 2020). As a customer browses the website, data is collected and instantaneously used to improve the experience of that customer (Kalaiganam et al., 2018). An example is Zalando, an online fashion retailer, which presents different clothing depending on the customer's previous visits to the website. This retailer, among many others, builds a library of offers or responses to certain triggers, such as abandoned shopping carts or the browsing of items that belong to a larger collection (Lindecrantz et al., 2020).

According to Lindecrantz et al. (2020), retailers must respond to customers' demand for personalized experiences to survive, and if done right, it enables them to thrive. Customers of today are expecting a personalized shopping experience, which extends to the entire customer experience. Meaning, that throughout customers' interaction with the retailer, customers want multiple personalized touchpoints so they can allocate their time and money according to their preferences. The use of personalization is something many customers take for granted, however, if a company is not able to apply it properly, customers may depart for competitors (Lindecrantz

et al., 2020). As a result of this, retailers develop strategies to help them provide effective personalization services. The constructs of the personalization strategies differ, such as the subject (who does the personalization) and/or the object (what is personalized). The variety of personalization strategies is a result of a wide range of research, that draws attention from both different academic fields and industries (Kwon et al., 2010). Adopting a personalization strategy is a crucial step toward improving the customer experience. Yet, many retailers fail in doing so (Lindecrantz et al., 2020). To study these aspects, the subjects of this study are online fashion retailers, and the object is the personalization services provided by those, which will be described in greater detail later on. Hence, this study shows interest in what strategies are used to provide these personalized services.

1.2 Problematization

Personalizations interdisciplinary characteristics have been studied in various fields, such as management, marketing, economics, information systems, and computer science (Kwon et al., 2010). Much is already known about personalization. For example, it is shown to increase customer revenues, customer loyalty, and lower bounce rates (Kalaiganam et al., 2018; Lindecrantz et al., 2020). These findings explain why retailers invest significant amounts of money in IT and customer intelligence tools to increase their capabilities (Kalaiganam et al., 2018). Combined with the internet and the great opportunities to collect and process information, personalization has become a standard tool used by many large retailers. These retailers possess the knowledge needed to provide personalized services, while smaller companies encounter difficulties. Thus, personalization has created new possibilities for retailing, but as customer demands grow tougher and tougher, companies that lack personalization services now face a race against time as customers turn to competitors providing better services. Alongside this, recent research conducted by Lindecrantz et al. (2020), indicates that only 15 percent of retailers attending the World Retail Congress have fully implemented personalization strategies. This concern is strengthened by researchers concluding that future work ought to focus on enhancing retailers' experience of how to use personalization (Qusef, Albadarneh, Elish & Muhanna, 2021). Findings from Qusef et al. (2021) show that numerous suppliers have no significant idea concerning the right method of personalization. Based on this, combined with the increasing customer demand for personalization, challenges emerge that call for academic attention. This

study identifies that the field shows great possibilities for improvement and that researchers should aid in strengthening the knowledge of how to strategically make use of personalization services in improving the customer experience. Specifically, content personalization, i.e., information provided based on previous interactions, and interface personalization, i.e. the web design adapted to customer preferences, is the key focus of this study. These two types are, according to previous research, the major ways in which companies can personalize their offers (Kwon & Kim, 2012). Although proven to simplify the customer journey, and increase customer loyalty and satisfaction, among other things (Liang, Lai & Ku, 2007; Chang & Chen, 2008), content- and interface personalization has not been explored in terms of the design and application of these, relating to retailers' personalization strategies. Personalization strategies have been identified by previous research focusing on the customer perspective. However, the complex situation for retailers, that must navigate through an environment of, for example, challenges, complementors, and competitors have been bypassed, which leaves out important aspects of the research field. While researchers attempt to formulate personalization strategies, there is still a lacking comprehension of how retailers can apply them in their surroundings. Looking at content personalization and interface personalization, there is a need to increase our understanding of how these services can be designed and applied by retailers to achieve an improved customer experience. When designing their strategy, this study is interested in how retailers learn about their customers' preferences and the challenges that may emerge in doing so. In terms of applying the personalization strategy, the focus is put on what personalized services are offered, how they are presented, and how the retailer considers competitors and complementors in their personalization offers.

As previously mentioned, personalization has been explored by researchers for many years. Yet, the study identifies a gap in the type of knowledge that has derived from the research methods used to examine personalization. Previous research in the field of personalization highly prioritizes quantitative methods (Qusef et al., 2021; Kalaignanam et al., 2018; Mittal & Lassar, 1996; Murthi & Sarkar, 2003), which provides the field with generalizable results. However, as only 15 percent of companies have successfully implemented personalization services and researchers must enhance retailers' currently insufficient experience of personalization (Lindecrantz et al., 2020; Qusef et al., 2021), it is evident that many aspects have received less

attention than required. Researchers have discussed the limitations of their quantitative methods, which include not being able to fully capture the dynamism of personalization and customer experience (Tyrväinen, Karjaluoto & Saarijärvi, 2020). The relationship between personalization and customer experience is complex, where personalization can improve customer experience in various ways (Lemon & Verhoef, 2016). However, concerning this, the retailers' perspective has been bypassed, although they play an important role in providing these services. Therefore, to develop our understanding, it is necessary to explore the relationship between personalized services and customer experience, from the perspective of the retailer. By adopting a qualitative approach, more effort can be put into enabling a deeper understanding of the phenomenon, which is needed to further expand the research field. The field would benefit from gaining specific knowledge about the contemporary strategies being designed and used by online retailers, and focus less on generalizing the outcomes those strategies result in. This study argues that a qualitative approach is desirable to provide both researchers and managers with insights that improve their experience of how to strategically provide personalized services. Future research may then test the generalizability of the results through quantitative approaches.

In providing personalization, there exists an imbalance. On one hand, the demand for personalized services increases among customers, while on the other, the supply from retailers fail, as shown previously (Lindecrantz et al., 2020; Qusef et al., 2021). In relation to the failing supply, the study must limit its scope to industry-specific observations, as research finds that personalization services vary depending on where you look (Vesänen, 2007). Because personalization strategies can be unique to retailers depending on their specialization, it is hard to apply (Vesänen, 2007). The demand for personalization also differs between countries and retail channels (Tyrväinen et al., 2020). This shows that research must gain an understanding of the differences and/or similarities in personalization strategies between industries, as this might open the door for better-adapted personalization services. To provide desirable results, studies must use more specific lenses than looking at the retail sector in general (Tyrväinen et al., 2020). This study focuses on online fashion retailing, as the industry shows strong growth and high demands for personalization which makes it a relevant object of interest (Lindecrantz et al., 2020; Ward, 2021).

Adding to the above, the design and application of personalization strategies are complex. According to Kaptein and Parvinen (2015), psychological and technological elements are both key building blocks to success, which encourages this study to examine their relationships, to avoid the risk of missing out on important findings to the holistic view. In terms of the psychological element, the key focus is on the retailers' experience and behavior, while the technological element concerns the cooperation with the IT department.

1.3 Aim

Considering the challenges presented by previous research as well as the identified gaps, the overall aim of this study is to explore how online fashion retailers can design and apply their personalization strategies to improve customer experience. Following the aim of this study, part of the purpose is to provide researchers and retailers with an increased understanding of what online fashion retailers prioritize in their personalization strategies. Using a qualitative approach with a limited context of one industry enables the study to shed light on contemporary trends in the strategies that shape personalization services within the industry. Furthermore, as the study aims to be holistic, retailers will be examined in how they navigate their surroundings, which consist of many aspects, such as opportunities, challenges, and actors that both complement and compete with the retailer. For the research field, this will provide fruitful theoretical knowledge about the dynamism of retailers, which lacks attention in previous discussions about personalization.

The two aspects in focus are content- and interface personalization, as presented earlier. Furthermore, the study will not put effort into exploring whether the retailer's personalization offers actually improves customer experience, but instead, adopt a retailer's perspective to see what they believe improves the customer experience, as it is their perspective this study is interested in. Considering the focus on the retailer's perspective, interviews and observations of these are used to gather empirical data.

1.4 Research Question

Considering the aim of this study, the following research question has been formulated:

How can online retailers design and apply their personalization strategies to improve customer experience?

1.3.1 Potential Implications

Answering the research question and fulfilling the aim of this study would be beneficial for the literature that explores personalization. For researchers, this study hopes to be fruitful regarding what type of knowledge is generated about personalization strategies. This study identifies a need for a qualitative approach as it would provide deeper and more detailed knowledge on how to increase both researchers' and managers' experience in designing and applying personalization strategies, which has previously been identified as a challenge (Qusef et al., 2021). Furthermore, adopting an industry-specific approach can open new doors for the research field that invites future research to compare the personalization strategies between industries, by building on previous findings. This study serves as a starting point for such endeavors. The existing strategies identified by previous research focusing on the customer perspective, which will be described later on, can be compared to the findings of this study, to unravel the relationship between the theoretical and managerial perspectives of personalization. Studies with the customer in focus reveal, for example, customer demands and what personalization offers works best. However, they cannot capture how challenges, and surrounding actors, among other things, affect the ways retailers offer personalization services, which this study can contribute to as it explores personalization from the retailer's perspective.

In terms of social implications, the study provides various answers. By visualizing different trends within personalization strategies, this thesis can aid companies, that have previously failed with their personalization services, in identifying their focus. Furthermore, with the fulfillment of this study's purpose, managers can learn from the strategies identified in terms of personalizing web services. This, in turn, could improve the overall application and effectiveness of

personalization, especially for smaller retailers who lack the knowledge required to stay competitive in today's market, where customers demand personalization to an increasing extent.

1.5 Thesis Structure

The introduction displays the first chapter of this study. Here, the phenomenon of personalization has been introduced, alongside the problems identified in the field, which leads to the aim and research question of the study. The remaining parts of the study are organized as follows. The second chapter dives deep into the already existing literature, exploring concepts that the researchers argue to be relevant for this study. Here, the aim is to give the reader the necessary background knowledge before proceeding and the chapter will serve as a theoretical base for the study. The third chapter highlights the methodological considerations of the thesis. Research design, sampling, data collection, and ethical considerations are some of the areas described. What this study finds through its data collection is presented in the fourth chapter, alongside an analysis of such findings. Lastly, the findings are discussed and concluded on a more general level, with recommendations for future research, alongside theoretical and managerial implications.

2. Literature review

This chapter presents previous research in the field related to the research question, to provide the reader with a theoretical understanding of the phenomenon. The chapter is structured in the following way: definitions of the term personalization including content- and interface personalization, the benefits and challenges of personalization, the process of personalization, the relationship between personalization and customer experience, and personalization strategies with different perspectives. Finally, the enhanced value net approach is described, which serves as a framework and guide for this study.

2.1 Defining Personalization

The type of personalization provided by online retailers varies and relates to different aspects such as advertisements, web content, and recommendations (Kalaiganam et al., 2018). According to Kwon and Kim (2012), it is necessary to define the concept of personalization and its related terms, because the dimensions of personalization vary depending on the scope and concept of personalization. There is still some confusion about what the term means, even though many articles have been written about concepts of personalization. Additionally, personalization means different things to different fields and different people, and to investigate the effectiveness of personalization, the dimensions should be identified (Kwon & Kim, 2012). In this thesis, the term personalization refers to offerings and communication that are tailored to meet customers' preferences based on stated, observed, and predictive data (Kalaiganam et al., 2018).

Further, the term customization needs to be addressed, to clarify the meaning of personalization (Kwon & Kim, 2012). These terms are often used interchangeably, and/or some researchers use these two terms to discuss the same concept. However, most researchers suggest that there are differences between the two terms (Sunikka & Bragge, 2008). Some view customization as a sub-concept of personalization, and regard customization as one approach to providing personalization. Others argue that personalization should be the umbrella term, and that mass customization and customization should be included (Fan & Poole, 2006). In line with this view, some argue that the term personalization should be considered a more generic and open term

(Sunikka & Bragge, 2008). In this paper, the term personalization is viewed as the point when a firm decides, often based on collected customer data. Customization, a sub-term within personalization, refers to when a customer proactively specifies one or more elements. In essence, the term personalization refers to system-initiated personalization and customization as user-initiated personalization (Murthi & Sarkar, 2003). The two are different approaches to the design of personalization (Fan & Poole, 2006). Various studies have shown that these approaches provide benefits depending on the usage environment, which makes it a relevant aspect to explore for this study (Kwon & Kim, 2012). System-initiated and user-initiated personalization are, according to Treiblmaier, Madlberger, Knotzer, and Pollach (2004), roughly the same as the terms adaptive and adaptable. System-initiated, i.e., adaptive personalization, lets the system conduct personalization automatically, while user-initiated, i.e. adaptable personalization, invites the user to adjust content and layout according to their preferences (Treiblmaier et al., 2004; Sun, May & Wang, 2015). Another way of looking at this is discussed by Fan and Poole (2006). Personalization where the user interacts by making choices or providing information that guides the system adaptation is termed explicit personalization. The opposite, implicit personalization, refers to personalization that is done automatically by the system. According to Fan and Poole (2006), this distinction highlights the difference between system-initiated and user-initiated personalization, adaptive and adaptable systems, and static versus dynamic personalization. Users may react differently to a system they have control of (explicit personalization) in comparison to a system with a life of its own that adapts to users of its own accord (implicit personalization).

2.1.1 Content Personalization

Having introduced the term personalization and its relation to customization, this part addresses the two types of personalization that are the main focus of this study: content personalization and interface personalization. Here, the concept is described briefly, to give the reader an understanding of the terms. The concept is an integrated part of the study and will be examined in more detail throughout the thesis. With content personalization, the content or information is automatically chosen for the users, without a direct request from the user and the process of choosing the content remains hidden (Jeevan & Padhi, 2006). Personalization services should provide a mix of items that correspond with users' interest and provides both information and

entertainment (Lavie, Sela, Oppenheim, Inbar & Meyer, 2010). This type of personalization system achieves increased accuracy in predicting future behavior and interests, as the system becomes more familiar with users' habits by observing their current behavior (Lavie et al., 2010). The success depends on how well the personalization system can map users' interests and feedback.

2.1.2 Interface Personalization

The fact that website designers personalize the website for different user groups is common (Kumar, Smith & Bannerjee, 2004). However, a website can be personalized in several ways and there is not a clear 'how and what' to personalize to provide features that customers value, as user to user is expected to have different reactions to the interface features (Schonberg, Cofino, Hoch, Podlaseck & Spraragen, 2000). Anyhow, it is important to consider, as effective user interface design is recognized as a critical success factor for a website (Kumar et al., 2004). The user interface design is an important component of the usability of a website and it is personalized differently according to user groups (Mathieson & Keil, 1998). For example, what language and vocabulary are used on the website and if it is familiar to that customer. The interface presented to a specific customer is often based on collected data of that customer at the time of registration or by tracking activity. Gajos, Hoffmann & Weld (2004), argue that many are missing the essential needs of most individual users, as interfaces are designed in a "one size fits all" manner and designed to the needs of the average users. Especially, with the rise of complex applications and the shift away from keyboards and big screens to using an increasing variety of different display-equipped devices with different display sizes (e.g., cell phones). It is proposed that an interface should optimize the user's expected utility on the device at hand and adapts as appropriate to changes in users' activity (Gajos et al., 2004).

2.2 Opportunities with Personalization

The benefits of personalization are one of the most explored areas related to this research field (Adolphs & Winkelmann, 2010). Yet, this study argues that it is necessary to summarize what previous studies have shown about benefits so that the reader can recognize the importance of personalization services before this study continues.

2.2.1 Benefits of Personalization

For online retailers, personalization is shown to improve many aspects, as shown in research conducted by Kalaignanam et al. (2018), among many other researchers (Adolphs & Winkelmann, 2010; Kwon et al., 2010; Lindecrantz et al., 2020). Kalaignanam et al. (2018) used in their study 603 firm-quarter observations spanning 80 firms and six years. First, web personalization lowers cash flow volatility as a result of lower customer turnover. According to the authors, retailers may effectively lock customers to their services using personalization (Kalaignanam et al., 2018). Second, personalization services allow retailers to charge higher prices, which previous researchers have had mixed evidence about. One possible explanation could be that the ability to differentiate might produce a new type of monopoly, leading to higher prices (Kalaignanam et al., 2018). This occurs when customers become captive to certain retailers because of their investments in personalized services. Related to this, personalization offers better opportunities for building trust, although it remains a slow process, as argued by Kalaignanam et al. (2018). Adding privacy concerns to the discussion, a strengthened trust from customers could lessen concerns of privacy that usually accompany personalization services, which in turn will result in stabilized cash flows (Kalaignanam et al., 2018). To conclude the above, personalization services come with various benefits, both for retailers and customers. In some cases, personalization creates fast results, but in others, it is a long process where customer trust is built. However, to an increasing extent, retailers must navigate challenges with personalization as customer awareness grows stronger, mostly concerning privacy concerns, which will be discussed below.

Briefly mentioning benefits for customers, Treiblmaier (2007) found four significant benefits of personalization. First, it helps them in making purchasing decisions, which increases revenue for retailers. Secondly, candidates of his study revealed that they enter accurate data as it enables access to valuable content. Adding to this, personalization helps in saving time and reduces overall communication because companies advertise with clear focus groups (Treiblmaier, 2007).

2.3 Challenges with Personalization

This study has introduced the positive effects of personalization, both from customers' and retailers' perspectives, and now turns to the "costs", as articulated by Treiblmaier (2007). To fully answer the research question of this study, it is necessary to address the challenges and/or difficulties that retailers must navigate through. Strategies are ways of fulfilling organizational goals, and according to this study, that includes making use of advantages, while effectively facing disadvantages. By presenting aspects that have previously been identified as challenges, this study may also, through its empirical data collection, find if these challenges still play a role for online retailers.

2.3.1 Intrusion of Privacy

A multitude of privacy challenges are rising as new personalization technologies are becoming increasingly widespread (Toch, Wang & Cranor, 2012). To enhance the user experience, personalization technologies offer powerful tools but at the same time, new privacy concerns arise. Toch et al. (2012) express three trends that require attention regarding privacy: social-based personalization, behavioral profiling, and location-based personalization.

To address social-based personalization, there has been an exponential growth in social network systems in the last years (Toch et al., 2012). The web has become more social, and the growth created a huge online repository of real identities. Rich information is stored about the users, such as their real names, email addresses, demographics, personal photos, interpersonal communication, etc. (Kadima & Malek, 2010). Based on this information, personalization can be applied to demands such as application customization, social search, and online marketing. Two challenges are prominent according to Toch et al. (2012) when implementing privacy-preserving personalization in social network systems. First, these systems often include highly sensitive information. Second, personalized content does not just compromise the user's privacy but also their friend's privacy. Furthermore, third-party applications are allowed by large social network systems to access users' profiles, users' data and publish information to users' friends (Toch et al., 2012).

The concept of behavioral profiling relates to the practice of collecting data about a person's activities over time and then tailoring the user experience based on those activities (Toch et al., 2012). The profiling in most cases tracks a wide range of user behavior with little or no consent of the users. A variety of different activities serve as a foundation for the profiles, such as purchased products, sites visited, product pages viewed, emails sent, etc. Likewise, behavior profiling is risking falling into unwanted third-party hands. A term connected to behavioral profiling is collaborative filtering (Schafer, Frankowski, Herlocker & Sen, 2007). The underlying assumption of the term is that a user will like things that similar users like, and gather users who share similar tastes based on previous references into clusters and then make predictions based on this (Toch et al., 2012). Connecting this to privacy risk, previous studies have shown that being watched and analyzed makes some users feel uncomfortable (McDonald & Cranor, 2010) and if the context switches, it holds privacy risks as it can lead to violating the integrity of the original context (Cranor, 2004; Nissenbaum, 2004).

Personalized services based on location awareness are being used increasingly, triggered by the adoption of GPS-enabled phones and positioning technologies, as well as the increase in mobile data bandwidth (Toch et al., 2012). The ability of service providers to track users' location, offering them services based on their exact location is a result of the growth of sophistication of mobile devices.

Based on the individuals' worry concerning businesses misusing the personal information that is collected, organizations have tried to mitigate this issue in two ways (Hann, Hui, Lee & Png, 2007). First, by offering privacy policies about how personal information is used and handled. Second, offering benefits such as financial gains or convenience, such as offering free shipping in exchange for customers submitting personal information or increasing the customer's convenience by facilitating customization at a website accordingly to that customer's preferences (Hann et al., 2007). Anyhow, privacy concerns are identified to be a major impediment to e-commerce, which brings us to the next section, where the General Data Protection Regulation (GDPR) is addressed.

2.3.2 General Data Protection Regulation (GDPR)

As part of the discussion surrounding privacy concerns, GDPR must be addressed. The GDPR imposes strict rules on controlling and processing personally identifiable information (Shyy, 2020). It has been implemented by the European Union (EU) and serves as a board uniform standard for businesses with an online presence to conform to, as a minimum standard of privacy protection. The GDPR was needed as new challenges for data protection arose with the rapid growth in technology and globalization (Shyy, 2020). Individuals share information publicly and globally on an unprecedented scale with new technology, such as social media and cloud computing (Shyy, 2020). Resulting in encouraging mass exploitation of consumer data and posing security threats. This requires online retailers to define privacy policies complying with their users' preferences (Caruccio, Desiato, Polese & Tortora, 2020). Difficulties in how to use data to avoid legal issues related to data privacy violations are something online retailers now face.

2.3.3 Personalization-Privacy Paradox

A benefit of personalization and personalized services is that they can reduce information overload and thus increase the satisfaction of users (Karwatzki, Dytynko, Trenz, & Veit, 2017). These services will be appreciated by many customers if personalization increases the sense of control and freedom. For instance, these services are personalized order tracking, purchase history, or notifications of new products and special deals. Further, it is shown that web personalization is valued by customers as it is helping customers in the decision-making process by providing relevant content and reducing cognitive efforts (Liang, Lai & Ku, 2006). On the other hand, in exchange for promised benefits, such as using superior or free services, consumers may give up personal information (Culnan & Armstrong, 1999; Karwatzki et al., 2017). Benefits and risks evaluation depends on the privacy valuation of each individual (Treiblmaier, 2007). Even if customers value personalization, they may refuse to use these services since they have concerns about potential commercial misuse of their data (Karwatzki et al., 2017). So as the retailers collect consumer information to successfully design personalized offerings, there is a central paradox that the retailers need to consider. Namely, consumers who value information transparency are also less likely to participate in personalization (Awad & Krishnan, 2006).

When discussing *information privacy*, one is reflecting on the extent to which individuals can control how, when, and what amount of personal information is revealed to others (Karwatzki et al., 2017). While the concept of *privacy concerns* are the concerns of individuals related to opportunistic behavior regarding personal data submitted over the Internet. Hence, concerns about the degree to which individuals consider a potential privacy loss through the disclosure of personal information are here represented. And this can be manifested in “personalization is not feasible without sharing personal information, and free allowance of services is not feasible without some explosion of this information by the vendors” (Chellappa & Shivendu, 2007 p.196). Thus, some consumers protect their privacy as a fundamental right, while others are willing to sacrifice their privacy to some extent in exchange for benefits, such as personalization (Karwatzki et al., 2017). It is suggested by the personalization-privacy trade-off that if consumers obtain a certain value that overrides existing privacy concerns, they are more likely to use personalization services.

The system used for achieving personalization needs to deal with the critical issue of privacy, hence it is an important factor in developing effective websites, as it creates a user experience that is both compelling and “sticky” (Jeevan & Padhi, 2006). Compelling in the way that it helps users find the exact information, product, and services they need, and “sticky” as personalized websites train themselves over time to serve their users, which make them less likely to leave such sites.

2.4 The Process behind Personalization

Having introduced the term personalization, opportunities, and challenges, the next part of this literature review explores the process of personalization. As this study focuses on both the psychological and technical elements behind personalization, understanding the technical process is important (Kaptein & Parvinen, 2015). Fan and Poole (2006) identified three dimensions, a classification scheme for implementing personalization in e-commerce and mobile commerce. The first dimension, what is personalized, focuses on the different parts of the system that provide personalization to the user. It concerns four aspects of information systems: the information itself (content), how the information is presented (user interface), the media used to deliver the information (channel), and what users can do with the system (functionality). The

second dimension regards the target of personalization, which Fan and Poole (2006) argue to be either a category of individuals or a specific individual. One option of personalization is to target groups of users, such as women, single-child families, etc. As long as the individual identifies with the group, he or she will likely perceive the system as personalized for them. The second option is to design systems that fulfill the needs of a single user. This is referred to as individuated personalization (Fan & Poole, 2006). Adopting a critical perspective, this study shows awareness of the possibility that the implementation of such systems may be subject to personal beliefs, values, and prejudices. The third dimension, the degree to which personalization is automated, is split up into two implementation strategies; implicit personalization and explicit personalization, which have been described previously (Fan & Poole, 2006).

2.5 The Relationship between Personalization & Customer Experience

As this thesis limits itself to studying the personalization strategies used by online fashion retailers to improve customer experience, it is important to address certain aspects of customer experience. First of all, it is critical for retailers to understand customer experience and customer journey over time (Lemon & Verhoef, 2016). The customer experiences have become more social as the interaction between customers and retailers now takes place through myriad touchpoints in multiple channels and media. New opportunities for online purchase in terms of where and when customers can interact with retailers have occurred due to advances in technology (Rose, Hair & Clark, 2011). Multiple definitions exist in the literature of customer experience (Lemon & Verhoef, 2016). However, Meyer and Schwager (2007) define customer experience as “the internal and subjective response customer have to any direct or indirect contact with a company” (Meyer & Schwager, 2007. p.2). Further, they conceptualize customer experience as a psychological construct, which is a holistic and subjective response to customers' contact with the retailer and the level of involvement may differ among customers.

A result of technology is that customers interact with the internet across a diverse range of activities, creating many different behaviors and different experiences (Rose et al., 2011). It is argued that the shopping experience can be enriched in various ways from effective retail management strategies, which are linked to the creation of customer experience and, in turn, results in successful performance outcomes (Rose, S., Clark, Samouel, & Hair, 2012).

Additionally, retailers need to integrate several business functions and external partners when creating and delivering a positive customer experience (Lemon & Verhoef, 2016).

2.6 Personalization Strategies

As argued in the introduction to this study, many researchers have studied different aspects of personalization. However, as argued by Kwon and Kim (2012), there exists a knowledge gap about the experience of how best to design personalization strategies. Although only 15 percent of retailers have fully implemented personalization strategies (Lindecrantz et al., 2020), researchers have found different aspects to be of importance. Following this, strategies identified from previous research will be presented below.

2.6.1 Personalization in the Context of Customer Retention

Kwon and Kim (2012) carried out an experiment involving 372 participants, to create what they believe to be the best combination for personalizing your service to increase customer satisfaction and loyalty, thus strengthening customer retention. From the experimental results, Kwon and Kim (2012) found that interface personalization, i.e., the design of the website, is more important than previously considered in research. Previous to their study, personalization strategies have been focused on personalizing content based on user preferences, such as recommender systems. Yet, interface personalization is shown to significantly improve both customer satisfaction and loyalty (Kwon & Kim, 2012). It is even considered to have a greater impact than content personalization. Kwon and Kim (2012) argue that interface personalization can be a good alternative to content personalization, especially in “cold start” cases where the customer preference information is insufficient to provide good personalization offers. Having said this, the researchers note that more experiments are needed to fully generalize the results.

Another important finding is that of one-to-one versus one-to-N content personalization (Arora et al., 2008). Here, Kwon and Kim (2012) found that the importance of one-to-one personalization could be emphasized less. Through their experiments, the researchers (Kwon & Kim, 2012) found that customer value remains the same, no matter if the focus is on segment marketing or individual marketing. Thus, if one-to-one personalization requires too much time, one-to-N is a

good alternative. Thus, they expand the findings of Arora et al. (2008). Lastly, users must be increasingly incentivized to participate in the personalization process. As a result of their findings, Kwon and Kim (2012) could highlight that user-initiated personalization of content and interface increase customer satisfaction and loyalty. Most customers consider self-initiated personalization bothersome, which results in its low impact. The researchers conclude that various marketing promotions are needed to improve self-initiated personalization (Kwon & Kim, 2012).

2.6.2 Personalization as a Differentiation Tool

Lindecrantz et al. (2020) propose eight core elements that serve as a foundation for an effective personalization operating model for retailers. The first element is *data management* and the essence of this is to rather collect the right data than gather every last scrap of data. The next three elements that follow are *customer segmentation and analytics*, *playbook*, and *decisioning engine*, all refer to the broader term of decisioning. Retailers can, with the right data management and analytics, identify customer value triggers and facilitate effective targeting and personalization based on the score and ranking of these customers (Lindecrantz et al., 2020; Karwatzki et al., 2017). The meaning of a playbook is to build a library of offers or responses to certain triggers, such as abandoned shopping carts or the browsing of items that belong to a larger collection. The element of the decisioning engine serves as a campaign coordinator that should reduce the risk of sending conflicting messages by planning experiences across multiple channels (Lindecrantz et al., 2020; Rose et al., 2011; Lemon & Verhoef, 2016). By this, retailers can maximize value across a multichannel lineup and drive value by each touchpoint. The fifth element *cross-functional team* and the six elements *talents, capabilities, and culture* refer to the design part of the process (Lindecrantz et al., 2020). An aligned cross-functional team should include different working roles, it could for example be engineers, merchandising professionals, and marketing experts. By having mixed teams work together the goal is to increase pace and quality. The right ambition in leadership is a foundation for securing the right capabilities and talent for the staff and team. Lastly, the element of *technology enablement* and *test and learn* is under distribution. Where technology enablement can be complex to implement, it is considered to be the core of successful personalization (Lindecrantz et al., 2020; Kaptein & Parvinen, 2015). The various systems need to pull in the same direction and work together. Finally, the eight

elements of the test and learn highlight that retailers should undertake an approach of test and learn when undertaking this effort (Lindecraantz et al., 2020). It is proposed that retailers should start small and not wait for it to be perfect, test the efficacy of one idea, and then move forward.

2.6.3 Personalization; Combining IT and psychology

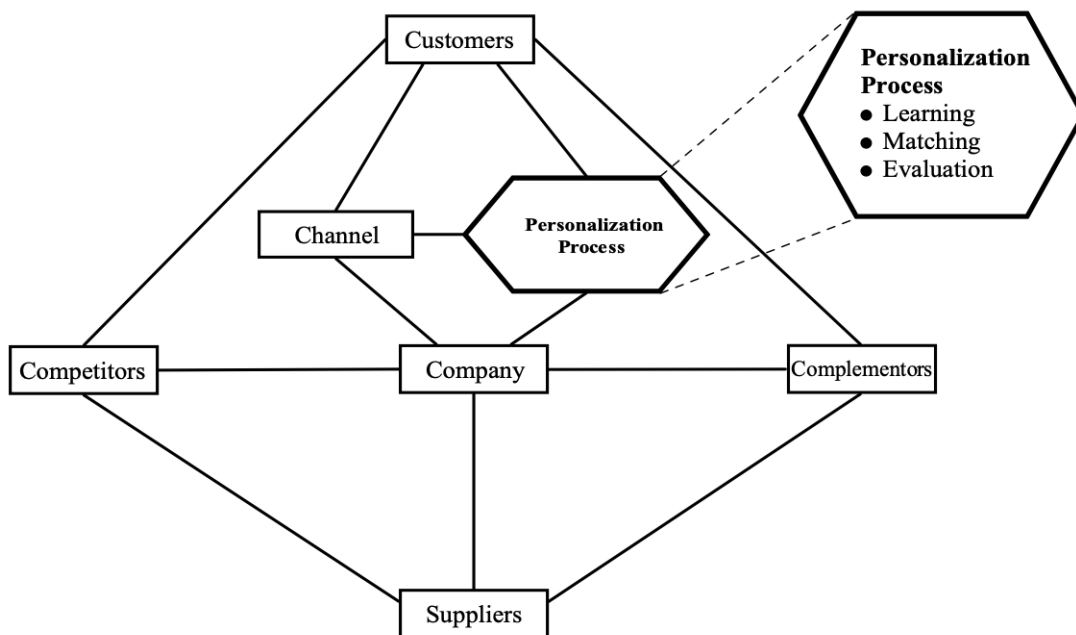
To deliver successful personalization services, Kaptein & Parvinen (2015) proposed a process framework to structure knowledge of online personalization that draws both from academia and from applied attempts. The framework's goal is to structure current and future attempts of e-commerce personalization, by allowing for a clear categorization of personalization attempts, as well as allowing for the rapid development of novel personalization methods. It is argued that the personalization of online marketing should not discuss the two perspectives (consumer behavior and the technology involved) separately, but should be discussed combined (Kaptein & Parvinen, 2015).

Two main building blocks compose the process framework: requirements regarding consumer psychology and requirements regarding the associated technologies (Kaptein & Parvinen, 2015). They are considered to be key components for successful personalization. To address the psychological perspective, it is argued that the content used in the personalization of e-commerce should have a heterogeneous effect that is consistent with customers' needs (Kaptein & Eckles, 2012). However, to meet the requirements, retailers need to make several assumptions that are often somewhat overlooked leading to failed personalization attempts (Kaptein & Parvinen, 2015). From a technological perspective, it is essential to have the ability to measure the outcomes of personalization attempts, as well as the speed and scalability of the technology. Measuring the effect that a certain type of content has on an individual customer is important and besides the measurements, the online retailer needs to be able to alter the respective content without harming the user's experience (Montgomery & Smith, 2009). Lastly, to personalize content, online retailers need to ensure that the computational procedures are scalable because this enables the link between content and derived customers' properties (Kaptein & Parvinen, 2015).

2.7 The Enhanced Value Net Approach

To deepen the understanding of the personalization process, Murthi and Sarkar (2003) presented a framework that is a modification of Brandenburger and Nalebuff's (1995) value net approach. The enhanced value net approach, as the framework is referred to, serves two purposes. First, it enables researchers to examine the strategic effects of personalization when looking at the interactions between the retailer and other key actors. Second, the framework can aid in exploring the different stages of the personalization process, and understanding future issues connected to the design and application of personalization (Murthi & Sarkar 2003). As seen in figure 1, the enhanced value net approach is both vertical, by considering retailers' interactions with customers and suppliers, and horizontal, by considering competitors and complementors. As argued by Murthi and Sarkar (2003), transactions usually occur in the vertical dimension, with personalized products and services flowing from the retailer to the consumer. Meanwhile, customer information, the key component for personalization, flows in a reverse direction. Closely related to the aim of this study, the enhanced value net approach considers the strategic issues related to a retailer's personalization strategy, by looking at competitors, complementors, suppliers, and channels.

Figure 1. The Enhanced Value Net Approach



Focusing on the personalization process, Murthi and Sarkar (2003) identify three main stages: learning, matching, and evaluation. The learning stage addresses how the retailer collects data on its customers and uses the data to learn about customer preferences. The data may be explicitly provided by the customer or gathered through the customer's interaction on the website. In the matching stage, the retailer uses the knowledge from the learning stage to develop offerings that satisfy the needs and target the right market segments. Here, many personalized services can be provided, such as product recommendations, targeted communication, and personalized prices. Lastly, the retailer must evaluate the former stages' effectiveness in providing meaningful personalization to the right customers. The researchers argue that appropriate metrics must be developed to measure the effectiveness of the personalization program (Murthi & Sarkar 2003).

The framework presented will serve as a guide for the purpose of this study. It provides both the reader and researcher with an increased understanding of how retailers can design and apply personalization strategies and their interactions with surrounding actors. Thus, the framework enables this study to view the process holistically, considering factors other than the online fashion retailer, such as competitors and complementors. It also invites the study to consider the challenges related to personalization, that retailers must find ways of facing. More details can be seen in the interview guide.

3. Methodology

This chapter invites the reader to learn more about the methodological process and considerations of the study. Initially, the underlying research philosophy and design are discussed, followed by the data collection of the study. Here, sample choices, semi-structured interviews, and online observations are presented and motivated to the reader. Next, the data analysis shows the reasonings of the researchers in analyzing their empirical data to generate findings. Ending the methods chapter, the quality of the study is discussed based on four criteria of trustworthiness, combined with a part about ethical considerations.

3.1 Research Philosophy

The study aims to explore how online fashion retailers can design and apply their personalization strategies to achieve greater customer experience, which will also visualize contemporary trends within personalization strategies. A sample of the questions to be answered are what retailers prioritize in their strategies, how they consider customer preferences, and how they navigate around challenges and actors. Considering that such endeavors have had little attention from past research, the exploratory nature of this study finds qualitative methods to be most suitable (Corbin & Strauss, 2008). In contrast with quantitative methods, the qualitative approach allows the researcher to study the participant in detail, determine the how and why of a phenomenon, and discover rather than test variables (Corbin & Strauss, 2008). Furthermore, it allows for a holistic approach, looking at the bigger picture of the phenomenon, where the entirety of the parts is put together to form conclusions (Esaiasson, Gilljam, Oscarsson, Towns & Wängnerud, 2017). This approach aims to add new knowledge to the research field, focusing on visualizing the work with personalization strategies as something part of a bigger network of actors. In other words, adopting a qualitative approach enables this study to provide more dynamic findings to the reader than a quantitative approach could do.

Adding to the above, the qualitative approach invites abductive reasoning, where theory is generated through the data collection, making it closely tied with induction (Flick, 2009), while also emphasizing the participants' worldviews (Bryman, 2012), which is in line with the purpose of this study. While our knowledge derives from previous research in the field, the study cannot

be considered deductive as it does not test theories in the field but instead contributes with previously unknown knowledge. The knowledge that derives from the data collection of this study is considered subjective, making reality socially constructed which, in turn, means that there is no single true reality (Bryman, 2012). Using an abductive approach enables this study to combine the previous knowledge on personalization strategies, with new knowledge that is gathered through interviews and observations. By steering between theory and empirics, the findings of this study will gradually emerge to create an understanding of working with personalization, based on a wider perspective.

Considering that the study shows interest in the interpretations of its subjects, the abductive approach is supported by interpretivism and perspectivism as epistemological perspectives (Bryman, 2012). Connecting this to the study, there can be multiple interpretations of online fashion retailers' ways of applying personalization strategies to improve customer experience according to their beliefs. The findings of this study will also only display the perspectives of a few, making it less interesting from the view of generalization, but more interesting for visualizing the phenomenon, through thick descriptions. Furthermore, to fully capture the participant's view of their reality, the observations carried out prior to interviews are important to provide the researchers with increased understanding from the retailer's point of view. In terms of the findings provided by this study, considering the above is key to giving trustworthy and fair descriptions.

3.2 Research Design

Apart from research philosophy, the research design is a key component in effectively answering the research question. A cross-sectional research design is used for this study and will provide a framework for the collection and analysis of the data (Bryman, 2012). Through the use of this research design, the data is captured at one point in time and sufficient cases are selected according to characteristics (May, 2011). As a cross-sectional design allows for multiple cases to serve as a foundation when studying, it can distinguish differences and similarities, and this study can shed light on contemporary trends of personalization strategies within the online fashion industry (Bryman, 2012).

A cross-sectional design is often discussed in the context of quantitative research. However, it is noted by Bryman (2012) that this research design in some forms is often used in qualitative research as well. This study is using semi-structured interviews as one method, and this is typically a form of such research. A cross-sectional design allows for more than one case to be examined and multiple organizations will serve as a base for variation for this study, and the data are collected simultaneously. With this design, the study can collect a rich body of empirical material from in-depth interviews and examine patterns of association between different online fashion retailers.

Using triangulation is common when performing a cross-sectional study (Flick, 2009). As mentioned, this study is based on both semi-structured interviews and online observation as methods for the collection of empirical material to study the social phenomena. It can therefore be referred to as methodology triangulation. These methods are described in detail in the next section. The aim of using triangulation is to enrich and complete knowledge and transgress the limitations associated with the epistemological potentials of each method (Flick, 2009). It is worth noting, that the purpose of using different methods is to add new perspectives and allocate knowledge on different levels, it does not just lead to “more of the same”. Thus, there is no interest in selecting for constructing a (statistically) representative sample of a general population. We, therefore, argue that online observation provides new insights into the field of personalization as this method allows for the exploration of this phenomenon without influence, while semi-structured interviews help to capture in-depth the personalization strategies designed and applied, from the perspective of online fashion retailers.

3.3 Data Collection

The data collection of this study is two-fold, including online observations and semi-structured interviews, as the methods complement each other, resulting in a transgression of the limitations of each method, which will be discussed in more detail later on. The following section is structured to resemble the process of the data collection. First, this study presents and motivates its sampling choices. Following this, the online observation is described and discussed as it is carried out before the second part of this section: semi-structured interviews. Here, the interview guide, and formulation of questions, among other things, are brought up.

3.3.1 Sample

Like most qualitative studies, this thesis selects its participants through the principle of purposive sampling (Bryman, 2012). It is a non-probability form of sampling that does not look for participants on a random basis but instead samples participants strategically to fit the purpose of the study. To accurately answer the research question, relevant participants must be chosen that, in connection to this study, have expertise in working with personalization services in relation to the improvement of customer experience. However, the approach comes with the disadvantage of not being able to generalize the results, as they cannot be proven to represent the population in interest (Bryman, 2012). Having said this, the study does not aim to generalize but to visualize the phenomenon and to bring new aspects into account that have previously been bypassed. Thus, this study invites future researchers to conduct studies using other sampling methods, to test the generalizability of these results.

Practically speaking, the researcher must be clear with what criteria are relevant to the inclusion or exclusion of participants, as a correct collection of the sample is crucial in gaining insight into the phenomenon that is examined (Bryman, 2012). Here, the online observation proves useful as it enables the study to select specific retailers based on certain criteria. First, as part of the aim to study a specific industry, the retailer must sell clothing. There must also be an online presence of retailing within Sweden, although the sales must not be limited to only Sweden. These two aspects relate to the focus of the study, which is to research online fashion retailers. Third, looking at the retailer's website, there must be clear signs of some sort of personalization. This can include content personalization, such as product recommendations and personalized emails, or interface personalization, such as personalized web design and filters. In all cases, the retailer requires the acceptance of cookies, which enables user data to be stored. Lastly, to avoid the risk of including retailers with a lack of experience in strategically working with personalization, the study only looks for established retailers. To do so, lists of popular retailers within Sweden are viewed, to find participants that match the remaining criteria. Having said this, the study recognizes that only 15% of retailers have fully implemented personalization strategies (Lindecrantz et al., 2020), which implies that even established retailers, with personalization services in motion, can have flaws. Considering that the study aims to provide thick descriptions of designing and applying personalization strategies, such flaws are still crucial in understanding

the phenomenon from the retailer's perspective. Therefore, this is not considered a limitation of the study.

Adding to the above, retailers name their professions differently, which means that the study cannot ask for specific professions but instead look for specific work tasks. Here, e-mails were sent out to various departments identified through the retailer's website, asking for the contact information to a person that fits the description, i.e., someone who works with designing and applying personalization services to improve customer experience. Considering that most companies have unique structures, this study argues that it is most beneficial to let employees, with knowledge about internal routines, decide the most suitable person based on the descriptions provided.

As for the sample size, the study did not have any predetermined number of retailers participating. Instead, many online fashion retailers that fit the criteria were contacted. Following this, no considerations about numbers were made for interviews. However, due to a limited time frame, alongside mild interest from many online fashion retailers, the number of interviews was fewer than expected. As a result of this, the observations became increasingly important and will be described in detail below.

3.3.2 Online Observation

Online observations are a way for the researcher to dive into the field of interest. It enables an exploration of personalization in its purest form, without the interpretation or influence of others (Bryman, 2012; May, 2011). To effectively capture the material that this study values, participant observations are carried out. Here, the researcher observes from a member's perspective while also influencing what is being observed due to participation (Flick, 2009). According to Flick (2009), the focus is put on engaging in, experiencing, and seeking to understand the social reality. Without participation, this study would not be able to see responses to certain interactions with the personalization system. Observations can be difficult, and in most cases, the most difficult challenge is to gain access to a social setting that is relevant to the research problem. For this study, however, such settings are common, as they are the fashion retailers' websites', which

are available to everyone with a mobile or computer. As Flick (2009) argues, participant observations become easier the more public and unstructured the field is.

Moving on to practical matters, this study mapped fashion retailers with a large presence in Sweden and online shopping. One by one, the websites of these retailers' were studied, to see if personalization services were evident, and if so, in what shape. To reduce biased interpretations, the researchers carried out individual observations of the website and compared findings. An observation protocol (see appendix 1) was established prior to observations so that the researchers target similar aspects of the retailer's personalization (Bryman, 2012). The research question was in focus when establishing what aspects to look at. Collecting data is important to design personalized strategies. Hence, one aspect of the observations is how data is collected, which could be found by looking at cookies. Other examples from the observations are if the retailer offer membership with personalized discounts, are there product recommendations based on previous interactions, and can the customer customize the website design? Adding to this, to minimize interpretations, the observation protocol is characterized by objective questions, focusing on describing what can be seen. For example, no measurements, such as the quality of personalized services, are used. Through the approach presented above, certain retailers could be shifted away while others were contacted for further study with interviews.

By using online participant observations, the study gains multiple insights. First, the researchers distinguish online fashion retailers who use personalization from those who lack personalization services, which is crucial in collecting a strategic sample for interviews. Thus, it fits the choice of purposive sampling, described later on, as the study can select certain retailers that relate to the aim of the study. Second, observations are effective to conduct before the second part of the data collection, interviews, as they provide the researcher with an increased understanding of each retailer's personalization services in practice. Hence, the interviews can be carried out with increased insight into the interviewee's perspective. Third, the findings that derive from the observations are included in the analysis to complement the data collected from the interviews. This enables the study to consider the perspectives of interviewees and to compare to the researchers' interpretations of the retailer's personalization offers in practice. The goal of this approach is to strengthen the thick descriptions that this study aims to provide. Considering that

the number of interviews was fewer than expected, more weight was put on observations than the initial plan, as the information gathered proved fruitful for the study. While interviewees can provide necessary information that other methods fail in doing, they also risk glorifying their situation. Observations counteract this risk, as the reality can be looked at, at least from the interpretations of the researchers. In total, twelve observations were carried out, out of which six were websites of interview participants, and six were added to contribute with further empirical data of practical examples of content-and interface personalization provided to the customer. This resulted in 41 pages of material being collected. These findings can later be compared to the descriptions of interviewees to see the bigger picture. To conclude, the online observations carried out in this study are not the main method for answering the research question but a useful tool that prepares the researchers prior to the interviews and adds quality to the analysis, which is an insight shared by Bryman (2012).

3.3.3 Semi-structured Interviews

Having identified which retailers to study, and observed their current personalization services towards customers, this study's focus is on the retailer's perspective. To capture the personalization strategies designed by online fashion retailers and how they are applied, it is, therefore, necessary to explore their perspectives in great depth. Hence, this study uses qualitative interviews, and more specifically semi-structured interviews, which are composed of fairly specified topics to be covered (Bryman, 2012; May, 2011). However, the method is chosen primarily as it provides a larger degree of flexibility in posing questions to the interviewee, than that of structured interviews (Bryman, 2012; Flick, 2009). According to Yin (2011), this technique is similar to having a conversation. As this study investigates multiple cases, companies' strategic choices may differ from each other. Thus, being able to steer the interview according to the answers provided is key to gaining the insight this study looks for. As argued by May (2011), semi-structured interviews also give the interviewee more room to answer on his/her terms. Aspects, that have previously been unknown, may through this approach be revealed. For example, if a retailer describes something unknown to previous research, the semi-structured interview is the best fit to follow up on such clues. As the study aims to provide thick descriptions, such changes during interviews are key. Adopting a critical perspective, we must consider that working with people comes with a potential source of error, which is

glorification by oneself. It is challenging to critique your own work and company. To minimize the risk that the interviewees do this, which would stain the findings, we assure them that all answers are anonymous. The observations also complement the interviews so that glorifications may be detected through comparisons with their actual personalization offers to the customer.

An important part of the semi-structured interview is the interview guide (see appendix 2), as it determines in which direction the interview will go and what material can be collected. For this study, the interview guide is structured based on the knowledge acquired through the theoretical chapter. Most attention is given to the enhanced value net approach (Murthi & Sarkar, 2003), as it aims to provide researchers with an increased understanding of the holistic process of providing personalization, which matches the purpose of this study. The interview guide consists of questions about the three stages: learning, matching, and evaluating, in accordance with the enhanced value net approach (Murthi & Sarkar, 2003). It also includes questions about complementors, and competitors, among other things. For example, in the learning stage of the interview, the focus is put on exploring how the retailer learns about customer preferences, which helps them to design their personalization strategy. This later becomes important when applying the strategy to improve customer experience through personalization. When preparing questions, the study considers what is needed to know to answer the research questions, thus prioritizing questions about strategies concerning customer experience (for more information, see appendix 1) (Bryman, 2012). Furthermore, several techniques are used to formulate relevant questions. Most importantly, the interview guide consists to a large extent of open-ended questions (Yin, 2011). The purpose of this qualitative study is not to scratch the surface of personalization strategies but to dig deep, which close-ended questions would fail to do on their own (Yin, 2011). By valuing non-alternative and open-ended questions highly, the study allows the interviewee to answer freely, resulting in in-depth data. Having said this, close-ended questions are included to some extent, followed by open-ended questions. This choice is mainly to stay clear of leading and biased questions, which can negatively impact the trustworthiness of the data (Bryman, 2012; Yin, 2011). Adding to the above, flexibility is maintained, focusing on the answers provided by the interviewee, picking up on interesting findings, and asking follow-up questions, which makes the semi-structured interview highly shifting depending on the participant (Bryman, 2012). Briefly mentioning the layout of the interviews, introductory questions, such as

describing a day of work, are initially used, to soften the atmosphere as this contributes to more relaxed respondents, which in turn enables better discussions. Finally, the interviews were recorded and transcribed per the interviewees' agreements, which will be discussed in the section on ethical considerations. The transcript can aid in the data analysis as the researcher can be reminded of certain important aspects, and it strengthens the trustworthiness of the study (Bryman, 2012).

The interviews were carried out digitally, as there was a great distance between participants and researchers, and resources were limited (Bryman, 2012). Body language is an important pillar of qualitative interviews, which is why all interviews were carried out with webcams so that the researcher and interviewee can experience more than just words. Furthermore, interviews were carried out in Swedish to ensure that the participant could communicate without barriers. This enabled a smoother conversation, from the perspective of both researchers and participants, thus opening for more fruitful discussions in terms of their contributions to the study. However, there are potential risks that translations to English cause misinterpretations, which this study takes into account. Many retailers being contacted showed mild interest, often due to limited resources, which resulted in six interviews being carried out. An increased amount of observations compensated for this. Considering that semi-structured interviews involve follow-up questions based on the interviewee's answers, the duration of the interviews varied. Approximately, each interview lasted between 45 and 60 minutes, resulting in 62 pages of transcribed material. From the interviews, data was gathered that focused on the retailer's perspective and their experience of the personalization strategy used to improve customer experience. Hence, it is the main methodological approach to answering the research question of this study.

3.5 Data Analysis

Once all data was collected through interviews and observations, the coding and analysis started. This study adopts a qualitative approach which enables the study to provide more dynamic findings and invites abductive reasoning, where theory is generated through the data collection while also emphasizing the participants' worldviews, which is in line with the purpose of this study (Bryman, 2012). A prominent approach for analyzing qualitative data and making sense of the data collected through the interviews with online fashion retailers and observations of

websites is to use a thematic analysis strategy. It is done to capture the important concepts within the data set by allowing qualitative data to be segmented, categorized, summarized, and reconstructed (Braun & Clarke, 2006). By using this method, we were able to identify and report patterns (themes) within the collected data. A theme is defined as “captures something important about the data in relation to the research question and represents some level of patterned response or meaning within the data set” (Braun & Clarke, 2006, p.82). Thus, a theme is not dependent on quantifiable measures necessarily, but rather on whether it captures something important about the research question.

There are different arguments and positions on whether one should engage with literature relevant to the analysis (Braun & Clarke, 2006). One position is that early reading can narrow the analytic field of vision and lead to focus on some aspects of the data at expense of other potentially crucial aspects. On the other hand, it is argued that the analysis can be enhanced by engaging with the literature making the researcher more sensitive to more subtle features of the data (Tuckett, 2005). As argued before, this thesis is based on abductive reasoning, meaning some engagement with previous literature has taken place. Previous knowledge in the field is combined with new knowledge that is generated through this study. The findings of this study will gradually emerge to create an understanding of the phenomena of personalization, in a wider perspective, through an exchange between theory and empirical findings (Bryman, 2012). We acknowledge that this may influence the analysis of this study but argue that without engagement with previous research this study would have been limited and missed out on important aspects.

It is vital to show clarity and practice of our method, so that evaluation and comparison and/or synthesize it with other studies on this topic for future related projects (Braun & Clarke, 2006). And even though thematic analysis is widely used, there is no clear agreement about how to do it and what it is. However, this study follows the six steps proposed by Braun and Clarke (2006): 1) familiarizing yourself with your data; 2) generating initial codes; 3) searching for themes; 4) reviewing themes; 5) defining and naming themes; 6) producing the report.

However, it was not a linear process as it at first glance may appear. We needed to move back and forth throughout the process to be able to segment, categorize, summarize and reconstruct

into themes. To familiarize ourselves with the data, all the interviews were transcribed and the observations were checked for errors, and the protocol was followed and fully conducted. The material was read in an active way, meaning reading it more than one time, looking for patterns and meaning. Once we had familiarized ourselves with the data, initial codes were generated, which included writing down and discussing ideas and the identified features of the data that seemed interesting for the analysis. These various initial codes were later divided and sorted into potential themes, which is a broader group of codes (Braun & Clarke, 2006). In the fourth step, involving reviewing themes, the enhanced value net approach framework served as a new perspective to reviewing the themes. Here, it became evident that some identified themes had not had enough data supporting them, and some were merged into bigger themes. Defining and naming themes may seem a simple and obvious task, however, to truly grasp the essence of what the theme is about, required some effort. The empirical material was extensive which made it difficult to overlook and the analysis was feasible by following these steps.

3.6 Research Quality & Trustworthiness

Having discussed the philosophy, design, collection, and analysis of this thesis, we now move to research quality, in an attempt to evaluate the standard of the study. Qualitative and quantitative research are difficult to compare in terms of their quality. Therefore, to assess how qualitative studies manage in achieving high research quality, Guba and Lincoln (1994) proposed new ways to look at it, apart from reliability and validity. Instead, trustworthiness is the most important aspect that qualitative studies must take into consideration. Trustworthiness consists of four criteria: credibility, transferability, dependability, and confirmability, which will be presented and discussed in relation to the study (Bryman, 2012).

Credibility involves how accurate the presentation of the findings is, compared to the reality from the participant's view (Bryman, 2012). Here, different strategies are used to ensure high credibility. First, triangulation is adopted, looking at the retailer's personalization services from both a customer's perspective, through observations, and from the retailer's perspective, through interviews. By learning about the services in practice, the researchers gain more contextual views to fully understand the position of the interviewee. Second, all material was analyzed by both

researchers, to reduce the risk of staining the results due to subjective interpretation (Bryman, 2012).

Moving on to transferability, qualitative studies face an endless struggle of producing findings that are transferrable to larger contexts of society (Bryman, 2012). For this study, the participants of interest consist of a unique and small sample, which is hard to generalize. However, following Bryman's arguments (2012), the goal of this study is not to generalize but to provide thick descriptions, i.e., rich presentations of the phenomenon. Exploring one industry in isolation, online fashion retailers, makes the results interesting as they can be compared to other industries. Thus, the findings can serve as a database for the reader, and future research to make conclusions about the possible transferability.

The third criterion, dependability, concerns the process of research, which should be logical, traceable, and clearly documented (Bryman, 2012). To achieve this, the focus is put on including the reader in the journey, by providing detailed descriptions of the methods, as well as quotations from interviews, and the interview guide itself. To further fulfill the criteria of dependability, the researchers try to motivate their arguments for the research process to the reader, enabling the reader to interpret the process. Lastly, transcripts of interviews are made and stored to remind the researcher of answers, thus reducing the risk of misunderstandings.

Finally, confirmability means ensuring that the researchers have not allowed personal values or similar aspects to sway the findings to benefit the study (Bryman, 2012). Here, we argue that transparency is key. Quotes from interviews are included to enable the reader to interpret from their perspective. In terms of the data collection, the transcribed interviews may be received and compared to the findings presented in the thesis. Furthermore, methodological approaches are described and followed, as well as ethical considerations, to assure that the participant knows important aspects, which will be described in greater detail below.

3.7 Ethical Considerations

Considering what has been previously discussed, it is important to address ethical issues and concerns as they relate to the integrity of this research (Bryman, 2012). Four ethical principles

for collecting empirical material in the field of humanities and social sciences are proposed by Vetenskapsrådet (2002). The proposed framework is based on the principles of information requirements; consent requirements; requirement of confidentiality, and lastly; utilization requirements. The first principle of information is applied as we provide the interviewee with the purpose of this study, what is required and expected in their role as an interviewee, that the interview is voluntary and they have the right to withdraw their participation at any time. With this information, the participant can be able to make an informed decision on whether to participate or not. Before agreeing to an interview, the participants have the opportunity to ask questions about the study's purpose and other concerns they may have. To meet the standards of the second principle of the consent requirement, the participants need to agree orally or in an e-mail. The process includes recording the interview for transcription and therefore the participants are informed and asked to consent to this recording. The requirement of confidentiality is accomplished as the researcher is the only one authorized to take part in the empirical material and the data of this study is presented in a way so it is not possible to identify employees or companies. The last principle that addresses the utilization requirements is applied as the collected material is only used for this study (Vetenskapsrådet, 2002). In addition, Bryman (2012) presents four principles: whether there is harm to the participant; whether there is a lack of informed consent; whether there is an invasion of privacy, and whether deception is involved. The principle of whether there is a lack of informed consent is closely related to Vetenskapsrådet's (2002) principle of consent requirement and is addressed above. The third area of ethical concern presented by Bryman (2012) is an invasion of privacy. This concern overlaps to some degree with the requirement of confidentiality presented by Vetenskapsrådet (2002), which is discussed previously. However, this is also bringing up the aspect that an interviewee can refuse to answer any questions on whatever grounds they feel are justified (Bryman, 2012). This aspect is presented to the participant before the interview starts alongside other information provided as stated previously, such as the anonymity and privacy of those who participate in the study being respected.

4. Empirical Data & Analysis

The following chapter will present themes that can be identified from the observations and interviews of this study. Empirical data from both approaches will be presented jointly as it enables more fluent presentations to the reader. The two approaches also complement each other to generate the thick descriptions this study aims to provide. In some cases, themes are identified from only one method approach and, thus, presented on their own. The identified themes are analyzed with previous literature, to expand the research field. Analysis of the findings is carried out as they are presented. In retailers' data collection, the learning stage of the enhanced value net approach (Murthi & Sarkar, 2003), the design of personalization strategy is answered. Next, looking at content- and interface personalization provided by the retailer, the study finds out how the personalization strategy is applied, i.e., the matching stage. Lastly, the evaluation stage is discussed, as the study presents and analyzes the perceived outcomes from the perspective of retailers.

4.1 Retailers' Perspective on Personalization

To use personalization to improve customer experience, retailers must first be up to date with what it means, which is why it introduces the presentation of empirical data. It is also of interest to understand if the theoretical perspective of personalization is in line with the practical perspective. The interviewees of the study recognize personalization similarly. One describes it in the following way:

“Personalization for me... is to not have the same experience for all our customers. We know that there is no one customer who is the same as the other, so why would everyone want it the same way? Everything from what you communicate to what you display to how you are inspired or what you are ready to pay, if you are attracted to sales or such.”

Another participant provides a more detailed description of the term:

“For me, personalization is that you get, for example, the communication that is adapted to the type of customer I am. Then there are smaller parts of it as well, such as just being able to send an email where you say “Hello, name”, where you actually address the customer directly. Then there are also product recommendations that are personal to what you have shopped, bought, and looked at. There is also personalization within what you are interested in.”

All participants present definitions that are in line with the two described above. From them, glimpses of one part of personalization become visible, content personalization, while interface personalization lacks attention. Having asked the participants to define, the researchers also provided their definition, following previous research (Fan & Poole, 2006; Kalaignanam et al., 2018), so that the interview can be carried on with similar background information. Having described content- and interface personalization, the participants were asked if they worked with both types. Here, most participants leaned more towards the former, i.e., content personalization. More findings related to the content-and interface personalization provided by retailers will be described later in the chapter.

4.2 Learning: the Process of Collecting Data to Design a Personalization Strategy

To find out how the online fashion retailers of this study design their personalization strategies, we must look at the learning stage of the enhanced value net approach (Murthi & Sarkar, 2003). Here, data is crucial, as it informs the retailer about customer demands, and what should be prioritized in their personalized offers. This part of the thesis presents the themes identified to learn and, thus, design the personalization strategy.

4.2.1 Retailers' Collection of Customer Data

The design of personalization strategies rests heavily on information. Thus, learning about customer preferences is key in this regard. The retailers' collection of data permeates much of their work towards providing a personalization strategy that improves the customer experience. Both the observations and interviews aided in finding aspects related to this, but in different ways. Through the observations, cookies were looked at, which are tools used to collect and store information about a customer's visit to a website. Thus, cookies play a crucial part in the retailer's mission to learn about customer preferences. Here, retailers show very similar approaches in their presentation of cookies to the user. First, all retailers ask for the acceptance of cookies. The "allow all"-button is filled in with colors that are attractive to the eye, which indicates an attempt from retailers to get accepted on their request. Cookies are, thus, highly prioritized by retailers in the learning stage (Murthi & Sarkar, 2003), as a way to pick up on

customer demands. In the information text, they give their reasons for collecting information. One retailer describes it in the following way:

“We create individual customer profiles based on the information we have collected about you from various data sources, e.g. search behavior along with your purchases and the information you have provided such as favorite brand and favorite products [...]. The purpose is to improve your experience on the website, assess how our emails go, and to tailor personal offers and services for you.”

The quote is similar to many other retailers' way of displaying cookies. However, in some cases, the retailer uses other arguments, like the following: “If you decline, we will sadly not be able to provide you with personalized content”. This way of formulating aims to motivate the customer to accept, as the opposite would mean poorer services. Interestingly, a few retailers observed are using colors of the text that matches the background, so the customer must struggle to read, which indicates that they do not want that text to be read closely. This will be further investigated in the presentation of challenges with data collection.

Further information is available under “cookie policy” or “cookie settings” at the bottom of the retailer's website. Viewing the cookie settings in greater detail, there are different types of cookies that the retailer uses, and the customer is given the opportunity to adjust which ones should be allowed. These are all pre-selected in almost all cases being observed. Although named differently, the cookies are very similar in what type of data they collect. Targeting cookies focus on collecting information about the customer to build a profile which aids in providing personalized advertising from the company and third-party partners. Functional cookies enable the retailer to provide improved functionality and personalized adaptation of the website. Lastly, performance cookies are used to keep track of traffic, to know which pages are most and least popular, and to see how visitors move around the website.

Moving now to the findings of the interviews, there are many aspects of data collection that the participants shared insights about. First, it is evident that retailers gather most of their data from customers interacting with the website, by browsing certain products and pages, etc. Connecting this to literature in the field, implicit personalization (Fan & Poole, 2006), personalization that is done automatically by the system, is more common. However, some retailers use a mix of approaches, and below, we see insights from the future of one retailer:

“In the future, we will launch a loyalty program that very many others have... and actually ask for information, and then give them a reward when they answer and they get points that you can then redeem for various discounts and such... We try to get the customer to actually provide the information voluntarily because then you get much healthier data on the customer. Then you have to combine it with what they click on and buy. They may think they know what they want, but they do not always know.”

The participants reveal that the collection of data is both implicit, i.e., automatic, and explicit, i.e. manual. Having said this, many retailers admitted that their current ways of automatic data collection have flaws and they look to the future to improve this. Also, from the quote above, there is a purpose to data being manually provided by the customer. It creates a sustainable relationship with the customer, who feels part of the personalization process, as implied by participants. Through this approach, the personalization process becomes increasingly co-created. It also counteracts the challenge that is discussed below, privacy issues.

4.2.1.1 Challenges of Retailers' Collection of Customer Data

Adding to the above, data collection also comes with challenges. A majority of participants brought up GDPR as a barrier to collecting data, prior to being asked about it.

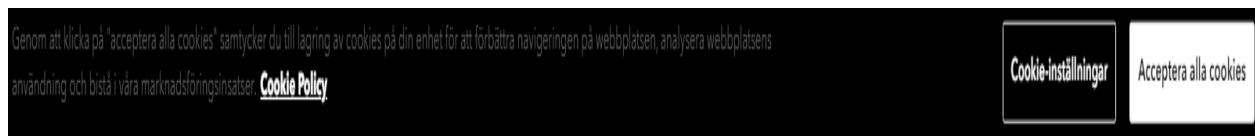
“I would say that the GDPR has changed the way we think and work with this. Now I think that we can track 20% of the 100% we could before.”

According to some participants, GDPR has made customers increasingly aware of the type of data they share. In particular, it has to do with uncertainty about what the data is used for, and fear of being tracked, from the perspectives of the retailer. This privacy issue has been maintained for many years. Toch et al. (2012) found, similar to this study, that customers fear leakage or misuse of data being collected and, thus, refrain from accepting cookies. As it is a crucial part of designing and finally applying personalization, retailers must work to face this challenge effectively. According to others being interviewed, GDPR is only a minor problem that can be solved through the use of benefits. When customers are given benefits to surrender their personal data, alongside being provided more personalized services, it is no longer a barrier, as argued by two of the retailers interviewed. This is called the personalization-privacy paradox (Karwatzki et al., 2017). The benefits and risks of giving up personal data to receive personalized offers is a privacy valuation each individual must make. Another way of dealing with the challenge of collecting data is to gain the trust of the customer. One retailer argues that you have

to be transparent with how you use the information gathered. Here, information sites about the cookies are key, according to some. Others provide more pessimistic views saying:

“We have pages where we tell what we do with the information, but I don’t think anyone reads it anyway”.

These two approaches to dealing with privacy issues fully match the findings of Hann et al. (2007), who argue that retailers must learn to counteract privacy concerns through transparency and benefits. The finding that customers accept that retailers collect and use their personal data if the personalized offers improve the customer experience corresponds to what Treiblmaier (2007) found in his research. If personal data helps in saving time for customers, it is, in many cases, welcomed. Adding to the above, some retailers adopt other approaches, as shown previously. When displaying information about cookies, some retailers use colors that match the background, which makes the text hard to read. See the picture below:



This suggests that the retailer is aware that the information may enable some customers to decline and, therefore, try to work around it. This way of collecting data has lacked support in previous research. This provides a new understanding of the phenomenon in terms of designing a personalization strategy, as it shows that customer data is so crucial in learning about customers, that retailers may go to new extents to collect it. To conclude, privacy issues remain a key challenge that retailers must consider as they work towards improving their personalized offers, as evident from the findings of this study. Counteracting this, retailers must be transparent, by explaining what the personal data is used for and visualize the benefits that collected personal data can contribute with, as well as provide benefits, such as discount codes, for customers agreeing to surrender their data.

4.2.2 Membership & Loyalty Clubs

Membership is closely related to the retailer’s data collection and consequently, their learning capabilities, as it is a way for the retailer to store customer data over longer terms, that can be used to provide more accurate personalized offers. However, these aspects lack attention in today’s research in the field. Memberships are frequently used by almost all retailers, but there is

great variety in how highly it is valued by the participants of this study. From the observations, we learn that eight out of twelve retailers communicate on their website about the benefits provided for members. The type of benefits varies but usually include special deals, first in line on releases, and happy birthday gifts, among other things. Some retailers even force membership upon customers to make purchases.

4.2.2.1 Why Membership?

From the interviews, depth is provided that explains why membership plays a key role in retailers' design and application of personalization. Two retailers describe it in the following way:

“Above all, it is the data. Right now, the best way is to collect the data about a customer after a visit, through membership, as it has become more difficult in connection with third-party data and so on. It is only then that we can see how they move on the site, and can contact them with newsletters. It provides completely different conditions for attracting in new ways and gaining long-term relationships because we all know that it is more expensive to constantly find new customers than to take advantage of old ones. So why we offer specific things is for us to collect data.”

“Then you can get more specific offers, I also think it is a way to become part of the community. We can send out personal emails that contain, for example, brands that the customer likes. But then the customer must sign up to receive newsletters and also shop a bit so you have some information about the customer and are able to analyze that data.”

In other words, the membership enables retailers to gather the information that is crucial to provide improved personalization. The findings correspond with Lindecrantz et al. (2020) arguments, who state that it is more important to collect the right data rather than every last scrap of it, with reference to data management. However, according to the interviewee, membership in itself does not seem to be enough. Instead, interaction history must be gathered over time, whereas membership is a tool to track and store that information. One participant added that membership also aids in strengthening the relationship between customers and retailers. To provide an example, the participant revealed that there are discussions within their company, where some argue that membership discounts result in fewer sales because some non-member customers refrain from purchasing. The participant, however, argues that in the long run, membership discounts create feelings of uniqueness and loyalty that will benefit the retailer in terms of long-term revenues. Connecting this to literature, the term one-to-N personalization comes to mind, as previously discussed by Kwon and Kim (2012) in their personalization

strategy aiming for customer retention. Members are one segment of the retailers' audience and offers are personalized specifically for that segment.

Having said the above, certain situations appear where members do not receive personalized services for different reasons. An example provided by one retailer is that the membership newsletter usually contains personalized content, but if companies buy themselves a place in it, this type of content is dismissed which reveals a balancing challenge. On the one hand, companies pay to receive a place in newsletters, and on the other, customers demand personalized content. Which one is worth more?

Before leaving the learning stage of retailers' work with personalization, this study has found that membership, although crucial for many retailers, remains unimportant for others. This has especially become evident through the observations, which show retailers who disregard the potential of providing benefits for members. Looking ahead, some interviewees plan on implementing memberships/loyalty clubs to improve their personalization services, but in practice, very little of this can be seen on their websites. This supports the claim by Lindecrantz et al. (2020), that only 15 percent of retailers have fully implemented personalization strategies.

4.3 Matching: the Application of a Personalization Strategy

Having looked at the first part of the research question, this part of the thesis concerns the application of the designed personalization strategy. Hence, it fits under the matching stage of Murthi and Sarkar's framework (2003). Mainly, content- and interface personalization are of interest, but other important aspects are also included.

4.3.1 Content Personalization: Product Recommendations, and Personalized Emails

Content personalization is one of the two ways retailers can personalize their services, which is studied in this thesis. From the observations and interviews, data has been gathered showing how retailers apply their content- and interface personalization strategies to improve the customer experience. Starting with observations, the most obvious trend within content personalization is product recommendations. Here, the customer is provided with suggestions based on the clothing

they view. Some of the ways this is presented are “Others looked at these products”, “We match this with...” and the picture below:



In almost all cases, the products are similar to the one being viewed, but sometimes, the products differ and this can create negative feelings toward the company, which assumes the taste of customers. For two observed retailers, however, the product recommendations almost exclusively showed women’s products when looking at men’s clothing, suggesting a flaw in the recommendation system. Apart from recommendations, similar content being personalized is “Previously looked at” and purchase history, where the customer can see previously browsed and/or purchased products. From the interviews, one participant explained this personalized service and the decisions that must be made in the following way:

“Then we often look at, for example, what they have shopped before, what collections they are looking at and shopping for. So you have to draw a conclusion there and then which of these is most important. It can be a person who buys stuff both for hiking but also for skiing, which is the biggest for us? And then we communicate content that fits that specific segment.”

Considering challenges with personalized product recommendations, one participant added that companies also purchase their spot in recommendation sections, which result in clothing being shown that are not personalized to the customer. For the retailer, it seems that the benefits from personalized content are not considered as valuable as the revenue from paid promotions. This challenge is seen both in recommendation pages and emails, and clarifies previously unknown challenges for the retailer in terms of weighing the benefits of personalization contra direct income.

Emails are another important service of content personalization, as indicated by both observations and interviews. Based on observations carried out, most retailers use emails to provide product recommendations based on previous purchases, content related to already purchased products, and happy birthday gifts containing discount codes. One interviewee stated that post-purchase personalized emails are highly prioritized for them. As an example, the

participant said that they can divide a partner brand into three sections, those who have bought jackets, shoes, or backpacks. Initially, the customer is informed post-purchase of how to take care of the purchased product, so that the retailer stays relevant in the customer's mind. Later on, the retailer can contact the customer again to suggest products that fit with the previously purchased product. If hiking shoes have been purchased, maybe a jacket or backpack should be of interest? These findings strongly imply that content personalization is based on collected customer data. One participant took this discussion further and said the following:

“I talked to a colleague about company X. She said “Oh but X is just incredible, they know when my foundation is empty, and I receive information about that damn foundation. I am so grateful for that. It is even one week before it becomes empty that they let me know, so I won’t go without one. Imagine what a great service it is to tell me what I need before I know it!””

The statement above highlights a new aspect of personalization in this study, namely the ability to predict the future needs of customers. It is argued by Lavie et al. (2010) that when the system becomes more familiar with users’ habits and current behavior, increased accuracy in predicting future behavior can be achieved. If it is successful or not, depends on how well the personalization system can map the interest and feedback of the users. This type of prediction of customer needs with the intention to provide value-adding personalization services is lacking in the participant companies. Adding to the research field, this study sheds new light on predictive personalization as a way of making shopping more convenient and comfortable for customers. Looking to the future, this approach might be key in providing personalization services, making it a new point of interest for future research to further examine. Moving on, customers demand, according to Treiblmaier (2007) and Lindecrantz et al. (2020), to be aided in making purchasing decisions and that unnecessary communication is reduced, which can be done as personalization can offer advertisements with clear focus groups. Content personalization should also focus on predicting the need of customers. However, there are also risks related to these types of services, as shown by one interviewee:

“Company Y was pretty early with the emails saying “You like this”, and customers were extremely upset over this and thought “Hell no, I do not have that bad taste!”

From the interviewees and observations, it seems that this way of formulating has stopped, which suggests that retailers are more aware of the potential risks of content personalization going wrong. Similarly, another interviewee said:

“They may think they know what they want, but they do not always know”.

Again, the retailer seems to know more about the customer than they do themselves. However, it is not communicated to the customer. This study will not put effort into answering whether statements of this sort are true or not, but it signals that retailers think they have come a long way in predicting customer preferences through customer data. Expanding our knowledge of applying personalization strategies, the findings show that there are pitfalls to avoid and retailers must carefully consider the steps they take regarding predictive personalization in combination with privacy matters.

4.3.2 Interface Personalization: Filters, and Interactive Guides

The other way retailers can personalize their services is through interface personalization. This chapter draws on data both from the interviews and the observations conducted. The interview data entails that retailers believed they did not perform much interface personalization. But as the conversation went on, more evidence and examples of interface personalization emerged from the participants. The most common and obvious form is the use of filters and categories. One of the participants shared information about their newly launched interactive guide, which will help customers in a new way to navigate among products. Instead of customers selecting and navigating through filters and categories, this interactive interface guide will provide recommendations based on questions answered by the customer. The purpose is to simplify the customer journey by the use of the new interactive guide, in a way that the customer does not have to scroll through the enormous amount of items on websites. Up to date, the retailer has found this to be an effective tool as it has shown to provide 96% suitable recommendations. These findings corroborate with previous literature, which argues that the usability of the website is an important component of the interface design and how well it is designed (Kumar et al., 2004) and in line with the reasoning of Karwatzki et al. (2017) that personalized services can reduce information overload, reduce cognitive effort, increase user satisfaction and ease the decision-making process. The interactive interface guide is an example of such a service. Beyond the purpose of improving the customer journey, the retailer believes this will help them to decrease returns and wrong purchases. As the retailer is selling specific items that sometimes

need to be based on personal information, the returns could decrease if the customers bought the correct item from the beginning.

One argument for the lack of interface personalization is technological difficulties. One participant explained:

“At the moment, we have the same start page for all customers, and the reason for that is mostly technical. We have a system that does not completely allow us to make it personal for each customer. We will change this, but at the moment we do not have the full opportunity. We can do it through our CRM system, but it does not work completely, you do not have as much control as you want. You can segment special parts of the website out to specific customers. We test a bit with it, but are careful.”

It was mentioned by one retailer that customers today are generally good at navigating the websites, they are familiar with filters and know how to use these features to find what they are searching for. Is this an argument for whether the types of interface personalization that are used now are enough? A perspective of this statement is that their interface personalization is successful. According to Kumar et al. (2004), the language and vocabulary used on the website should be familiar to a customer to increase the usability of the website. If the perception is that customers find what they are searching for, perhaps the right filter and categories are used for these segments of customers. On the other hand, there is some disparity between the statement of the participant and previous research conducted by Gajos et al. (2004), who argue that if the interface is designed in a “one size fits all” manner and to suit the needs of an average user, they risk missing the essential needs of individual users. The level of involvement and what type of behavior can differ among customers and what is perceived as a positive experience for one customer, may not be the same for the second (Rose et al., 2011). This results in complexity for retailers to design the user interface. Kaptein and Parvinen (2015) also argue that the personalization of e-commerce should have a heterogeneous effect that is consistent with customers’ needs. But acknowledge to meet these requirements, retailers need to make several assumptions.

One retailer mentioned a perspective on interface personalization with the highlight on its connection to the customer experience, and not so much on the functionality. Perhaps an explanation for the different views is the different types of retailers, as one is a reseller of many different brands and the other is selling its own brand. The latter retailer stated:

“We do not have much functionality really, you see the nearest store, etc., but we have thoughts that the menu should be adapted to if we know what you think is interesting on our site. If you are a party girl, party clothes should be shown while you who only buy jeans at X should have them on top.”

Contradictory to the interview data, the observation data showed that this perception of lack of interface personalization may not be as absent as suggested by the interview participants. The observation data showed interface personalization elements such as device adaptation (mobile devices and applications), interactive customer services (both humans and robots), and pop-up marketing campaigns based on previous interactions or purchases from that retailer, were common on websites. By offering membership, several interface personalization elements appeared. As a member, you access the personal member site with information about purchase history, saved items, recommended size guides, preselected ship- and payment solutions, etc. These findings are in line with Gajos et al. (2004) who proposed that an interface should optimize the user’s expected utility on the device at hand and adapts as appropriate to changes in users' activity.

The discrepancy in perception between interview data and observation data may be explained by the fact that these features of interface data are a somewhat obvious and natural element in online retailing. Another explanation can be the term interface personalization is defined in several ways and the definitions include different things depending on who is defining it. From the empirical data, one could see tendencies that the website was viewed as a place to collect information about customer behavior and create heat maps of the customer journey, rather than a place to perform extensive interface personalization. This view can be a drawback for the retailers as Kwon & Kim, (2012) argue interface personalization is shown to significantly improve both customer satisfaction and loyalty. Adding to the above, whether interface personalization is as absent as the interview data suggest or not, it may deserve more attention from the retailers. Previous research by Kwon and Kim (2012) has shown interface personalization is considered to have a greater impact than content personalization, especially in “cold start” cases.

4.3.3 Complementors: Helpful but at the Risk of Control-loss

To further discuss how personalization strategies can be applied, surrounding actors must be considered, as argued by Murthi and Sarkar (2003). The findings from interviews indicate that online retailers need to work with external partners to a great extent, to provide content personalization and interface personalization. One recurring example of external partners is companies offering payment- and shipping solutions. This could be seen both from the observation data and interview data.

“[...] one thing you underestimate with personalization is that your address, email address, and phone number are preselected. [...] convenience is a big part... that they know that information already.”

Working with external partners, the customer experience can be improved on your own site, making the customer journey and purchase simplified. These findings are in line with Lemon and Verhoef's (2016) arguments in previous literature. For retailers to create and deliver a positive experience, several business functions and external partners need to be integrated (Lemon & Verhoef, 2016).

However, there is always a risk when sharing data with external companies and this brings issues about reliability, according to one participant. Findings from interviews showed that even though the online retailer is obligated to share this information, not many customers read the scripts and cookie policies on the sites. Adding to this, previous research by Karwatzki et al. (2017) shows that even if customers value personalization, they may refuse to use these services since they have concerns about potential commercial misuse of their data.

According to one participant, external partners that provide payment solutions possess great power, as they can access not all, but a large part of customers' internet consumption which they will capitalize on, and direct consumers to buy more. They will use the data to make more money, even if that's not what is communicated. Nevertheless, customers are willing to give up information to use these solutions, and it is a good example of “giving up data contra company giving back”. This exchange is discussed by Karwatzki et al. (2017), who argues that customer may give up personal data for promised benefits. Each individual evaluates the benefits versus risks concerning privacy. Thus, some consumers protect their privacy as a fundamental right, while others are willing to sacrifice their privacy to some extent in exchange for benefits, such as

personalization. If consumers obtain a certain value that overrides existing privacy concerns, they are more likely to use personalization services.

The possibility to personalize comes with the drawback of control loss for the retailers. As one participant stated:

“We work with algorithms that no one knows how they work. So it is clear that you let go of control, it can be very much wrong if you do it yourself, but then you would somehow have control over it. You put a pretty important part in someone else’s hands.”

While other participants argued that other external partners come with AI solutions that are crucial for making product recommendation systems possible. Jeevan and Padhi (2006), also deal with the critical issue of privacy when discussing the system used for achieving personalization, but highlight the important factor in developing effective websites to creating user experiences that is compelling. The participant acknowledges that external partners are needed, however, the study show that the perceived risk of using external actors differs among retailers. For the research field, this study has contributed to clarifying the view of the retailer as one piece, part of a larger puzzle that it must navigate through, which turns out to be full of complexity. It consists of constant crossroads concerning, for example, the value of maintaining control contra hiring the external expertise required to provide effective solutions.

4.3.4 Competitors: a Source for Inspiration

The interviews showed that one part of providing personalization services is to keep track of what and how other online retailers apply personalization to their services. Participants say that they subscribe to any number of newsletters and are part of many customer clubs. They research the field by clicking around competitors' websites, to test and see what they have done, if they can do it the same way or should do it differently. Then evaluate what is working and what is not, and try to do it even better.

“We take inspiration from other companies, that's how you grow and get better. [...] I have been told I need to sit and do more research because then I can make better-informed decisions.”

Even though competitors work as a source of inspiration and keep track of where the industry is heading, one participant argued that it is important to acknowledge that different types of retailers need different personalization strategies. It is crucial to be true to the brand identity, and

know for what reason their particular customers are visiting them. This supports the claim by Vesanen (2007) and Tyrväinen et al. (2020), that personalization means something different to each actor, depending on aspects such as industry and country, which makes personalization strategies hard to apply at a general level. Once again, complex decisions must be taken. To what extent should the retailer adopt solutions provided by competitors, and to what extent should they look to their own audience in designing and applying personalization strategies?

4.3.5 Relation to IT: Close Relationship as a Building Block to Success

To effectively provide personalization strategies, we found the relationship with the IT department to be a crucial factor. Interview data entails that a close working relationship with the IT department is highly appreciated among the respondents. Lindecrantz et al. (2020) propose that a team should include various roles, and by having cross-functional teams, the goal is to work together to increase pace and quality. Relating to this, one interviewee said:

“We work very closely, because they take care of everything that is in the background, everything in BackOffice, so they are the ones who possess the information. I get the analytical pieces out of our systems, but they are the ones who set up how they should work, so it requires close cooperation, so I have my contact person who I work with if I need anything.”

All participants had internal IT departments, but on special occasions and projects worked with external developers. The internal IT department was beneficial as it gave certain freedom and flexibility to “try new things out”, as well as a sense of control. The communication between the departments was experienced to be much easier and quick internally, than when they needed to work with external actors. The routines and weekly follow-ups that the retailer usually has with the internal IT department were limited when working with external actors. The previous arguments by Kaptein and Parvinen (2015) state that a key component for successful personalization is to discuss consumer behavior and the technology involved combined and not separately. They are two main building blocks, and the consumer psychological decisions a retailer takes should be measured and suitable for the technology involved. Our study supports this claim, however, the communication and working relationship is somewhat overlooked by Kaptein and Parvinen (2015). On the other hand, some limitations with an internal IT department were mentioned by the interviewee. To develop new features for the website, the IT department needs to be available and have time to do it. Which makes them prioritize and sometimes, due to the lack of time, limited in their capabilities.

4.4 Evaluation: Past Lessons as Future Improvements

The evaluation stage is important in the design and application of personalization strategies, as it shows the importance of personalization and enables future improvements based on lessons learned from past attempts. Below, the findings of the study in this regard are presented.

4.4.1 Predicted Outcomes of Personalization

Data drawn from the interviews showed that online fashion retailers believed that the use of personalization can have various positive outcomes. An ambition expressed is to increase both sales in the short and long term, as personalized newsletters showed a higher conversion rate and a higher frequency of opened e-mails. These findings are in line with many previous researchers, who have shown personalization to improve many aspects, such as lowering cash flow volatility as a result of lower customer turnover and increased trust (Kalaiganam et al., 2018; Adolphs & Winkelmann, 2010; Kwon et al., 2010; Lindecrantz et al., 2020). According to some participants, the aim of personalization is also about becoming relevant to the customer and providing a good customer experience. Providing good personalization was viewed by one retailer as a sub-goal, but at the same time benefiting the greater goal of increased sales.

Customer experience is, like personalization, a key aspect of this study. Unlike personalization, this study does not take into consideration any other definition of the term other than the retailers' when analyzing, as it is their perspective this study shows interest in. From their perspectives, the goal of improving customer experience is to achieve customer satisfaction, which in turn results in returning customers and increased sales. Two participants also mentioned a good reputation and that satisfied customers can potentially spread the word through services like Trustpilot. The arguments are in line with previous research conducted by Kaptein and Parvinen (2015), who argues that the customer experience should be viewed as heterogeneous. A participant said the following:

“It is difficult to say that all customers are satisfied with the same thing, that is why I think personalization has become popular. We cannot make everyone happy by doing the same. One thing we know helps many is to find the right product easily. We live in a comfortable time, which is probably also why e-commerce is growing... So if you are going to find things that are common to most people, it is speed and convenience.”

Accepting that each customer can become satisfied through different means adds complexity, as there would be no concrete right answer to how customer satisfaction can be achieved. Apart from this insight, the participant strongly argues that convenience is an important pillar of customer satisfaction.

Moreover, personalization is a way to make the shopping journey easier for customers, by providing items that they are searching for and show interest in. The simplifying of the shopping experience seems to be especially important when the retailers was proving a big amount of items. With analyzed data about how customers navigated the website, the retailers can design categories and filters making it possible for customers to manage the website. It is argued to be a helping service for the customer if it is “done right”.

“Today’s customer does not have much time, so the more we can help them find what they want quickly, the happier they become, simply put.”

Previous literature lacking to acknowledge the importance of what type of retailer is performing the personalization, and for what reason. Our study shows that if the retailer is selling a large number of items, simplifying the decision-making process is important, but if the retailer is offering a smaller number, inspiring aspects, such as taking care of the product, are more important.

The observation data also illustrated a relationship between personalization and the customer shopping experience. One explanation from a website is stated below:

“The development and provision of personalized functionalities and services is our highest priority. Regardless of location, time and unit used, we offer you an individual shopping experience and an offer that matches your individual interests. The processing of your data for personalization of our services is, therefore, an integral part of xx performance.”

In other words, providing comfort to the customer by simplifying the customer journey, thus, increases customer satisfaction. To provide better customer journeys and better customer experience, the right data needs to be collected. Retailers' ideas about how the customer’s experience can be improved influence how they deal with personalization strategies. According to one of the participants, the goal of a recent release of a customer loyalty program is to increase

customer satisfaction and provide better personalization features, so customers get better offers.

The same participant continues:

“The more satisfied the customer is, the more information they will give to us, and the better offers the customer gets.”

This statement above is in line with research by Kalaignanam et al. (2018), who argue that personalization offers better opportunities for building trust, although it is added that the process remains slow. However, as personalization can contribute to a greater customer experience, if the data is miscommunicated or misapplied, it can affect the customer in a negative way. A negative response to personalized services can make customers upset, as they may feel misunderstood and privacy violated. Thus as customer awareness increases, mostly in relation to privacy concerns, retailers must navigate these challenges with personalization as noted before by Kalaignanam et al. (2018).

Evaluation is a constant part of working with personalization, according to the interviewees. It often includes the use of metrics suitable for measuring customer data, such as how much sales various automated programs generate, where people click and on what, tracking customer journeys, dividing customers into groups depending on the activity, and checking how they change from one week to the next. Some retailers keep track of subscribers, how they move, and when people unsubscribe. Findings indicate that the evaluation is a crucial and continual part of the personalization work for retailers in this study. The data is helping participants with guidance for future decisions and to become more accurate in their personalization offerings. The evaluation of personalization in former stages and its effectiveness in providing meaningful offerings to the relevant customer has been addressed previously by Murthi and Sarkar (2003). Additionally, Lindecrantz et al. (2020) argue for a “test and learn” approach, where the evaluation of the effort is an essential part of the approach.

5. Discussion & Conclusion

5.1 Concluding Discussion

Having presented and analyzed the findings of this study, this part of the thesis aims to sum up the study, through more comprehensive discussions, conclusions, implications, and limitations of the study, as well as recommendations for future research.

To remind the reader, the research question that this study has aimed to answer is the following:

How can online retailers design and apply their personalization strategies to improve customer experience?

Among participants, learning about customers through data collection was highlighted as a crucial step in designing their personalization strategy. Hence, it also answers the first part of the research question. As seen through observations, there is unity as all retailers use cookies to collect this data, and most also involve membership, as this study has shown its potential in creating sustainable methods for data collection, with long-term relationships being established between the retailer and customer. Concerning membership, some retailers still have a long way to go, which observations aided in highlighting. Adding to this, data collection also comes with many challenges relating to privacy- and trust issues (Toch et al., 2012). Retailers shared insight about customers growing more aware of how their personal data is used, which makes them keener to keep it private. However, through transparency, by letting customers know how the data is stored and how it can improve the experience, alongside benefits, such as discount codes, many retailers conclude that the challenge of privacy issues can be countered, and trust can be gained. Hann et al. (2007) also came up with this conclusion. Looking ahead, we argue that these aspects will remain important for retailers aiming to learn about their customers' preferences and ultimately design their personalization strategy.

Moving on to how retailers apply their personalization strategies, this study showed interest in the two major ways of providing personalization, content- and interface personalization. In terms of the content being personalized, retailers prioritize product recommendations as it is valuable

in creating a comfortable and convenient customer experience, as argued by the participants of this study. In a majority of cases, the attempts to suggest clothing to the customer are successful, but some retailers fail in doing so, as seen from observations, which suggest that work must continue in this aspect to become more accurate. Adding to this, the online fashion retailers that participated in this study consider personalized emails crucial in gaining long-term relationships with their customers. However, challenges have been identified, where brands purchase space on product recommendations and in emails, resulting in personalization being downgraded on the importance list. This balancing scale between cash and long-term relationships through personalization must be carefully considered by retailers. Furthermore, implying that the retailer knows what the customer wants is something that this study has unfolded, and a potential misstep that retailers must keep in mind when applying their personalized services.

The second approach to applying their strategy, interface personalization, is not as recognized by interviewees as content personalization, even though the observations indicate otherwise. Filters and categories are used to a large extent by the participants of this study as ways for the customer to customize the website according to their preferences, for example, color, size, and price. Newly launched ideas are tested in relation to this, such as the interactive interface guide, which has been discussed previously. Having said this, the study finds that participants also face technological barriers that sometimes stop them from improving their interface personalization further. Technology enablement, as discussed by Lindecrantz et al. (2020), is argued to be a core element of successful personalization. Meanwhile, retailers of this study reveal that it is a challenge. This finding shed light on new aspects and challenges to the research field that concerns the application of personalization strategies, which must be examined further. Moving back to interface personalization, it is not considered as important by the participants as content personalization. Yet, interface personalization has been shown to significantly improve customer satisfaction and loyalty (Kwon & Kim, 2012). It can even be considered more impactful than content personalization, especially in “cold start” cases, where insufficient data hinder personalized services (Kwon & Kim, 2012). This unravels a disagreement between theory and practice. While researchers highlight the great importance of interface personalization in creating a better customer experience, retailers lack this view, which suggests flaws in the knowledge sharing between the two, in the examined industry.

Considering content- and interface personalization jointly, some things can be concluded. First, in aspects related to the content, retailers' focus is mainly put on system-initiated personalization, whilst the interface personalization invites user-initiated personalization. The two terms, similar to adaptive and adaptable (Treiblmaier et al., 2004), are approaches to providing personalized services (Fan & Poole, 2006). In other words, the content is personalized while the interface more often is customized, a subterm of personalization (Kwon & Kim, 2012). As argued by Fan and Poole (2006), users may react differently to a system they control in comparison to a system that adapts automatically. Through the interviews, this study has also found that most online fashion retailers that participated currently carry out one-to-N content personalization but desire more advanced technology to be able to do one-to-one personalization in the future. Kwon and Kim (2012) found one-to-one personalization overrated as it usually requires much time, while results remain similar, no matter if the focus is on one individual or a segment of individuals.

Other important aspects considered in this study are complementors and competitors, as retailers can make use of complementors and learn from competitors to improve their personalized services. This study shows that complementors are key to providing personalized services, especially through payment- and shipping solutions, where information is pre-filled, to create a convenient and personal customer experience. Thus, the study shares the understanding of Lemon and Verhoef (2016). However, there are privacy concerns, as shown by participants, in sharing information about customers with external partners. This study has also found that the use of external partners can result in control loss, where the retailer loses track of its own algorithm, paralyzing them to make changes. Once more, the technology enablement, as discussed by Lindecrantz et al. (2020), is at risk. This means that retailers must regain control of their tools and consider the potential drawbacks of sharing this task externally. Competitors are also crucial as they can be studied by retailers, to see what works or not, and what can be improved. Thus, they enable learning without having to apply the idea yourself. This can serve as a good alternative to “test and learn”, as described by Lindecrantz et al. (2020), where retailers are recommended to try things out and see how they work in practice, instead of being too careful.

Lastly, when designing and applying personalization strategies, this study has found the relationship between psychology and technology to be of importance, which matches the findings of Kaptein and Parvinen (2015). Interview data reveals that retailers appreciate a close relation to the IT department, as it enables certain freedom and flexibility. The retailer can communicate quicker and easier internally than with external partners. Although partly found in previous research, these aspects display to new extents the importance of cooperation in designing and applying personalization strategies among retailers. However, to make changes, IT departments usually have to prioritize, but due to lack of time, personalization may be ignored, which indicates that there is a balancing scale that future research must examine the effects of. In the future, the challenge of prioritizing is something that retailers must consider.

Evaluating the effectiveness of personalization is important to see further needs for improvements, which is why this study has given it some of its room. The retailers of this study show awareness of potential benefits, such as building trust, raising conversion rates, increasing the frequency of opened e-mails, and ultimately increasing sales, which shows agreement between practice and theory (Kalaiganam et al., 2018). Working to improve content- and interface personalization is also a continuous task, as highlighted by all interviewees, and not something they do from time to time.

Part of the goal of this study was to identify contemporary trends within personalization strategies adopted by retailers to improve customer experience. Concluding this study, retailers show unity in certain areas, such as the collection of customer data, while there are differences in others, such as what personalized services are offered. Vesanen (2007) and Tyrväinen et al. (2020), have both found that personalization means something different to each retail channel. Although this study has looked at only one, online fashion retailing, it still finds that personalization strategies differ in their attempts to improve customer experience. From the findings, one possible reason for this is that the participants, although working in the same industry, have different audiences demanding different things. For example, one retailer can have a wide variety of products and must, therefore, provide personalized offers that aid their customers in finding what they need, while another retailer has fewer products, and can instead focus on providing personalized offers of how those products can be taken care of, among other

things. This reveals that personalization strategies are highly complex and situation-based and suggests that retail channels and countries, as described by Vesanen (2007) and Tyrväinen et al. (2020), are not specific enough. This study concludes that every retailer must look to their audience to find what will work best in designing and applying their personalization strategy, and this study has provided thick descriptions to inspire retailers on how such attempts can be achieved in terms of, for example, content- and interface personalization, as well as navigating surrounding actors.

5.2 Theoretical and Managerial implications of the study

The findings of this study contribute with both theoretical and managerial implications. Concerning theoretical implications, this study used a qualitative approach, in a field that has historically been characterized by quantitative research, which has resulted in new knowledge being added to the research field. By using this approach, thought and reasoning has been unfolded that previously has been overlooked by the quantitative research, enabling the study of industry-specific retailers in greater detail. Here, the study has contributed by adding that personalization strategies require even more limited focus than industries in general. Instead, retailers should look to their audience when designing their strategy, which expands the theoretical knowledge of this phenomenon. Additionally, the enhanced value net approach served as a guide for this study, resulting in a widened discussion and understanding of the process framework, as it has been used holistically. Murthi and Sarkar (2003) argued that the stages of learning, matching, and evaluating need further examination, which this study has aided in doing. Also, looking at complementors and competitors, this study adds new knowledge to the research field in terms of the importance for retailers to navigate, and benefit from their surroundings. However, the aspects of learning and matching have been the main focus, which leaves room for further research in the other aspects of the framework.

To address the managerial implications, this study aims to contribute with useful information about how online fashion retailers can design and apply personalization strategies to improve the customer experience, focusing on content- and interface personalization. The findings of this study can be helpful for managers in terms of learning to identify strategies for web personalization, improve the overall application and effectiveness of personalization features,

etc. Perhaps, the findings can be especially useful for smaller online retailers who have been shown to lack the knowledge required to stay competitive in today's market. Furthermore, practical implications on how to deal with challenges, such as privacy intrusion of the customer and creating long-term relationships are suggested. Here, the importance of membership and value-adding services has been addressed.

5.3 Limitations of the study

To continue expanding our knowledge of this field, it is relevant to discuss the limitations of this study. Mainly, it is dangerous to draw generalizable conclusions from the findings. Although having generated rich empirical data, the sample size of this study, consisting of six interviews and twelve observations, is considered a limitation. This correlates to the limited time frame, as well as difficulty in finding companies eager to share their strategies. Having said this, the goal was not to generalize but to visualize the phenomenon, that has lacked attention in previous research. Regarding the limited time frame, only retailers' perspective has been considered, while ignoring the customers' perspective.

Considering the approaches used to gather our empirical data, observations and interviews have complemented each other nicely, as the researchers can first learn about the personalized services in practice, and then listen to the retailers through interviews, which adds different perspectives to the material collected. Having said this, other methods can be used, for example, field observations, that may unravel new aspects that this study might have bypassed. In interviews, the participant shares their view of the world, which may be biased according to their beliefs, and this could potentially stain the results. Field observations would, of course, require more time and resources, or decreased sample size. Concerning the execution of interviews, which this study has carried out digitally, there are potential limitations in technical difficulties, and physical meetings are preferred. Due to geographical barriers, this wish could not be granted.

5.4 Recommendations for future research

Considering the above, future research can continue to explore the design and application of personalization strategies further. This study has shown interest in one industry, online fashion

retailing, and found that even within the industry, retailers differ in their personalization strategies, especially in the application of these. However, as previous researchers have found this to be of importance (Vesänen, 2007; Tyrväinen et al., 2020), we invite future research to look at other industries, to see whether industry-specific standards of personalization strategies can be identified. Furthermore, this study has aimed to visualize the phenomenon, and after having done so, new research with quantitative approaches can test the generalizability of these findings so that retailers cannot only be inspired by the results of this study but more accurately apply them. For example, is it widely taken for granted among retailers that content personalization should be prioritized over interface personalization, and are relationships with complementors and IT departments as important for other retailers as it is for the participants of this study? Also, qualitative methods other than observations of websites and interviews of retailers are recommended, to see if new aspects of the phenomenon emerge. For example, field observations might find aspects other than the ones presented by retailers, who can only be assumed to present their reality. With other methods being used, the customers' perspective must also be studied, to see how the application of retailers' personalization strategies affects them, as research has found that only 15 percent are successful with their personalized services (Lindecrantz et al., 2020). As for the framework by Murthi and Sarkar (2003), which has helped in shaping this study, mainly the learning and matching stages have been of interest to fulfill this study's aim. Therefore, future research can further investigate the last stage, evaluation, which this study has only explored briefly. By doing so, the research field and managers can learn more about retailers' ways of evaluating the effectiveness of their personalization strategies, which will aid them in further improving their personalization strategies.

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Appendixes

7.1 Appendix 1. Observation Protocol

Collection of customer data

- Does the retailer ask for acceptance of cookies?
- How are they presenting the use of cookies?
- Are there different forms of cookies?
- Which data are they collecting and for what reasons?

Members and/or loyalty clubs

- Do loyalty/member clubs exist?
- How are loyalty/member clubs presented?
- Does the retailer incentivize membership? (If yes, in what ways?)
- Are benefits provided for customers to sign up? (If yes, what?)

Personalization

Content

- What type of content personalization is provided by the retailer?
 - Product recommendation systems?
 - Personal discounts?
 - Personalized e-mails? (name, birthdays, recommendations based on previous purchases)
 - Purchase history?
 - Other?
 - Are there signs of individual personalization or group-segmented personalization? (In what ways?)

Interface

- What interface personalization is used on the website?
 - Change in layout?

- What filter alternatives are provided? (I.e. size, color, price range, brand, popularity, etc.?)
- Is there device adaptation?
- Interactive communication systems (I.e. “Hi, can I help you today?”)
- Are there signs of individual personalization or group-segmented personalization? (In what ways?)

Other

Complementors

- Are shipment options personalized? (If yes, how?)
- Are payment solutions personalized? (If yes, how?)
- Are address and/or payment information stored and automatically filled in?

7.2 Appendix 2. Interview Guide

In this interview, we are interested in your perspective on how your company works with the personalization of services, goods, offers, and the website.

Inform about the following

Your answers will remain anonymous

Is it okay if we record the interview?

You may at any time refrain from participating in the study

Do you want to take part in the study when it is finished?

Introductory questions

- Can you tell us what your role is in the company?
- What does a normal working day look like for you?
- Who is your target group?
- What does personalization mean to you?
- Do you work with personalization in different ways? (Which)

- For us, personalization means that you tailor your offers to suit each customer based on their needs/wishes. This can be done both automatically, and by the customer being able to choose, and researchers argue that there are two ways: personalize the content and personalize the design of the website
- What are your reflections on this description? Do you work with both of these types of personalization, or do you lean more towards one? (Why?)
- What does customer experience mean to you?

Learning

- Can you describe how you find out about customer demands in relation to personalization?
- Do you have a dialogue with the customer or do you learn it through automatic data collection through interactions?
- What customer information is valuable to you in designing your personalized offers?
- Do you experience any difficulty in accessing this type of information? (If so, which ones?)
- Do you think your customers are willing or reluctant to share information about themselves?
 - For example, has the GDPR changed this?
- How do you feel that customers' trust in you has changed over time regarding approving data sharing?
- Is there anything you do to increase customers' trust in you with this? (If so, how?)
- Statistics show that customers are dissatisfied with many companies' personalized offers, do you recognize this image? (If so, what do you think is the basis for the dissatisfaction and what do you feel customers want to see for change?)
- Is there a relationship between personalized offers and customer satisfaction?
 - Do you think that personalized offers can contribute to increased customer satisfaction, and if so, in what way?
- How has customers' demand for personalized offers changed for you over time? (decreased/increased?)

Competitors and complementors

- Do you take into account your competitors' way of implementing personalization? (If yes, how does it shape your process/work?)
- If we instead switch to partners, is there anyone who is part of the design of your personalization services? (If so, which ones? And in what way does it improve your services?)
- Can you come up with both advantages and disadvantages of including partners in your work?

Matching

- How close or far away is your relationship to IT and technology?
 - Do you think this affects your ability to offer personalized services? (why?)

Content personalization

- How does your content change based on customer interactions?
- Can you describe the different types of offers that you send out based on the data you collect about the customer? (Personalized emails, thank you pages, size recommendations, price adjustments, pop-ups?)
- We have seen that it is common among companies to encourage the customer to join, and so do you. Why is it important to get your customers to become members? (What can it add?)
- What do you think personalization of the content on your website can contribute to the customer's experience?

Interface personalization

- Do the customers' wishes lead to a change in the website? (If so, how or in what way?)
- What opportunities do you give the customer to control the journey on your website? (Why?)
- What do you think personalization of design on the website can contribute to the customer's experience?

Evaluation:

- What positive effects/negative effects do you see from your personalized offers? (Raised prices, more loyal customers/word-to-mouth effect?)
- How do you think your personalized offer affects the customer's shopping experience?
- How do you work with what we have discussed today, is it through occasional evaluations, or continuous improvements?
- Anything more you want to add regarding your way of working with personalization?