The Effects Of Personalized Online Promotions On Consumer Loyalty: A Study İn Turkey

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ABSTRACT

As the time and money spent on Internet and on social media rapidly increase day by day, online mediums have turned out to be important tools for marketing. Here, as online marketing mediums allow one-to-one communication with the consumers to a higher extent, as online marketing becomes a more popular marketing approach, personalized online promotions have also increased. In the scope of the current study, the effect of personalized online promotions on customer loyalty is measured. To measure this, a survey has been designed. For the survey, several major effects of personalized online promotions (personalization, follow-up, belongingness, accessibility and attraction) are determined, and the association between each of these effects and customer loyalty is investigated. It is found out that as the online promotions become more personalized, as they apply effective follow-up strategies to the customers, as they increase the feeling of belongingness, and as they become more accessible to the customers, customers' brand loyalty increases. However, being more attractive for the customers does not have a significant effect on customer loyalty.

Keywords: *personalized online promotions, customer loyalty, correlation, survey, belongingness, accessibility*

Introduction

Compared to traditional marketing methods, it is possible to measure the performance of marketing activities more accurately. With the feedback from the measurement results, it becomes easier to make more accurate and faster decisions about the next marketing activities. (Zhang & Wedel, 2009) Digital marketing carries out commercial activities, using the internet, mobile and other interactive platforms instead of the traditional media such as TV, radio, magazine to support and promote the brand and the business. Digital marketing is also defined as interactive marketing, online marketing, e-marketing and web marketing. Digital marketing is basically made up of 4 steps. Acquire, Convert, Measure & Optimize and Retain & Grow. If we take a look at these steps briefly; Acquire: These activities are carried out in order to attract the attention of the customer to the environment where the sale is realized. Search Engine Optimization (SEO), Search Engine

Advertising (PPC), E-mail Marketing, Social Media Marketing, Affiliate Marketing, Interactive Comparison, Advertising Partnership, Viral Marketing, Content creation/sharing, RSS, Online PR can be listed under this heading. Convert: The activities that will help the seller achieve his/her goals once the customer has entered the desired environment. Target is not always sales. For the website of a newspaper, the number of news stories read, the total time spent on the website, and so on, are examples of this concept. Measure & Optimize: This stage is important for understanding what is done wrong and what is done correctly and comparing the rivals with the company. If success cannot be measured, whether being successful or not cannot be known. Retain & Grow: To satisfy the people who are already customers and to work for them to be permanent customers. Offering good customer service, e-mail marketing, loyalty programs, implementation of dynamic pricing strategies, personalization, community building and launching reference programs are techniques that can be used in this area. (Wu & Rangaswamy, 2003)

2.Literature

2.1. Taking Part İn Search Engines And Choosing Keywords

The purpose of search engine optimization is to increase the visibility of the site in search engines and thus attract more traffic to the site. -The success of the search engine optimization is not judged only by looking at the order in which the word appears. Ranking information is only an indicator, the main thing to look at is the total traffic from the search engines to the site. Search engine optimization, is a process that needs to be done constantly. (The process is not just a project). -For success assessment, competitive analysis can be performed and your own success rate can be determined according to your competitors. -This means that search engine optimization can be assessed in the most accurate way by performing traffic analysis and competitive analysis (Wind & Rangaswamy, 2001).

2.2. Marketing Activities İn Social Media

Social media is the name given to all of the internet-based tools that form the basis of web 2.0, which collects the content that people produce and provides social communication and interaction. (Rust, Zeithaml, & Lemon, 2000).

2.3. Measurement Of Activities İn Digital Marketing

One of the important advantages of digital marketing for the company is the ability to measure marketing activities quickly and accurately. Performance of the site, traffic to the site and visitor movements can be measured. Visitor profiles can be specified. These measurements will be of great help to the person conducting the marketing activities. Unmeasured activities cannot be effectively managed and necessary improvements cannot be made. One of the most important differences of digital marketing techniques from traditional marketing methods is the ability to make more objective and reliable measurements. In addition to general measurements, specific measurements can also be made. Important data, such as user profiles, products that the user is interested in, can be identified.

3. Customer Loyalty Concept

3.1. Approaches To Customer Loyalty

Customer loyalty is generally examined in three basic approaches. These approaches are; behavioral approach, attitudinal approach, and mixed approach, which is a combination

of these two approaches (Gronholdt et al., 2000). Behavioral approach can be defined as the customer's purchase of products and services over and over again (Wind et al., 2001).

Behavioral approach explains customer loyalty only with the frequency of purchase. (Hartmann and Ibanez, 2006: 2).

 The attitudinal approach can be defined as the psychological commitment of the client to the products and services of the company. (Johnson & Byne, 1985)

The mixed approach is a composition of the first two approaches, explaining loyalty according to customers' product preferences, brand changing preferences, the frequency of purchasing a product or service, and the total purchase amount. (Zeithaml et al., 1993).

4.Methods

4.1 . Methods And Procedure

A survey is applied to 150 participants. In the first part of the survey, demographic questions are asked to the participants, including gender, age, marital status, income level, education status and their online shopping frequency.

In the second part of the survey, 58 phrases are presented to the participants, and they specify to what degree they agree with these phrases (1=Not at all, 5=Very likely).

Five of these phrases measure customization effect of personalized online promotions, five of them measure contact interactivity, five of them measure cultivation, five of them measure care, five of them measure belongingness, four of them measure choice, four of them measure accessibility, five of them measure attraction, seven of them measure e-loyalty, five of them measure search for alternatives, four of them measure word-of-mouth effect and four of them measure the willingness to pay more for the brand.

In the scope of the research, a quantitative analysis has been done. Correlation between different facets of personalized online promotions and customer loyalty is measured when it is controlled for other demographic factors, to see whether there exists a significant correlation.

4.2.The Developed Model

Four dimensions of personalized online promotions are determined as;

- Personalization
- Follow-up
- Belongingness
- Accessibility
- Attraction

As all these dimensions, sub-dimensions, dependent and independent variables are determined, the conceptual model is formed (Figure 5.4).
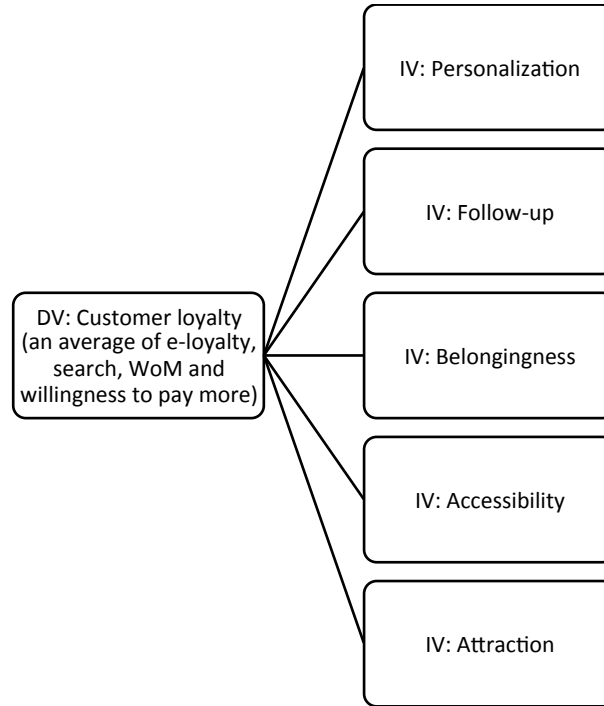
Figure 1. The conceptual model

In the scope of the current study, it is searched whether personalized online promotions and customer loyalty are associated or not. Hence, the hypotheses of the study may be stated as;

H1: There is a significant correlation between personalization dimension of personalized online promotions and customer loyalty.

H2: There is a significant correlation between close customer follow-up dimension of personalized online promotions and customer loyalty.

H3: There is a significant correlation between feeling of belongingness dimension of personalized online promotions and customer loyalty.

H4: There is a significant correlation between ease of accessibility dimension of personalized online promotions and customer loyalty.

H5: There is a significant correlation between customer attraction dimension of personalized online promotions and customer loyalty.

5. Results and Discussion

Main Findings

In the scope of the study, descriptive statistics are analyzed first. 62% of the participants are female, while the remaining 38% are male.

5% of the participants are below age 18, 59% of them are between 19-25, 31% are between ages 26-35, and 5% are between ages 36-45.

17% of the participants are married, while the remaining 83% are not-married.

In addition, it may be seen that the majority of the participants (48%) have a monthly income over 2500 TL

When it comes to the ecucation status, it may be seen that 80% of the participants have at least a college degree.

67% of the survey participants use online shopping 1 or 2 times a year, while 19% percent of the participants use it 1 or 2 times per month.

After descriptive statistics are computed, the reliability analyses are conducted for the independent and dependent variables. variables. The reliability tables for the independent variables may be found below.

Personalization

Table 1. Test Of Effects Of Online Promotion On Consumer Loyalty According To Personlization

Scale Reliability Statistics

	Cronbach's α
scale	0.784

Note. Of the observations, 147 were used, 3 were excluded listwise, and 150 were provided.

Follow-up

Table 2. Test Of Effects Of Online Promotion On Consumer Loyalty According To Follow-Up

Scale Reliability Statistics

	Cronbach's α
scale	0.702

Note. Of the observations, 150 were used, 0 were excluded listwise, and 150 were provided.

Belongingness:

Table 3. Test Of Effects Of Online Promotion On Consumer Loyalty According To Belongingness

Scale Reliability Statistics

	Cronbach's α
scale	0.733

Note. Of the observations, 147 were used, 3 were excluded listwise, and 150 were provided.

Accessibility

Table 4. Test Of Effects Of Online Promotion On Consumer Loyalty According To Accessibility

Scale Reliability Statistics

	Cronbach's α
scale	0.802

Note. Of the observations, 147 were used, 3 were excluded listwise, and 150 were provided.

Attraction

Table 5. Test Of Effects Of Online Promotion On Consumer Loyalty According To Attraction

Scale Reliability Statistics

	Cronbach's α
scale	0.930

Note. Of the observations, 147 were used, 3 were excluded listwise, and 150 were provided.

Reliability tables for the dependent variable may be found below.

Table 6. Test Of Effects Of Online Promotion On Consumer Loyalty According To Customer Loyalty

Scale Reliability Statistics

	Cronbach's α
scale	0.867

Note. Of the observations, 147 were used, 3 were excluded listwise, and 150 were provided.

Cranbach's alpha is greater thaan 0.70 for all the independent and dependent variables, which shows that our scales are reliable.

For the next step of data analysis, regression analyses are conducted to test our hypotheses. In all of the regression analyses, it is controlled for gender, age, marital status, income, education status and online shopping frequency of the participants.

H1: There is a significant correlation between personalization dimension of personalized online promotions and customer loyalty.

Coefficients

Table 7. Personalization Dimension Of Personalized Online Promotions And Customer Loyalty.

Model		Unstandardized	Standard Error	Standardized	t	p
1	(Intercept)	1.212	0.479		2.528	0.013
	Personalization	**0.414**	**0.066**	**0.503**	**6.307**	**< .001**
	Gender	-0.006	0.109	-0.004	-0.057	0.955
	Age	-0.012	0.114	-0.012	-0.108	0.914
	Marital	0.132	0.176	0.072	0.754	0.452
	Income	0.009	0.049	0.013	0.176	0.861
	Education	0.046	0.076	0.053	0.607	0.545
	Frequency	-0.025	0.086	-0.022	-0.294	0.769

There is a significant correlation between personalization and customer loyalty ($p < .001$), when it is controlled for gender, age, marital status, income level, education status and online shopping frequency.

H2: There is a significant correlation between close customer follow-up dimension of personalized online promotions and customer loyalty.

Coefficients

Table 8. Follow-Up Dimension Of Personalized Online Promotions And Customer Loyalty.

Model		Unstandardized	Standard Error	Standardized	t	p
1	(Intercept)	1.312	0.489		2.538	0.016
	Follow-up	**0.414**	**0.066**	**0.503**	**6.307**	**< .001**
	Gender	-0.005	0.106	-0.004	-0.057	0.954
	Age	-0.017	0.111	-0.012	-0.108	0.934
	Marital	0.134	0.176	0.072	0.754	0.432
	Income	0.010	0.048	0.013	0.174	0.761
	Education	0.037	0.074	0.053	0.604	0.844
	Frequency	-0.021	0.076	-0.022	-0.294	0.739

There is a significant correlation between follow-up and customer loyalty ($p < .001$), when it is controlled for gender, age, marital status, income level, education status and online shopping frequency.

H3: There is a significant correlation between feeling of belongingness dimension of personalized online promotions and customer loyalty.

Coefficients

Table 9. Belongingness Dimension Of Personalized Online Promotions And Customer Loyalty.

Model		Unstandardized	Standard Error	Standardized	t	p
1	(Intercept)	1.222	0.412		2.318	0.015
	Belongingness	**0.244**	**0.031**	**0.504**	**5.224**	**< .036**
	Gender	-0.001	0.205	-0.002	-0.051	0.952
	Age	-0.012	0.129	-0.019	-0.102	0.914
	Marital	0.116	0.112	0.063	0.712	0.232
	Income	0.005	0.036	0.014	0.170	0.731
	Education	0.027	0.057	0.052	0.608	0.644
	Frequency	-0.027	0.071	-0.021	-0.512	0.539

There is a significant correlation between belongingness and customer loyalty (p=.036), when it is controlled for gender, age, marital status, income level, education status and online shopping frequency.

H4: There is a significant correlation between ease of accessibility dimension of personalized online promotions and customer loyalty.

Coefficients

Table 10. Accessibility Dimension Of Personalized Online Promotions And Customer Loyalty.

Model		Unstandardized	Standard Error	Standardized	t	p
1	(Intercept)	1.112	0.469		3.116	0.017
	Accessibility	**0.815**	**0.110**	**0.617**	**7.102**	**< .001**
	Gender	-0.003	0.301	-0.002	-0.017	0.925
	Age	-0.019	0.106	-0.022	-0.306	0.614
	Marital	0.312	0.167	0.079	0.554	0.484
	Income	0.007	0.027	0.023	0.172	0.921
	Education	0.044	0.033	0.103	0.407	0.744
	Frequency	-0.023	0.089	-0.032	-0.264	0.661

There is a significant correlation between follow-up and customer loyalty (p<.001), when it is controlled for gender, age, marital status, income level, education status and online shopping frequency.

H5: There is a significant correlation between customer attraction dimension of personalized online promotions and customer loyalty.

Coefficients

Table 11. Attraction Dimension Of Personalized Online Promotions And Customer Loyalty**.**

Model		Unstandar dized	Standard Error	Standar dized	t	p
1	(Intercept)	1.720	0.538		3.200	0.002
	Attraction	**0.094**	**0.060**	**0.145**	**1.578**	**0.117**
	Gender	-0.071	0.124	-0.049	-0.571	0.569
	Age	0.182	0.128	0.172	1.424	0.157
	Marital	0.283	0.198	0.155	1.430	0.155
	Income	0.023	0.055	0.035	0.412	0.681
	Education	-0.043	0.083	-0.050	-0.520	0.604
	Frequency	-0.109	0.096	-0.097	-1.142	0.255

There is a non-significant correlation between attraction and customer loyalty (p=0.117), when it is controlled for gender, age, marital status, income level, education status and online shopping frequency.

Theoretical Implications

If the hypotheses of the study are re-visited:

H1: There is a significant correlation between personalization dimension of personalized online promotions and customer loyalty.

The hypothesis is verified.

H2: There is a significant correlation between close customer follow-up dimension of personalized online promotions and customer loyalty.

The hypothesis is verified.

H3: There is a significant correlation between feeling of belongingness dimension of personalized online promotions and customer loyalty.

The hypothesis is verified.

H4: There is a significant correlation between ease of accessibility dimension of personalized online promotions and customer loyalty.

The hypothesis is verified.

H5: There is a significant correlation between customer attraction dimension of personalized online promotions and customer loyalty.

The hypothesis is not-verified.

If it is needed to reach certain theoretical conclusions from these implications, it may be stated that personalization, follow-up, belongingness and accessibility dimensions of personalized online promotions are significantly correlated with customer loyalty. Furthermore, the direction of this correlation is positive. This means that, as the online promotions become more personalized, as they apply effective follow-up strategies to the customers, as they increase the feeling of belongingness, and as they become more accessible to the customers, customers' brand loyalty increases. However, being more attractive for the customers does not have a significant effect on customer loyalty.

From there, it may be commented that internal attachment to the brands is more important for the customers than the external attachment. Stated otherwise, to feel loyal towards a brand, customers need to feel that the brand is personalized for their needs, the company of the brand closely follows them up and care about them, they belong to a community which consists of other people who use this brand and the brand is easily accessible to them at all times. When an online brand already has these properties, customers do not care about whether the physical properties of this brand are attractive or not.

Discussion

The current study has important implications in terms of explaining the relationship between different dimensions of personalized online promotions and customer loyalty. In fact, in the past, the notion of customer loyalty within online marketing used to be evaluated in the same way that it has been evaluate within the traditional marketing, and the distinguishing properties of online marketing that do not exist in traditional marketing mediums have been neglected. This gap is even larger for personalized online marketing, as it has even further distinguishing properties from the classical online marketing. Here, the distinguishing, characteristic properties of personalized online promotions are determined as personalization, follow-up, belongingness, accessibility and attraction. In that manner, the current study is fist which explains the specific relationship between the sub-dimensions of personalized online promotions and customer loyalty.

One limitation of the current study may be stated as the self-reported survey system. Here, customers self-reported their online purchasing habits and their loyalty to the online brands, so their answers might include some biases. In the future, further studies should be conducted which include some implicit methods and some case studies which measure online purchasing habits of the customers.

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