

Online Retailers Track Your Online Search Preferences and Habits

Jessica Vascellaro, “Online Retailers Are Watching You,” *Wall Street Journal*, November 28, 2006.

Online retailers or E-retailers are customizing the shopping experience for each customer depending on their search preferences and habits. Formerly retailers like Amazon.com would give customers product recommendations that matched the purchases of other shoppers.

Overstock.com designs its promotions that it offers at the point of sale for each customer, depending on 40 attributes collected during the shopping session. The retailer tracks the time of day, the time zone, and the customer’s gender, to name a few. Based on these attributes, it decides whether to offer free shipping or discounted merchandise, etc. E-retailers like Overstock.com have gotten very sophisticated with customizing the promotions to each customer.

Online retailers are using all possible pieces of information to track its customer. For example, some retailers will change the offerings to a customer depending on how they accessed the website. If a customer used the keyword, “discount” in the Google search to find the site, for example, this customer would be flagged as price sensitive, and offered a better promotion than a customer that accessed the site directly via the web address.

The amount that retailers are watching its customers’ habits online is being questioned by many critics. They believe customers should be notified about the extent to which their actions on the Internet are being monitored. To prevent these privacy issues, some retailers are not going as far as to track each customer, but are tracking peak traffic times and customers as an aggregate group.

Although some retailers are gaining more customers by offering customized discounts and promotions to customers, it is neglecting its repeat customers by not rewarding them for their continued business. As a result, customers will be encouraged to compare prices among retailers rather than becoming loyal to one. While retailers are gaining more information than ever from its online customers, it may lose some customers forever when they find out how these sites have manipulated their online habits.