Personalization

Product differentiation

Average vs. specific

Standardization vs. specialized

Personalization examples?

Information services, notes,

Benefits of personalization

Product distinction

Survival through differentiation

Perceived luxury and status

Experience goods become predictable search goods

Increased customer loyalty (adding switching cost)

Personalization Balance

Customer perspective

Balance the cost and benefits of using a feature

First class envy

Preferred treatment to some may cause others to feel underappreciated.

How can (Internet) technology help?

Redistribute the costs

Lack of visibility

Personalization Approaches

Mass customization

Choice assistance

Recommendations

Personalized interaction

Mass customization

Blending standard products with individual information

Customization of:

How a product is represented

A product’s specific attributes

Mass customization approaches

Four approaches:

Collaborative – high change / high representation

Cosmetic – low change / high representation

Transparent – high change / low representation (slightly modifies over time)

Adaptive – low change / low representation (naturally attunes)

Choice assistance systems

Rules-based

Combines information about customers with understanding of how products are used

Computer-assisted self-explication (CASE)

Advice generated from databases of consumer input

Collaborative Filtering

For complex product choices, linking like-minded individuals for recommendations

Endorsement

Virtual word-of-mouth referrals

Choice assistance

Advice-giving systems cut clutter of product choice

Customer needs vary widely?

Yes – Product attributes complex, qualitative?

Yes – Collaborative filtering

No – CASE

No – Product attribues complex, qualitative?

Yes – Endorsement

No – Rules-based

Personalized Message

Ask about user preferences directly

Track users to learn about them

Monitor trigger event to send messages

Ex. A user searching for home value calculator could need real estate services