

Personalization – A Key Element in Creating Better Customer Experiences

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The personalization of the way of communication, but also of the products and services is a tendency that is being discussed more and more and at the level of all companies. The nature and characteristics of services make the process of buying more complicated compared to goods due to the complexity and interaction between the companies and customers – here is where personalization can make a difference. Viewed from the perspective of opportunities, the consumer-company relationship determines an advantageous aspect for service companies, namely the adoption of personalized processes along the relationship between the two, creating greater consumer satisfaction and a lesson for companies in improving the services offered.

Keywords: customer personalization, services personalization, customer experiences, service quality, customer service quality

JEL Classification: M10, M16, M37

1. Introduction

In the sphere of services, the differentiation of offers can be an objective as well as a competitive strategy. In assuring an efficient tactic what the consumer wants from the company, individualization and personalization can place the quality of services at an next level. The differentiation of offers can be achieved by increasing the diversity and also complexity, an essential characteristic of the creation and delivery process of services. Also, good market research, adopting digitalization in the services process as well as achieve customers expectation are part of offering differentiation. The distribution of services is done via the staff of the company as well as the environment. Combined, all these elements, the companies can achieve a great service personalization, service distinction, quality and trust.

According to KPMG Study Online Consumers (2017), in the online environment, excellent customer support services are considered by 65% of respondents as the main attribute that influences customer loyalty, followed by exclusive promotions and offers (45% of respondents) and loyalty programs (37%). These first three attributes are similar for all generations, with Baby Boomers placing greater emphasis on customer support services (74%) compared to Generation X (74%) and Millennials (59%). Younger consumers tend to be more loyal to companies that offer personalized interactions (personalized promotions, anticipation of needs, belonging to a community, engaging in one-on-one conversations on social media, online games and other interactive experiences, etc.). Traditional attributes such as customer support will remain important for

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all companies. However, they will also need to find ways to provide more personalized services to meet the expectations of Millennials who will become a very important consumer group in 10 years. Customized interactions will become the norm for most of the market. To meet consumer expectations, brands must analyze customer data to create the best strategy for customizing content experiences on the channels preferred by each individual consumer.

Companies can succeed in the current landscape only by understanding the consumer and his ideal of shopping experience. For example, premium customers, who prefer to make purchases according to the events they attend, for which 60% of the products are impulse purchases, expect to be treated completely personalized: from the promotions they receive to the experience in the online store, but also offline.

THE FOUR Rs OF PERSONALIZATION

When done correctly, personalized services can improve an insurer's ability to:



RECOGNIZE

Know customer's and prospects' profiles, including demographics, geography, and expressed or shared interests.



REMEMBER

Recall customers' history, especially how they act as expressed by what they browse and buy.



REACH

Deliver the right promotion, content, risk management service or suggested advice for a customer based on actions, preferences and interests.



RELEVANCE

Deliver personalization within the context of the digital experience based on who customers are, where they are located and/or what time of the year it is.

Figure 1. The 4 Rs of Personalization

Source: ExitBee (2017)

Personalization, also a marketing strategy, is a leverage between data analysis and the digital technology companies can use to deliver better customer experiences according to what their target market is - individualized messages and relevant products based on past purchases. Easier said, personalization is a business strategy for the customers by using the customer data.

2. Theoretical Conceptualization

2.1. Services Conceptualization

Intangibility is the essential feature of the services and consists in the fact that they cannot be seen, tasted, felt or smelled before being purchased. The immaterial aspect of the service makes its evaluation difficult and often the marketing strategies and tactics, these having as permanent objective the "tangibilization" of the services. The intangibility of the services is also reflected in the other components of the marketing mix, respectively:

- in establishing the price, since without material content it is difficult to calculate the total cost of the service and implicitly the unit cost;
- the distribution refers only to the economic circuit and not to the physical one, which has led some specialists to argue that there is no distribution in its classical sense;
- the promotion has a more complex character, the emphasis being placed on the detailed description of the service offered, on the succession of stages through which the service is performed, also focusing on its tangible elements.

The intangibility of the services makes their legal insurance difficult, as they can be easily copied by competition, but for many organizations this can be counteracted by another feature, namely the variability, which makes it difficult to copy certain elements such as the brand, staff, technology used.

Inseparability is the feature of services that cannot be separated by the provider, so that in most cases production and consumption take place simultaneously. This characteristic imposes certain particularities in the application of marketing. The supplier-consumer interaction is at the basis of formulating product strategies, the two representing component parts of the service delivery system. In addition, the quality of the service can not be appreciated before its purchase, but only during the process of creation and delivery, the

provider being a key element in assessing consumer satisfaction. The inseparability of the services also puts its mark on the distribution, the consumer and the provider are no longer separated in time and space, so that for most services, the distribution channel is a direct one. The price is also influenced by this characteristic, in the sense that, when establishing it, account should be taken, where appropriate, of the consumer's participation in the realization of the benefit. The inseparability of the services brings some particularities also regarding the promotion, in particular through the role of the staff and the client in promoting the service at the place of provision, thus developing a series of new techniques.

The variability (heterogeneity) of services is their characteristic of differing from one service to another, the service can never be repeated in an identical manner. The differences that arise are determined by the characteristics of the consumer, the personnel and not least, by the physical support of the benefit. Due to this feature, the services cannot be standardized nor copied, and also have the advantage of adapting the service to each individual consumer. Thus, the variability has a special impact on the quality of the services, and determines, to the extent that the provider has such capacity and availability, the *personalization of the services*.

Perishability is the feature of services that cannot be stored for later consumption, which creates problems related to balancing the supply with the demand for services. As with the other features, perishability puts its mark on the marketing policy, especially on the product and the price, but also on the distribution and promotion.

The degree of personalization of the service provided.	The extent to which the features of the benefit system allow for personalization	
	Strong	Weak
High	<ul style="list-style-type: none"> - medical services - legal services cosmetic services - architectural services 	<ul style="list-style-type: none"> - educational services - disease prevention programs
Low	<ul style="list-style-type: none"> - banking services - hotel services 	<ul style="list-style-type: none"> - public transport - sports shows - fast food restaurants

Table 1. The degree of personalization depending on nature of services
Source: Author's Concept, 2020

2.2. Customer Experience Conceptualization

Customer experience, namely CX, concern the overall customer perception in regards to the experience with a certain brand or particular company. The Customer Experience is the sum of all interactions with a brand, talking to the customer service department, trying their services, surfing the company website or the past shopping experience. According to a study concluded by Forbes (2018), 80% of all companies consider the delivery of experiences having to be the most important while few customers believing that there are large differences between their expectations and the actual customer experience that brands offer. All the companies which improve the customer experience and listen to their actual clients have a higher chance to gain a bigger market share in a certain industry or outperform their competitors in the same industry.

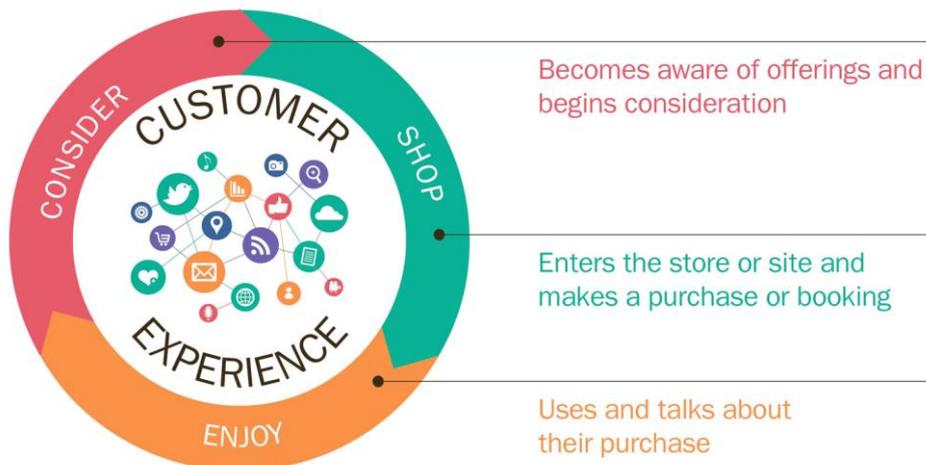


Figure 2. Customer Experience Elements
Source: Marketing Opportunity Research (2018)

Customer Experience (Romanian Institute of Marketing, 2018) is a recent theorized concept in marketing and refers to the cumulative impact of all interactions between the company and the customer. This experience includes each element related to the promises made through branding, advertising, packaging, offers, products and services, but especially how they are delivered: compliance with promises, ease of use of services or products, trust, promptness, quality and efficiency of customer relations before and after purchase. Successful brands and companies build and plan the experiences offered to customers to incorporate and deliver value propositions, in every interaction with the company and at each touchpoint. Not all contact points are equal in value and importance to the customer, and what a relevant interaction channel means can change significantly over time. Before or during the acquisition route of a client, "moments of truth" may appear, key elements in the process of managing the customer experience.

2.3. Personalization Conceptualization

According to Chung and Wedel (2014), the customer personalization includes a adapting the marketing mix to each of the customer, solely based information from the customers. By defining personalization we need to understand the power of customer information in relation to the technology which tailors the individual customers interactions with the company. The use of already obtained information as well as real-time information about customers, the exchange between all parties is often altered to fit the client needs as well as the needs which are perceived by the company based on all the available customer information (Vesanen, 2007).

According to Dawn (2014), personalization marketing can be seen as a concept which is created at the moment when the customer information is engaged with the technology to boost multiple different interactions between individual customers and companies. Personalized marketing can be divided into different perspectives: personalization or customization. From the personalization perspective, it can be seen as a process based on the premises that each client is identified by previous interactions with the brand, namely previous behaviour, purchase history, preferences and other personal information provided to the companies.

Online activity leaves different digital trails which enable companies to create profiles for personalized marketing. For examples, it can include elements such as customer location, their names or surnames and their demographics. Toch, Wang and Cranor (2012) believe that companies can target customer in a more accurate way when they have access to databases which encompass details about customer behaviour and their habits.

Marathe and Sundar (2010) believe customization in the online environment allow users to customize which type of ads they want to see and therefore customization can play a bigger role as it can create bigger value.

Dawn (2014) believe that for the personalization, the relevant the message, the better the strategy for each company. Creating a specific communication strategy to tailor it to different consumers can define personalization in the online environment, creating a feeling of ownership for the customer.

3. Personalization as a Key Element of Service Quality

Exceeding customer expectations is the first condition for every company wanting to offer a quality service. Whatever the customers expect from the company, whether companies promise directly, or the recommendation made by a friend is a promise, it is vital to fulfill these expectations, to excel, and the buyer to be pleased with the choice made. Beyond the relevance of the content, it matters the context and the way the advertising messages are delivered. Once gained, trust is maintained with delicacy, as long as the relationship flows with nature, warmth and friendship, pursuing mutual benefits. The opportunity of any interaction is important, regardless of the proportions of the brand's reputation. In other words, even the producers with huge sales and millions of customers apply the same criteria as the small companies, in the way of communication and the relations with their target audience.

Personalization is about improving the promotion messages by adding an individualized character to each campaign, contributing to increasing the level of trust, rewarding fidelity and communicating from peer to peer, "looking in the eye" to the other party, transforming the interactions into an interesting dialogue, instead of the commercial monologue. interested. Statistics can be used to manipulate the public and to cosmetize reality. But once the confidence of the buyers is deceived, no matter how big the marketing budget of the company, the bankruptcy becomes imminent. The losses can be insurmountable. Counterfeiting pollution tests in the automotive industry is just one example.

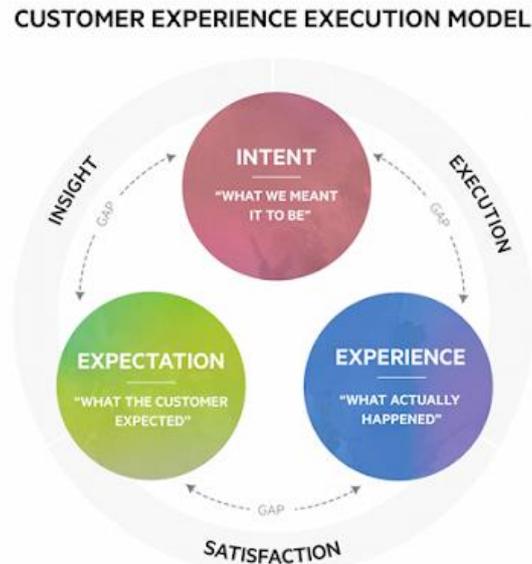


Figure 3. Customer Experience Execution Model
Source: KPMG Study (2017)

What marketing people aim for and what they do can be totally different. Scandals caused by hateful marketing maneuvers seriously affect customer confidence in promises. Probably, in the next years also, offers will come through the mobile phone - more and more mobile phone users say they are bothered by the SMS interruptions or within the mobile applications they use. If the customers use the mobile browser to search for something, it will remember and, along with the other mobile applications, it will deliver advertisements on similar topics, although customer interest is specific and has a completely different objective, than that of the algorithms that determine delivering those ads to the mobile terminal.

When marketing people invade the privacy of buyers with advertising preteens, not matter how personalized they may be, resentment is generated, even after the conclusion of a transaction. If the transaction is completed under circumstances forced by pressing needs, the consequences can be devastating. The first sign of opposition is the silent resistance, the refusal to communicate or the false answers transmitted during the interaction between those who promote something and those to whom it is addressed. Incomplete information or false studies receive tailored reactions. Returning to the wisdom of the ancestors and their simplicity can be the key to success: sincerity, generosity, warmth of soul, selfless help, small gestures of kindness, forgiveness, contentment and the like will always attract positive responses. We all receive messages that we feel are not looking at us, emails that start with "dear" and are followed by an empty space and a comma and, of course, we are followed by online advertisements that encourage us to buy products that we already have. bought or even shows us as a favorite item a product we have never viewed. On a positive note, we can look at all these errors as an unsuccessful but correctable attempt to recognize the vital importance of personalizing messages.

However, the daily encounter of the consumer makes it difficult to create a trusting relationship between it and a brand, a relationship in which both fulfill their needs in a healthy way. The challenge? The client has growing expectations, immediate. And he wants the brand to behave as if it knows what it needs, but without wanting to give them access to all the information.

But more than the correct personalization of the message according to certain characteristics of the client, today technology allows us to talk about personalizing the experience. If a few years ago marketers were happy to be able to personalize the message with the customer's first name, today we can talk about marketing automation and customer experience in the true sense of the word.

A personal relationship, 1: 1 between the customer and the brand. Between each customer and brand.

It is a completely new perspective, in which the personalization is found in every interaction point with the client, on any channel, at any time, with attention to its intimacy. And marketing technologies are increasingly used, including in Romania, to make this customization scalable for the entire customer base, whether existing or potential.

The evolution towards omnichannel marketing was a natural one, but very fast, in which the companies that understood the opportunity and acted enjoy an unprecedented brand commitment and a significant increase in loyalty and also an increase in sales and ROI. Focusing on the personalization aspect, we can create very briefly 3 major stages in which marketers find themselves in the process of digital transformation:

- The messages are personalized with the customer's first name, possibly the city and, often, they are sent to the entire customer base - companies choose not to understand the consumer and, if they do not act urgently, they will have serious difficulties.
- The customization is done with several attributes and the messages are relevant for the targeted customer segment, but the efficient cross channel coordination is lacking - most companies are on an upward trend. Management begins to understand the added value, it is necessary to prepare for the next level.
- A personalized and integrated experience for each client - the processes, resources and teams within the company align to give the customer the expected experience and even to exceed it. This is the zenith of any marketer.

The entire journey of the customer, from the moment he first hears the brand, until he becomes a fan "ambassador", is known and carefully monitored by the marketer with the help of customer experience platforms. For each client separately. Thus, the customer receives relevant, integrated, personalized messages for his or her own in relation to the brand, on any online and offline channel, whether it is email, SMS, notification on mobile, social media, online advertisements or customized offers in the store. physical.

A step further, these 360 perspectives on the customer is not a static one but, on the contrary, it can be used in real time by the marketer. And AI can decide which is the best combination of channels, time, messages and offers for each client, individually.

What are the challenges that need to be overcome?

- Management commitment - It is essential to integrate the customer focus into the long-term vision of the company.
- Aligning the objectives and human resources - The customer experience must be the red thread in the company's plans and objectives. From the management to the members of the departments, each one must be aware of his role in the experience offered.
- Technological alignment - An efficient customization requires platforms that can collect, centralize and use all information efficiently and securely. Global leaders in CX, such as Salesforce and Oracle, offer such scalable and modular solutions.
- Strategy and education - The rapid evolution of digital marketing makes it necessary to have a clear strategy and advanced knowledge and skills. Team education is essential, and a good consultant in the initial stages can bring a lot of added value.
- Flexibility – companies need to listen to the customer and be flexible along the way.
- Creativity – companies which understand creativity as a core element and how to use it in their benefit will certainly have a competitive advantage over their competitors.
- A ongoing contact with the customers means that companies can get more information and establish long-terms relationships. The personalization of services ensures a better understanding of the market.
- Reliability and Punctuality as core elements as companies need to deliver good service according to clients expectations at the right time and in a proper professional way according to the promise made to the customer.
- Adapting to the client means adapting to the client's needs and adjusting the ongoing demands and changes in taste
- Feedback – one of the most important ways companies can learn from their customer is just by listening to the clients and their expectations. As the needs are always changing, companies needs to listen and perform market research.

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