### Learning Objectives

Upon completion of this unit, students should be able to:

1. Recognize the benefits of personalization to marketers and the role of the three general purpose technologies in the DNI framework in making greater personalization possible.
2. Compare how marketers should match personalization features to consumer needs and wants and be aware of potential privacy concerns.
3. Describe the three standard approaches to personalization: mass customization, choice assistance and personalized messaging.
4. Identify the four main approaches to mass customization and the four designs for consumer recommendation systems.
5. Describe how to best implement recommendation systems, taking into account customer value and the complexities of the product or service.
6. Explain how effective personalized messaging campaigns rely on the accuracy of fixed addresses, online behavior patterns and key trigger moments.
7. Analyze the value creating features of online communities.
8. Recognize the challenges to building and maintaining high-functioning online communities.
9. Discuss the importance – and associated problems – of member-generated content in a successful online community.
10. Identify how marketers can learn from online communities by employing web analysis and database marketing tools, as well as emerging online social research studies.
11. Explain the lessons of online community building to consumer commitment efforts such as loyalty programs, switching costs and dialogue marketing.

### Unit Summary

Online capabilities that pair consumer information with individualized products and services allow firms to create highly personalized responses to customer goals, needs and wants. In Chapter Nine, the author addresses how personalization benefits both consumer and company and explores how businesses can best implement personalization using the three general purpose technologies of digitalization, networking and individualization. The chapter details the benefits of personalization – ranging from increased customer loyalty to industry survival – for marketers who previously had to rely on mass products to serve the greatly varied demand of their many customers. The chapter also examines the importance of balancing appropriate personalization tools with actual consumer demands and cautions about potential privacy concerns.

Students in Chapter Nine are introduced to the three primary approaches to personalization: mass customization, choice assistance and personalized messaging. The chapter explains the four approaches to mass customization as well as how to match an appropriate recommendation system based on...
customer value and needs and the complexity of the product. Fostering customer loyalty and commitment is a central challenge to many businesses, but one that could be made easier if firms are able to successfully tap the value creating features on online communities.

Chapter 10 explores the basic structures and key attributes of online communities, assessing both the rewards and challenges in building successful virtual communities. It also raises potential concerns for firms accustomed to being in full control of their company message. The author in Chapter 10 explains how businesses can learn from online communities, through web log analyses, database marketing methods and new research areas such as netnography, which has moved the traditional ethnography studies into the digital world. Chapter 10 also extends the features of online community to the broader challenge of building customer commitment, through relationship marketing tools such as loyalty programs, built-in switching costs and electronic consumer dialogue.

Even in business-to-business settings, such as when one Fortune 500 firm is buying a service from another, individuals at both companies influence the outcome of the transaction through their behavior and values. The more you can understand and accommodate each individual’s values, the greater your ability to influence the outcome. Technology makes this possible to a much greater degree than ever before. Everything is going to get personal, and the eleven strategies described here are increasingly becoming a critical, taken-for-granted element of the way we all do business. Organizations will no more think of ignoring the differences between people than they would think of charging a customer for a product they never delivered.

Why is personalization becoming more prevalent? Memory, in the form of information technology, is everywhere. Nothing short of a global disaster will stop the spread of technologies that make it easier to track the daily actions of people and organizations. We take for granted how quickly voicemail, ATMs, e-mail, the Web, cell phones, PDAs, GPS devices, alphanumeric pagers, wireless computers, and countless other microchip devices have permeated our daily lives. Every device adds a layer of memory that didn’t exist before, because most are linked to a database owned by at least one company.

Additional Resources: