

PERSONALIZATION : A MARKETING HYPE OR A FORMULA FOR SUCCESS?

Dr. Vijai Caprihan¹

Introduction:

Establishing a new relationship is always accompanied with a sense of uncertainty. Right from the start, the mind is constantly answering questions like *"Is it worth the effort?"* *What and how will I gain from it?"*, *"What are the risks involved?"* vis-à-vis the association at hand. The more one works towards building a successful relationship, the greater are the returns. The moment, there is even a little bit of apprehension regarding these questions, the individual consciously or subconsciously draws back a little and becomes weary - the relationship takes a blow.

Establishing and sustaining long lasting symbiotic relationships with clients or customers is a fundamental requirement for the success of any business. The buying behaviour today is not solely driven by trying to optimize quality vs. price but rather striving for an optimal quality vs. price vs. effort experience. The company that works towards making the task of the consumer the easiest is the one that eventually attracts the most customers.

"The customer is the king" is the ideology that drives every *successful* business today. In every race there are the leaders and the also-rans, and there are primarily two factors that differentiate one from the other. The first is the ability to understand what is it that the customer actually wants or expects from a transaction. Delivering a high quality product or service that client needs, at the best (possible) price, and doing so with the highest level of integrity and repetitiveness, will result in a successful corporate branding and customer loyalty.

The second is the frequency of the *Ah ha!* over the *Oh ho!* Experience. The ability to offer to the customer what he expects and to correctly predict or anticipate what more the customer might want, without expecting him to explicitly ask for results in an *Ah ha!* experience. Preferential treatment when waiting in line to be attended to at a bank, for example, might constitute this. On the contrary, the *Oh ho!* Experience occurs when the level of service received fails to match up with the expectations - having to repetitively provide information that has already been given earlier might cause this.

The better (and faster) one can perceive (and grasp) the above mentioned, the better are ones chances of rubbing shoulders with the leaders. Accurately identifying the needs of the buyer and modifying your products and services by *personalizing* them to suit his requirements will be the key to success in this new millennium.

Why personalize?

Human beings need to interact with one another in order to develop intellectually and emotionally. The way we interact with people is determined by the kind of relationship that exists between us. Our behaviour at home, at our workplaces or with friends is completely different. The human mind is able to seamlessly switch from one behavioural pattern to another because of the way it classifies groups of people with permissible conduct. It would be disastrous if such ability was not a part of our personality.

1. Ph.D. Dept. of Economics & Management, Faculty of Social Sciences,
Dayalbagh Educational Instituté, Dayalbagh, Agra-282005. E-mail : drvicap@yahoo.co.in

This granularity in classification improves, as we understand our acquaintances better. Eventually, over a period of time, the mind is able to assign a unique behavioural pattern for each individual - a true one-to-one relationship.

Corporate houses too, need to interact and establish profitable relationships with their customers for their very sustenance. New relationships can be built by treating the prospective customer with care. Respect for their time and effort go a long way in making them feel wanted and special. That coupled with a sincere effort, by the sellers, to understand the needs and expectations of the buyers will clearly pave the way for an association that either side will cherish and value.

In the following paragraphs we shall highlight the importance of establishing a personal rapport with your customers and how technology has made it possible to establish a true one-to-one relationship.

Let's side step a bit and go back nearly a hundred years to the beginning of the twentieth century; to the era of Henry Ford and his ubiquitous Model-T. That was the age of mass production, where the Holy Grail "*one size fits all*" best described the marketing strategy at that point in time. Monopoly ruled high with Ford proclaiming that the customers could have any color they wanted as long as it was black.

As the years went by, the rumblings of consumerism could be heard across all industries. End users were no longer happy with what they got. They wanted variety; they wanted choice. With an explosive increase in global competition, sellers realized the power vested in the hands of the end user. Monetary advantages had to be derived from exploiting economics of scope rather than from economics of scale.

In other words, instead of making a single product for the entire market, one had to produce a number of different products with subtle differentiating factors, for increasingly decimated niche segments. Mass advertising was used to reach out to these specific segments and influence them of their need for those products. This was a very welcome change from the days of "*one size fits all*" to "*one size fits some*". The product centric approach had given way to the user-friendlier consumer centric approach.

The Internet: A Boon For Personalization

Till about a decade ago, all advertising between sellers and buyers was unidirectional, primarily through the use of the print media, billboards, and the radio and television networks. Moreover, they were targeted to specific segments of people. Soap operas on TV, as the name suggests, were prime slots for advertising household products like soaps and detergents where the intended audience was the average housewife. On the other hand, slots in the evening for example, went at a premium for insurance products, automobiles and real estate offers. Fashion magazines were cluttered with promotions for perfumes, fashion wear and apparel. It was essentially a *one-to-many* promotion.

The advent of the World Wide Web has provided an unprecedented impetus to the marketing initiatives of companies. The power of the Web lies in its ability to reach out to people as a bi-directional multimedia channel of communication. Using it, sellers of products can target individual households (or the people within) with *personalized* promotional offers, which the intended audience can view *at their convenience*. Moreover, the possibility of two-way communication catalyses the growth of relationship between the buyer and seller on a one-to-one level as opposed to a one-to-many approach in mass marketing.

Using the web, as a means to reach out to the end user will eventually result in segmenting the marketplace to a granularity of one. Pigeonholing customers to predetermined classes will be a thing of the past. It will actually be possible to tailor marketing strategies to cater to the individual tastes of

consumers. Ad campaigns can be custom designed to give just the right (and relevant) amount of information about a product based on the individual's profile. For example, an advertisement for a digital camera can be customized to bring out the technical details for the technically oriented individuals. On the other hand, the same advertisement can be targeted to housewives emphasizing features such as ease of use, utility, and the role that it can play in capturing the day-to-day developments of her child.

The power of the web in its ability to bring together like-minded people has already been acknowledged by the marketing community. Online retailing sites harnesses the competence of collaborative conferring to optimize the customer's experience. Buyers can solicit unbiased recommendations from owners of products to reach a conclusion for any purchase. Past purchasing histories of people can be leveraged to cross sell diverse products to customers that behave similarly. The bottom line of this exercise is two fold. First and foremost is to make the customer feel special by giving a personalized touch to the entire transaction. Second and more important is to optimize the effort involved by anticipating what is it that the customer wants.

Like any other relationship, a lot of effort has to go in from either side to build up a mutually beneficial association. The customer needs to volunteer personal information that can help the vendor to tailor the experience offered. The seller on his part needs to do the rest of the groundwork work to ensure that the customer comes back again. Analysis and careful tracking of user behaviour is crucial in this regard for determining the exact profile of the customer. Just as humans modify their behaviour based on nature of the relationship, similarly sellers need modify their personalization experience based on the profile of each individual.

Know thy Customer: Profiling:

The essence of Personalization can be captured in the famous saying "*different strokes for different folks*". It's all about being able to provide to the customer *what* one requires, in the way one desires, *when* one desires. It's this information of *whats, ways* and *whens* that defines (to a large extent) the profile of that individual. Our mind too has subconsciously developed individual profiles of all our acquaintances. Our behaviour and attitude towards then is completely determined by what these definitions require.

Coming back to the world of commerce, the key to successful and effective Personalization lies in the ability of developing an accurate customer profile. Almost all profiles include general information like the name, age, marital status, monthly household income, residential address etc. However, some might also contain details useful to the business. To understand this further, let us consider an online bookstore as an example. In addition to the general name and address kind of details, profile information would also include details pertaining to the kind of books the individual generally buys, or is interested in, his favorite authors, the kind of magazines and journals he subscribes to, and his monthly expenditure on them. A dial up Pizza delivery on the other hand would typically include preferences of the kind of pie preferred (deep pan or thin crust), extra or less cheese, type of pizza generally ordered, average monthly orders etc as that extra piece of information for their customer profiles.

Dr. Azer Bestavos, CSO at Allaire Corporation, "Profiling is a necessary ingredient for good Personalization". It is an "enabling technology". Apart from its obvious uses in Personalization, it can also be used to for a number of other purposes. The data gathered can be used to develop effective advertising campaigns, formulating promotional offers for slow moving products, loyalty reward programs etc. Databases of customer profiles are an invaluable asset for any organization. Application of data mining techniques to these vast repositories of information is giving the managers of today

valuable insight into hidden business trends. Such business intelligence is fast becoming an indispensable tool for every commercial establishment.

Personalization refers to the adaptation of the services of an organization to suit the needs of its customers. To this end, it becomes crucial for any service provider to accurately and correctly understand the needs and expectations of the end user and strive to best match them keeping in view ones own goals and interests. The need for a precise profile of the customer becomes imperative in this regard.

There exist two approaches for acquiring customer information. One calls for taking the customer for what he proclaims himself to be. In this explicit "*you are what you say you are*" approach, customers are asked to provide some information about themselves like their age group, zip code, marital status, choice of books, food, movies etc. The advantage of this approach lies in its simplicity of use. The customer can decide what information to give and which to hold back - it is consensual. Sites such as My Yahoo! use this technique to customize the information displayed according to the preferences of the user.

However, explicit profiling suffers from a number of drawbacks. It's intrusive; people have to fill out lengthy and time consuming forms. This can either turn people away or worse still; spur the "*get over with it*" attitude - to supply misleading information. Another key disadvantage of this approach arises because of the static nature of information. User details once entered are almost never updated resulting in stale data. Further, articulating ones' preferences accurately might not come naturally to everyone. As Josh Alspector, CTO Personalogy Inc, points out that even if individuals were to carry out an honest self evaluation, they "would miss entire aspects of their behaviour or would say one thing and do another". Why? Probably because of the unwillingness to accept one's shortcomings or fear of social ridicule, or what ever.

Often, the best judges of our behaviour are the people that interact with us on a regular basis, because, to them, "*you are what you do*". This is the ideology that forms the basis for the second profiling approach, the implicit methodology. This technique goes beyond the "face value" of the user - what he claims himself to be. Rather, it works silently in the background profiling the individual based upon his behaviour online. In other words, it learns about the preferences of the customer by silently observing his behaviour within the site - time spent on each page, links accessed, purchasing patterns etc.

Implicit profiling too has its share of advantages and disadvantages. It is non-intrusive. The information obtained is accurate and factual. For example, ones preferences towards particular types of movies, books or cuisine are determined, to a large extent, by our behaviour towards it. If we really like something, we're going to buy it / patronize it more often than others that do not appeal to us. Moreover, profiles built using this dynamic, information gathering technique will always be up to date. Amazon.com uses implicit personalization as the basis for purchase recommendation.

On the flip side, implicit profiling suffers from the following shortcomings. There exists a possibility of the profile of an individual getting corrupted by accidental clicks or mis-navigation. For example, a customer might accidentally click on some link to which he never wanted to go. On the other hand, he might not know where to find a particular item and end up in the wrong place, corrupting his profile in the bargain. Safeguarding against such mishaps can result in a fairly complicated architecture for such a profiling mechanism.

Another drawback of this approach is the requirement of a user to explicitly log in to the site for the system to recognize him. This, coupled with the above mentioned, severely restrict the site from achieving one of the basic purposes of Personalization - to convert more and more browsers to buyers. Proactiveness

on the part of the site to lure browsers to sign up remains restricted to what the browser initially sees when he first arrives. There is no way in which the system can initiate the Personalization process until the customer registers himself.

However, the major drawback of this methodology stems from the concerns that people have over issues relating to privacy. This “*big brother watching you*” approach can, and has, raised many an eyebrow. The thought of having some unknown entity spy on you continuously, with the intention of probing into the recesses of your personality is uncomfortable, to say the least. Coupled with that, is the suspicion of the motives behind these initiatives. “*What will this information be used for*”, “*can it be used against me*”, or “*what will people say when they find out about this aspect of my personality*” are some of the questions that make people wary of subjecting themselves to such a profiling technique.

There is an ever-growing lobby for safeguarding the privacy of customers. This has forced the selling community to adopt a more *consumer-safe* approach. Sites, these days, explicitly define their privacy policies and inform their customers exactly what is it that their information will be used for. Customers can opt out of promotional campaigns if they so wish, or can purge their records permanently from the seller’s database when they wish to terminate their relationship.

However, as stated previously, faith, trust and commitment must be the brick and mortar of every relationship. There has to be a considerable investment from either side, in terms of time and money, if one has to build the edifice of a symbiotic relationship with ones customers. The efficacy of the entire exercise of Personalization depends, to a large extent, on the accuracy of the consumer profiles. Armed with a clear picture of what the customer is worth, the organization has to walk the tight rope between meeting its business objectives (in terms of return on investment) and maintaining the loyalty of the buyer. Personalization can then be looked upon as the pole that is used to maintain balance.

Let the party begin!

As pointed out earlier, organizations are embracing the concept of Personalization to come closer to their customers, to know who they are, what they want and how best to reach them. Using the World Wide Web to their advantage, sellers are climbing over one another in their race to attract more customers and improve their “*browser-to-buyer*” conversion rates. Customer convenience is the primary objective of every company today. Sellers that value the time, effort and sentiments of their customers are the ones that will eventually emerge as the winners in this race.

Armed with an accurate knowledge of the requirements of ones customer, organizations can personalize their services in a plethora of different ways. Assistance in finding what the buyer is looking, offering unbiased and accurate recommendations for purchases, product customization, discounts and free gifts etc. are some of the approaches that sellers are adopting these days. However, as diverse as they might sound, all Personalization efforts aim to align the expectations of the customer with the business interests of the company using either an *Attribute* or a *Popularity based* approach.

Popularity BASED personalization :

We all consider ourselves to be unique in some respect. However, we do share some similar tastes and interests with other people around the world. After all, isn’t that what segmentation-based marketing is all about? What makes the Coca-Colas, the Hershey’s and the Harry Potter’s sell so much? Similarity in preferences!

Almost all of us have, at some point of time, sought the help or advice of a trusted one in deciding whether or not to do something. Take shopping for example. It becomes easier to buy something that has been recommended to us by someone whom we trust, and whom we know shares the same tastes and

interests as we do. In the past, this space of people with similar tastes was limited to our circle of friends and acquaintances. However, the Internet has changed all that. We can now collaborate on almost anything with hundreds and thousands of like-minded people at a click of a button.

The idea of making recommendations to people based on the past experience of their "taste soulmates" forms the basis for *Popularity based Personalization*. This approach is based on the concept of collaborative filtering which is a technique used for making recommendations across a group of like-minded people.

To understand what this actually means, consider a group of five friends that share the same taste for movies. All of them rate Wolfgang Peterson's *Air Force One* and *The Perfect Storm*, Steven Spielberg's *Jurassic Park* and *Jaws*, and John Woo's *Broken Arrow*, the same on a one to five scale. Then by inference, if four of them also like director Ridley Scott's *Gladiator*, there is a very high chance that the fifth friend, who has not seen the movie, will like it to the same degree.

Amazon.com is a classic example of a site that uses this kind of an approach to Personalization. At registration time, the user is queried for preferences on books, movies, music and hobbies. Thereafter, whenever the user logs in, the recommendation agent immediately notifies him of new releases from his preferred authors, directors, and artistes. The system is able to adapt to the changes in preferences of each customer by updating his profile with data gleaned about him by clickstream analysis. This technology also promotes cross selling and up selling by suggesting to the customer what other like-minded people also purchased when they bought a given item.

Another advantage of collaborative filtering lies in the possibility to find and promote obscure talent. A few purchases within a particular clique, of a new book or audio CD by an unknown artist (for whatever reason) could trigger off a series of recommendations across the group that helps in promoting that person. However, it must be pointed out that herein exists a possibility to tweak the recommendation process to unfairly promote products from a particular organization. For example, a site's rulebase can be tampered with to promote a publisher that specializes in computer books. Therefore, anyone searching for books in that category would frequently see recommendations for this company. Customers who make purchases based on these "tampered" recommendations would soon smell the rat when the products fail to meet up with their expectations. The myopic views of the management on product sales could ultimately lead to the downfall of their organization.

Another drawback of collaborative filtering based Personalization systems is the possibility of corrupting ones profile when purchasing gifts for another person. At that time, the choice of the customer is dictated by what the recipient would like as opposed to other times when he is shopping for himself. The system is not able to discern that fact and often treats the nature of gifts as a change in behavioural pattern of the customer. A purchase of a stuffed teddy bear and pink stockings by a customer can cause some interesting alterations to his profile!

Concerns have also been raised by the less techno-savvy community about "sand" making recommendations to people about what they should buy and what they should not. The absence of a human factor coupled with a "spooky" feeling of a machine anticipating what one would like next has created a fair bit of apprehension amongst the masses. Moreover, the Europeans seem to have some reservations to accepting recommendations unless they know who is making them. The idea of a movie being suggested by ones "Gardner" seems particularly unacceptable to the class conscious Brits.

Popularity based Personalization strategies tend to make recommendations to people based upon what is most popular amongst their taste clique. However sites can maximize their return on investment

(ROI) by exploiting the principles of *Zipf's law*, which stresses the importance of concentrating on the lesser popular items as opposed to the most popular ones. According to this law, very few choices are extremely popular and the majority of choices are *equally* unpopular. The returns that a seller can expect by directing his efforts to promote the most popular products would be a fraction of what he can achieve if he concentrated on the less popular choices. Attribute based Personalization strategies are based on this premise.

Attribute based personalization:

Companies that follow this approach to Personalization work on the following ideology "*I'll serve to you (the customer) what I think is good for (both) you (and me)*". *Rule Based Personalization*, as it is also called, works by identifying a set of business rules that would satisfy the requirements of a customer while maximizing ROI. It can be looked upon as an attribute matching exercise - attributes of the customer, as obtained from his profile, are matched with what the organization has to offer. According to Dr. Bestavos, "attributed-based personalization states that Customer A, who picks Item B, which contains Attributes X and Y, may also like Item A, which also contains Attributes X and Y". Companies such as American Express, Bank Boston, Cisco Systems and Nortel use attribute based Personalization strategies in their interactions with their customers.

Personalization is all about recognizing ones most valuable customers and rewarding them with an experience that would prompt them to come back for more. Most often, customers are differentiated, and assigned to a particular value segment, based on the extent of business that they bring to the organization. The greater the monetary value, the greater would be the personalized service that the individual would receive. Attribute based Personalization attempts to offer products and services to customers in line with a set of business rules that aim at maximizing returns for both the buyer and the seller.

Clickstream information can be analyzed in the offline mode by data mining applications to ferret business intelligence related information like fast/slow moving products, high volume customers; click-through rates for banner add campaigns etc. The Personalization engine can capitalize on this intelligence by modifying its rule base accordingly.

Having come this far, it would be wise to post ourselves with the following question. Is Personalization the only tool that marketers need to keep customers from seeking out other alternatives? Is there something else that one should do to ensure low customer churn rates? The answer probably lies in trying to encourage customers to stay on longer, something that Loyalty marketing attempts to achieve.

Customer loyalty - trying to pin down a cloud!

Like fuel to a car, consumers are the driving force behind every commercial establishment today. The more you spend on fuel, the further your can go. Likewise, the more you care for your customers the more your business will prosper. With so much competition at hand, buyers today are like butterflies in a garden, thronging the most attractively colored flowers. But the moment the appeal of the latter begins to diminish, they look at other alternatives and leave never to return again.

In the grocery-store-down-the-corner days, shop owners knew all their customers personally and were well aware of their individual tastes and preferences. The limited size of their clientele base allowed vendors to interact personally with each of them on a one-to-one basis. Armed with first-hand knowledge about the happenings in the lives of their customers, these shopkeepers were able to react quickly to cater to changes in their tastes and preferences. Loyalty was the name of the game; the consumers got

what they wanted in the way they wanted. Shop owners often used to throw in some extras like free home delivery, order by telephone, cash discounts etc. to encourage their customers to patronize them. In short, those were the days when retailers could offer a true personalized shopping experience to their buyers and enjoyed a very high degree of loyalty from the latter in return.

But somewhere along the line, the emergence of large shopping malls and supermarkets replaced this customer-centric approach with a product-centric one. These new market places started attracting more and more people to come and experience a radically new (and fun) way to shop. The lure of variety, the power to exercise one's choice and the low prices enabled by practicing economies of scale seduced people into adopting this new marketing paradigm. Individuality was treated for variety and entertainment and customers were now seen as nameless faceless entities belonging to some market segment.

As the popularity of these new market places increased, so did the competition between the vendors. With competition just a shop away, marketing was reduced to a game of one-upmanship with retailers devising novel ways to capture a share of the customer's mind and wallet. Lowest prices and "experience" ceased to be the unique selling points. The buyer started demanding something in return other than what he was purchasing; the extra frills that the grocery store owners of the past used to throw in for free. The need for a new paradigm for marketing was resounding everywhere, which would reward the customer for transacting with a particular vendor. Frequency (Loyalty) marketing born out of this need.

The de-regulation of the airlines industries created stiff competition and forced marketers to reconsider the potential for building sales through programs aimed at existing customers rather than new customers. The initiatives of American Airlines in the May of 1981, with their ground breaking frequent flier program called *A Advantage* set the ball rolling for the Loyalty Marketing that we know today. Members that enrolled for such schemes were offered both soft and hard benefits like priority handling and special attention, ability to upgrade, free or discounted air travel etc. Interestingly, Frequency Marketing derives its name from the steps taken by American airlines to reward its frequent fliers.

Very soon all of the US carriers had jumped onto the frequency-marketing bandwagon and by the mid 80's, what began as an initiative by the airlines industry swept across the entire travel sector. Marriott changed the face of hotel marketing with its *Honored Guest* program in 1983 that rewarded guests for every night stayed or every dollar spent at participating hotel properties. Hertz followed suit for car rentals. In 1984, Neiman Marcus pioneered the same in the retail industry with the *In Circle* program. In the telecom sector, AT&T introduced its *Opportunity calling* program in '84 followed by MCI's *Friends and Family* program in the early 90's.

The floodgates had been opened with the realization of the tremendous potential to boost sales by concentrating more on customer retention than on customer acquisition. The focus had shifted from capturing *share of market* to capturing *share of wallet*. Studies revealed that it cost five times more to acquire new customer than it did to hold onto an existing one. Moreover, it also pointed out that the longer customers stayed with the company, the more its profits increased. As competition grew and everyone started offering the same benefits, marketers were forced to evolve their programs to a more personal level.

The technological advances of the last decade enabled sellers to tailor their loyalty programs. Rewards, which until now were based on popular choices across segments could now be tailored to individual tastes. Developments in Point of Sale (POS) technologies have enabled vendors to track customer buying habits. Membership cards swiped at check out point help in maintaining individual customer

purchase records. Loyalty programs use the information gleaned from such databases to formulate cross-sell and up-sell strategies and help tailor individual reward programs.

An increasing number of loyalty programs are today wearing the cloak of Personalization to target profitable customers with tailored messages and offers. "They (loyalty programs) have been made more potent and more relevant to today's uncompromising customer", writes Lauren Gibbons Paul of 1 to 1 personalization. Apart from rewards, companies can use these programs to effectively mine and analyze customer specific data obtained across customer access channels and use it to personalize their products in response to the customers' specific needs.

However, there is a fundamental difference between the classical and the Personalized approaches to Loyalty. The former rewards all customers, lying within a given purchase amount, the same basket of incentives irrespective of their individual tastes and preferences. Therefore, an individual with interests in music and art gets to choose from the same basket, as does another with diametrically opposite preferences. A Personalized approach to Loyalty, on the other hand, will give each of those customers a separate basket to choose from. Past purchase behaviour and personal interests will determine the composition of that basket.

Customer loyalty technology today promises to retain current customers and lure back potentially profitable defectors while quietly let the unprofitable customers go. In this direction, companies are building "picket fences" around the most valued customers to separate them from the less valuable ones and rewarding them suitably. Hotels, for example, are going all out to retain their most precious clients by providing them with personal concierges, fresh flowers daily, complimentary in room bars and snacks and use of a town car. The sky is the limit for those chosen few.

The success of these Personalized Loyalty programs will ultimately depend on how far companies are willing to go to protect the sentiments and interests of their customers. Personal information is not something that everyone is willing to trade for *a few dollars more*. Issues pertaining to privacy top the concerns that a majority of people voice today. Incidents of infringement into customer specific information have instilled a sense of paranoia in the minds of the buying community. For one-to-one loyalty programs to eventually become popular, organizations would have to take steps to dispel such fears. Giving the end user complete control over his information and permitting him to opt out of promotional campaigns where this information can be used would serve as a starting point. However, a topic as important and sensitive as this needs to be handled separately and shall not be covered in this report.

Conclusion:

Marketing has today, come a full circle. The personalized customer-centric approach practiced by the grocery-round-the-corner shopkeepers evolved into the product-centric way of life promoted by shopping malls and supermarkets. The cost savings affected by practicing economics of scale required businesses to forfeit the advantages of proximity with the end user. Thereafter, the realization of the benefits of customer retention coupled with advances in technology prompted vendors to revert back to the style of business practiced originally. The only difference now is that retailers are able to benefit by acquiring products at the same low prices that economics of scale permit and pass on the same to the end user in a personalized manner.

Research suggests that businesses can improve their profitability by devoting a large chunk of their efforts towards customer retention. Detailed knowledge of individual needs and expectations can help companies identify *what* is it that each customer likes and present the same to him the *way* he likes it, *when* he likes it. Personalization will help in orienting products and services around the three *w's* to

ensure improved customer stickiness for a long time to come. Tailor made Loyalty programs will surely make the customer feel important and evoke a positive response.

Personalization can be viewed as the marketing strategy for the current with the potential to leverage the power and reach of the Internet to capture *share of wallet* and maximize return on investment for organizations worldwide. The winds of change sweeping across the manufacturing industry are pointing towards inventory management moving up the value chain towards the manufacturer and assembly of the final product moving closer to the end user to facilitate customization. Computer manufacturers like Dell are leveraging the power of the Internet to enable users to assemble computers according to their own tastes. The financial sector too, is abuzz with the murmur of Personalization. Banks, Brokers (E Trade, Waterhouse, Fidelity, Schwab) and Portals (AOL, Yahoo) are all using the Internet to deconstruct the financial services value chain and compete against one another to offer online personalized financial products.

It must be borne in mind that Personalization should not be restricted to the web alone and should encompass every point of contact between the buyer and the seller. It would not be entirely incorrect to view the efficacy of Personalization as being wholly dependent on the outcome of the CRM activities. Data gleaned from customer interactions is what forms the basis for profiling, which in turn has a direct binding on Personalization.

The obvious question that now arises is *"If it is such a great technology, why are so few companies adopting it today?"* Gartner attributes the tepid acceptance of this approach to three factors namely: technological, economic and organizational. Technology within organizations to capture details of customer interaction across channels (customer point of contact) for profiling might either not be available, might be too immature or just might be too difficult to use at the moment. Moreover, it might not be economically viable for a company, at the moment, to offer Personalization to all its customers. Lastly, most organizations today are still entrenched in the product-centric mindset and are not prepared to market to customers individually.

The Writing's on the wall - Personalization is here to stay. Organizations have to take a call on when (and not whether) they plan to migrate to this new style of business. In doing so, they would not only have to unlearn what they have taken for granted for so many years, but would also have to believe that what they are doing is for their good. Personalization can not be a single-handed effort by a few visionaries within an organization. It is very laborious and has to be a collective effort by everyone in the organization. However, the manner in which it to be implemented has to be clearly defined right from the start. Like all changes, this one too will have a few teething problems, with Privacy being one of the key concerns. But, as the saying goes *"there can be no gain without pain"*!