

ABSTRACT

Personalization Effectiveness: Conceptual and Operational Perspectives.

Nicolas GIARD - E.S.C Lille Business School.

Patrick NICHOLSON - Lille 2 University.

Personalization has received extensive coverage in the Service Marketing literature and supports numerous operational applications in the area of Customer Relationship Management.

Although differentiation is the basis of any direct marketing campaign, the technical and/or financial impossibility to circulate truly personalized documents on a large scale requires a practice referred to as «pseudo personalization ». The purpose of that practice is to have recipients perceive massively circulated, uniform offers as specific ones.

The main differentiating element in these communications or offers is their personal nature, as they are circulated through a system, most often mail, requiring the use of recipient's name and address.

New technologies have developed recently:

- « Profiling » allowing any internet visitor to tailor the content of websites on the basis of his personal preferences.
- « Variable digital printing » used to prepare and circulate communication or sale media on paper that are single and specific to each of their recipients.

Beyond these communication or sale media personalization levels, the personalization process has also affected the offer itself. This is referred to as « Customization ».

As a result, it comes as a surprise that few research projects cover the study of the influence of personalization on business information processing methods and purchasing behaviors.

Certainly, all managers agree that « personalization works ». Various surveys show for instance that a personalized mailing can be three times as efficient as a non personalized mailing but most often without really knowing how or why or up to where one can go in that area

This situation underlines two key issues:

- The purpose here is first to identify the purchase decision-making process phases that can be impacted by the « personalization » aspect. Apart from the Service marketing area, this variable seems to be lacking in any modeling attempt.
- Secondly, the purpose is to measure the operational efficiency of personalized communication or offer compared with a standard or conventional offer.

Therefore, the purpose of this article is to analyze the personalization concept through a literature review and through the analysis of the influence methods of that aspect on the various phases of a decision making process (first section). In the second section, the conditions for setting up tests based on the use of variable digital printing technology will be described, as well as results and their implications.

Using these elements as a test on the impact of the personalization level of an offer on its commercial performance we have put together an experimental protocol combining various personalization levels.

In order to emphasize the output difference between both offers with a different personalization level, an experimental plan was put together with ORANGE, the leading cell phone company in France.

The personalization consisted in changing the number and nature of telephones offered to a customer depending on the level of information provided to the company on one's expectations in terms of use.

Our main hypothesis is as follows: if personalization has an impact on the decision to buy, then the higher the personalization level, the higher the output.

If the difference between the transformation rates observed is not significant, and if our experiment was conducted properly, we need to consider the existence of reasons explaining this result. This could be

- The impact of the set of choice that is rapidly perceived as a variable that can explain the absence of a significant difference in the results obtained.
- The company's response leads to the request of potential buyers who answered the campaign.
- The relationship between the company's personalization effort and the perception of that relational effort by the customers.

Underlining the effects of those variables requires setting up new experimental protocols that are often difficult to implement in real business situations. Limitations of that study, managerial implications and future research perspectives are discussed.

Nicolas GIARD
Ecole Supérieure de Commerce de Lille
59777 EURALILLE – FRANCE
N.GIARD@MD-LAB.COM

Patrick NICHOLSON
6, Rue de l'hôtel de Ville
BP 59
59051 ROUBAIX Cedex 01- France
patrick.nicholson@wanadoo.fr