

Retailing and personalization technologies; drivers and barriers to enhance customer experience management

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ABSTRACT

There is evidence that retailing is utilizing technologic innovation to provide a more rewarding shopping experience, helping to personalize customer service and enhancing the customer experience management. Moreover, the importance of understanding consumer behavior and engaging in personal contact with customers is becoming a highly desirable goal for organizations wishing to improve customer loyalty and enhance profitability. Personalization, as the managerial phenomenon behind the technologies that will be analyzed, has been emerging as one of the most influential drivers that is changing the marketing discipline. However, most of the studies related to personalization technologies in the retailing context have been fragmented and mainly oriented to introduce or evaluate the performance of specific technologies from computational or technical standpoints. In this sense, there is a lack of framework from retail management standpoint for the different types of personalization technologies that could be influencing the customer experience management process and the retailing performance.

The objective of this research is to analyze, understand and present a framework for: how and why personalization technologies can be influencing the customer experience management performance in the Nordic food retailing context.

The conceptual framework for the analysis in this research will be based on three categories of personalization technologies that are possible to recognize: *technologies to personalize customer data collection, technologies to personalize customer analytics and technologies to personalize communication*. Moreover, this study will contemplate three moments of contact in the CEM process that involve the different interactions between the firm and the customer. These moments are: *evaluation, purchase experience and post-purchase experience*.

This inquiry suggests a research design based on a multiple-case study. This will contemplate the analysis of documents, observations and perceptions of three agents considered relevant for the aims of this research. These agents will be: Big middle food retailers, Customer data intermediaries and Marketing and advertisement agencies, and Retail technology providers.

THEORETICAL OVERVIEW

Levy and Weitz (2011) pointed out that retailing is employing technologic innovation to provide a more rewarding shopping experience, helping to personalize customer service and enhancing customer experience. Moreover, customers are increasingly demanding unique and individualized buying experiences (Ross, 2009). In this context, creating superior customer experience seems to be one of the central objectives in today's retailing environments (Verhoef et al., 2009).

Furthermore, personalization as the managerial phenomenon behind the technologies that will be analyzed in this study, has during the last ten years been emerging as one of the most influential drivers that is changing the marketing discipline (Goldsmith and Freiden, 2004; Kalaignanam, Kushwaha, and Varadarajan, 2008; Kalyanam and McIntyre, 2002; Sunikka and Bragge, 2012). Previous studies have highlighted how service personalization improves loyalty and the perception of performance. This can lead to better interaction, loyalty and value creation within the exchange relationship (Morgan and Hunt, 1994; Johnson and Selnes, 2004; Palmatier et al., 2006; Ball et al., 2006; Shen and Ball, 2009)

In addition, the importance of understanding consumer behavior and engaging in personal contact with customers has never been more significant; this is becoming a highly desirable goal for organizations wishing to improve customer loyalty and enhance profitability (Gilbert, 2003; Grewal, Levy, and Kumar 2009; Puccinelli et al., 2009).

Furthermore, it has been accepted that information technology is, and will be, the basis for the greatest technological advancements in retailing in the twenty-first century (Sethuraman and Parasuraman, 2005). There are many examples where the deployment of technology and systems is helping to build great customer experiences, with the Internet, scanners in supermarkets and mobile phones being just some of the most popular illustrations (Shaw and Ivens, 2002; Sethuraman and Parasuraman , 2005). Nonetheless, has also been seen that food retailers have been holding, but underutilizing data collected by their check-out scanners every day (Kinsey and Ashman, 2000).

The main phenomena behind the present study, personalization and customer experience management (CEM), have been widely recognized as constructs possessing the same targets, that is to say to enhance loyalty and customer satisfaction. Therefore, this will be the key argument to integrate the topics from retailing and service management standpoints, which are both interested in improving retailing performance through enhanced loyalty and customer satisfaction.

PURPOSE

To analyze and better understand how food retailers in the Nordic countries use and conceive personalization technologies to enhance their customer experience management.

CONTRIBUTIONS

- A theoretical and empirical analysis about the use and understanding of personalization technologies, their influence and potential as enhancers of customer experience management.
- A scientific approach regarding why and how the use and adoption of personalization technologies could be considered empirical expressions of phenomena that are behind research orientations rooted in the experience economy (Pine II and Gilmore,1998), the experiential marketing (Schmitt,1999) and the experiential aspect of consumption (Holbrook and Hirschman, 1982) standpoints.
- A discussion about the drivers and barriers that the uses of personalization technologies are facing to be considered enhancers of the customer experience management, specifically for food retailers.
- A conceptual framework about the types of personalization technologies that are possible to recognize within the stages of the customer experience management process and how they could be influencing the In-store and On-line retail performance.

RESEARCH DESIGN

This study is based on a multi-case studies design. According to Yin (2002, p.13) a case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.

This will contemplate the analysis of documents, observations and perceptions of three agents considered relevant for the aims of this research. These agents will be: *Big middle food retailers, Customer data intermediaries and Marketing and advertisement agencies, and Retail technology providers.*