



CENTER FOR CUSTOMER MANAGEMENT

WHITE PAPER 2019-2020

**RESEARCH INTO CUSTOMER STRATEGY  
20 IDEAS TO EXPLORE**

*COORDINATED BY*

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numberly

## THE CCM IN BRIEF...

The Center for Customer Management (C\*CM) brings together 13 French academics from different backgrounds at the forefront of customer relations who wish to promote exchanges between the academic and professional worlds, and thus contribute to the thinking of managers, consultants and experts on customer management:

- Thierry Delecolle, ISC
- Florence Jacob, Nantes University – IAE
- Eric Julienne, University of Evry-Val-d'Essonne, Paris-Saclay
- Sylvie Llosa, University of Aix-Marseille - IAE
- Aïda Mimouni Chaabane, University of Cergy-Pontoise
- Gilles N'Goala, University of Montpellier
- Lionel Nicod, University of Aix-Marseille
- Virginie Pez, University of Paris Panthéon-Assas
- Isabelle Prim-Allaz, University Lumière Lyon 2
- Valérie Renaudin, Paris Dauphine University
- Françoise Simon, University of Haute Alsace
- Eric Stevens, ESSCA
- Pierre Volle, Paris Dauphine University

Some partner companies are also involved in C\*CM's considerations and support it financially. They learn as much from us as we learn from them. Without them, the C\*CM would be meaningless.

# A WHITE PAPER ON RESEARCH INTO CUSTOMER RELATIONS MANAGEMENT... BY C\*CM!

In the space of a few years, customer management has become a strategic priority for numerous companies: customer acquisition, customer intelligence, improving the customer experience, relationship-driven programs, management of customer communities, digitisation of the relationship, etc. To study these strategic issues in depth, the C\*CM is making use of the wealth of research published in Europe and the United States.

Following discussions with practicing professionals and managers in business, we found that few of them read academic literature on customer issues. Several reasons explain this fact:

- Reading a research article takes a lot of time and effort. Several hours of reading are required to understand the article in depth.
- The vocabulary is complex and the design is not very attractive.
- It is necessary to read a lot of articles to find one with “real” managerial impact
- Accessing such articles is not easy.

And yet, our partners are aware that a lot of the tools and analysis grids they are using come from research!

Armed with this knowledge, we decided to make their life easier by publishing a white paper, each year, comprising twenty or so research articles relating to customer strategy which may interest them. The first issue of the white paper was published in September 2018 and proved hugely successful.

The articles making up this white paper were chosen by members of the C\*CM in the journals ranked by the French National Committee for Scientific Research (CNRS). This year, Grégoire Bothorel (Numberly) was involved in this edition by putting forward one of the twenty articles. The contributors have summarised, contextualized and illustrated the selected articles by means of sub-headings that break up the presentation sheets: the customer issue, what the research says on this issue, the so what which explains how this can be leveraged within company practices and the expert view in which our partner companies provide their analysis.

We do not claim to have chosen the “best” articles but those which are likely to be of interest to professionals because they lead to specific responses and practical recommendations. We all come from different backgrounds, some of us leaning more towards digital, others to services and others still to loyalty schemes or the customer experience, etc. This diversity fills this paper with complementary approaches.

An initial set of articles was presented to our partners who commented on them and chose their favourites. This co-creation of the white paper has been a genuine pleasure for everyone involved.

Happy reading!

numberly



adeo

## A WORD FROM CCM'S PARTNERS

### ADEO

The second edition of the C\*CM confirms all the good thoughts we had when the first version came out. The variety of subjects, and of course the quality of the participants, makes this day, and the resulting white paper, a great moment for intellectual stimulation and learning.

The topics selected perfectly illustrate the problems we are currently facing within Adeo which call into question well-established categories. In simple terms, originally, a company sells goods and services to customers by relying on staff. Today's world is much more complex:

- The customers are becoming staff. Customers are actively involved in the life of our companies by generating content, helping to develop the product range through their product reviews, playing a management role with their ultra-precise quality-related feedback on the effective operation of stores. Having a customer base involved in the life of our companies is becoming essential.
- The staff are becoming customers. We have over 100,000 staff who also buy and use our products. This employee-customer experience is valuable. After all, this is our main circle of ambassador customers. Innovative projects within the group, for example, encourage customer reviews from employees on all of the group's brands. What better way to understand a customer than to "live their life"? The mirror effect is beneficial and educational.
- And what about the manager in this scenario? Compliance with standards and processes is waning in importance and the role of manager is developing into that of a coach. For example, several countries in the group all give their workers mobile phones but some countries, such as Russia, do so without providing clear instructions on their use. Let's take a look at and learn from how these workers might use this tool.

Encouraging initiatives rather than standardising them. Another example: workers responding to a customer on social networks: should the response be standardised? Should we, on the contrary, leave them to their own devices with the possibility of more mistakes but also more authenticity and proximity: a new "C2C", collaborator to customer, without going through the communications department or authorisation from the manager? Changes in methods towards agility and autonomy among teams are deepening this trend.

There has been an awareness of such changes for some time now but they are currently undergoing a very rapid acceleration. They reflect a powerful and deep social change. They are also fundamentally changing the value generation process and control points.

We are moving away from a hugely partitioned and top-down approach in which everyone had their role: the customer purchases, the worker performs, the manager decides. This approach is disappearing in favour of a company viewed as a living organism: what makes its vitality and growth is the plethora and diversity of its connections, the richness of its environment, etc. Ever mindful, the C\*CM white paper has echoed these transformations.

## MAISON DU CLIENT

**Foster and broaden reflection or inhabit the digital space? For a university or consulting firm, the question is a crucial one and the answer is critical.**

At the risk of taking you by surprise, which is neither in my nature nor something I am in the habit of doing when I am kindly given the opportunity to voice my opinion, my position within this white paper is something of an outburst. Tired of the dictatorship that is social network ratings and the sought-after buzz effect. The very existence of a well-informed and structured point of view, organised thinking, is called into question by the immediacy and short-termism imposed by the media coverage of information via posts and other digital publications that are not designed to inform or educate but simply to generate wide dissemination to create additional noise among the general noise.

The need to be open at all costs, whether personally or professionally, is in fact a need for mass self-promotion, through the ability to occupy as much space as possible as quickly as possible. Never mind the quality, performance or even the authorship of the comments shared, what seems to matter within this digital economy is the indexing rate by search engines and the positioning within a less and less organic and increasingly monetized listing. The content and remarks are not researched, there is no conversation, no debate or empathy, just noise.

There are now so many requests and messages that we can no longer focus on any of them, let alone form our own reasoned opinion... We consume snippets of information depending on how they are managed and on delivery techniques created solely to generate a like without even having taken the time to read and digest the whole of the message. If I want to exist, I have to be present on social networks to the point of overloading... Careful reflection is no more, drowned and suffocated amid a surplus of noise.

In response to this harsh assessment, there are areas of resistance, forums in which dialogue and listening are words that make sense and where time is given to time. The C\*CM is one of these exceptions. Within the C\*CM, universities and companies are given the opportunity to have in-depth discussions, to form reasoned opinions and to formulate recommendations. These tasks stimulate and educate us, they open our eyes to the outside world, particularly on an international level, and have the added benefit of making us aware of different customer relations practices and other areas of expertise. So yes, we assume and we think it is our duty to raise awareness and to do things differently. Therein lies the full purpose of the work of the C\*CM and its universities. Taking the time to ask "the right question", taking the time to devise "the right analysis plan" and taking the time to create "the right opportunity" so that the "right conclusions" can be drawn from them. This desire for a collective collaboration, this method of coming together, is a great way to respond to the requirement for immediacy and media noise promoted by social networks. Once again this year, discussions have been rich and varied and the material it has produced for us to share with you, I have no doubt will stimulate and develop you. Happy reading.

## NUMBERLY

At the time of writing these few introductory lines, the second edition of this white paper by the Center for Customer Management is already a success. However, after a particularly successful launch, creating a second edition is sometimes a tricky exercise.

Presentations of the latest edition of this White Paper in our various offices, from Paris to Montréal, have met with enthusiastic responses and particularly worthwhile discussions. Initially, the researchers expressed a keen interest in the wealth of managerial ramifications in the articles presented. Then the marketing professionals appreciated the currency of the research topics and the robust nature of the scientific approaches. These two perceptions combined confirm for us that this white paper has very quickly fulfilled the obligations of our think tank: **to create cross fertilisation between the academic world and the corporate world.**

Beyond this dialogue, this work promotes healthy surprise for the field of marketing. At times it is surprising in terms of the accepted notion and it shakes up a number of day-to-day practices. The articles included in this new edition have once again been carefully selected for their quality and thematic relevance. Here are a few excerpts:

- To what extent do managers' perceptions of their customers' satisfaction match the actual satisfaction of those customers?
- Thanks to insight, how does the volume of data generate greater corporate innovation?
- Why does verbal interaction or written feedback have very different implications given the increased use of chatbots?
- Why, beyond any CRM channels, devices and tools, is the success of customer strategies dependent on starting with people?
- How are ecosystems structured within the data battle?

In short, we are extremely proud of this edition which promises fruitful discussions among marketing professionals and researchers in the interest of effective, relevant and meaningful corporate practices in sync with the latest teachings in marketing science. We therefore hope you find reading this white paper interesting, surprising and useful. Enjoy!

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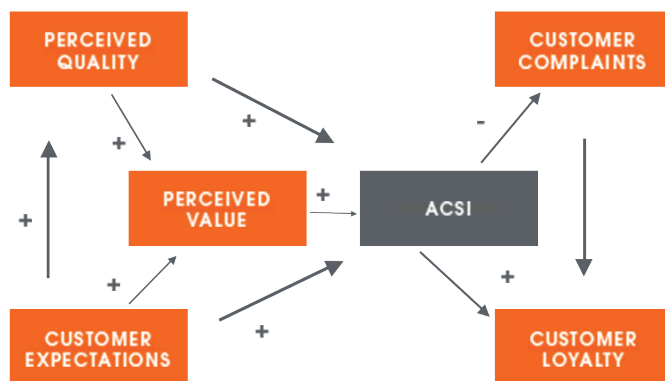
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# DO MANAGERS VIEW THE LIVES OF THEIR CUSTOMERS WITH ROSE-TINTED GLASSES?

Selection by Pierre Volle from C\*CM

G. Tomas M. Hult, Forrest V. Morgenson, Neil A. Morgan, Sunil Mithas et Claes Fornell (2017), Do managers know what their customers think and why?, Journal of the Academy of Marketing Science, 45, 37-54.

Stéphane is Head of CRM for a chain of around 200 hotels in France. He manages all of the channels and mechanisms that enable day-to-day interaction with the chain's customers: chatbot and mobile app, contact centre, website, Facebook page and Twitter account. As for many other managers in charge of customer relations, keeping guests satisfied and encouraging their loyalty are strategic objectives for him. Armed with his eight years' experience in the hotel sector, Stéphane is already a skilled manager. However, does he understand why his customers are more or less loyal? The study carried out by Hult and his colleagues demonstrates that Stéphane probably views his customers with rose-tinted glasses – that he overestimates their satisfaction – and that he does not know exactly why his customers are loyal or otherwise.



## THE PROBLEM

Managers in charge of customer relations face a significant risk: that of viewing their customers with rose-tinted glasses. As a result, companies will be less inclined to make the necessary decisions to retain their customers. How can awareness of this risk be raised among managers?

## THE ISSUE ADDRESSED BY THE ARTICLE

Do managers really know why their customers are loyal?

## THE STUDY BY THE RESEARCHERS

The research is based on the ACSI (American Customer Satisfaction Index) model developed in the 1990s, mainly for the USA. Numerous scientific studies and extensive research have demonstrated the reliability of this model which enables the simulation of, on the one hand, the key factors determining satisfaction and, on the other, the impact of an improvement in satisfaction. The ACSI model shows that the main key factor determining customer satisfaction is the perceived value of the offer (perceived value resulting from a discrepancy between the perceived quality of the offer and the customer's expectations). The model also shows that an improvement in satisfaction reduces the number of complaints and increases customer loyalty.

The study by Hult and his colleagues consists of evaluating the ACSI model on two sample groups: one sample group of 70,000 customers and a sample group of 1,068 managers responsible for teams in direct contact with the customers. The model coefficients were then compared between the two sample groups. The approach adopted by the researchers was to ascertain if the model coefficients were the same between the two samples. If these coefficients were equal, it could be concluded that managers had a good understanding of their clients. If the coefficients differed between the sample of clients and the sample of managers, it could be concluded



that the managers' beliefs were not in line with the reality experienced by customers. Having appraised the ACSI model within both sample groups, the researchers show that the managers' coefficients are not the same as those of the customers. More specifically, the managers overestimate the satisfaction and loyalty of their customers. They also underestimate the impact of quality on satisfaction and the impact of satisfaction on complaints and loyalty.

In conclusion: the managers' beliefs are not in line with the reality experienced by the customers. The customer experience is less satisfactory than the managers think. Furthermore, satisfaction is even more essential than they think to retain customers.

## SO WHAT? THE C\*CM ANALYSIS

The managers' optimism – particularly the fact that they overestimate their customers' satisfaction – may constitute an obstacle when it comes to implementing schemes to improve satisfaction. It is crucial to share the results of any satisfaction surveys with the managers in charge of customer relations and to reiterate with them the reliability of any feedback mechanisms so that their perceptions match those of the customers. This should result in companies making more effort to satisfy customers, in particular by being more ambitious about the quality of any value propositions.

## THE VIEW OF THE PARTNERS

Awareness of the fact that customers are perhaps less satisfied and loyal than company staff believe is essential. The existence of "cognitive bias" in the minds of managers can be explained by several things, in particular due to the reward system put in place within companies in which being the bearer of good news, as manager, helps to motivate the teams. To raise awareness internally, and to partly rectify this bias – an essential prerequisite for companies to be more active in terms of the quality of any value, satisfaction and loyalty propositions – simple and reliable performance indicators must be developed. It is also important not to rely on average performance, which leads to average programs, but rather to take a close look at customers who review the company extremely negatively or extremely positively. While satisfaction is a key performance indicator, other management indicators must be incorporated, such as attachment, since many relationships are essentially not based on the satisfaction outcome but on an emotional connection. The act of employees sometimes stepping into the role of customers is also a highly effective method of raising their awareness of the quality of service delivered by the company.

# CUSTOMER PROFITABILITY AND PERCEPTUAL EFFECTIVENESS METRICS: IS THERE REALLY A LINK?

Selection by Aïda Mimouni Chaabane from C\*CM

J.Andrew Petersen, V.Kumar, Yolanda Polo and F.Javier Sese (2018), "Unlocking the power of marketing: understanding the links between customer mindset metrics, behavior, and profitability", *Journal of the Academy of Marketing Science*, 46, 1, 813-836.

*Valérie C., a marketing manager within a large international group, is dreading her company's next executive committee meeting. She wants to negotiate an increase in the budget allocated to her team for implementing regular and reliable measurements of the perceptions of her customers (e.g. satisfaction, quality). She can already imagine the reluctance of the finance director who would prefer harsher measures than ROI. She is also imagining the opportunism of her colleague, Hervé, who will recommend investing the budget in improving the site and measuring transformation and click rates for each campaign. If only she could find a study that demonstrates the link between perceptual measures and profit per customer...*



## THE PROBLEM

Alongside the development of digital and analytical marketing, the idea that marketing "must be accountable" (marketing accountability) has developed. Hence, to justify the profitability of any investments made, marketing managers are increasingly favouring behavioural metrics and data (e.g. volume, average basket, click) to the detriment of perceptual metrics (e.g. perceived quality, intent to remain loyal). In fact, this approach diminishes the explanatory profitability models and does not enable understanding of the reasons for the success or failure of marketing campaigns.

## THE ISSUE ADDRESSED BY THE ARTICLE

How (process) and to what extent (magnitude) are customers' perceptions in terms of quality, satisfaction and the intent to remain loyal, translated into customer profitability?

## THE STUDY BY THE RESEARCHERS

The researchers used the individual and monthly data (e.g. marketing costs, number of contacts initiated by the customer, satisfaction and perceived quality) from B2B (i.e. a high-tech type company, 1,650 customers from 2007 to 2012) and B2C (i.e. a telecommunications company, 5,000 customers from 2007 to 2013) contexts. This data has enabled explanation of the average revenue and gross margin for each customer. The results highlight 3 mechanisms that explain the effect of perceptual metrics (i.e. quality, satisfaction and intent to remain loyal):

- **Behavioural effect:** positive perceptions improve customer behaviour because consumers generally act in line with their beliefs and opinions.
- **Marketing effectiveness effect:** positive perceptions increase the direct impact of the company's marketing initiatives on the customer's behaviour because consumers pay more attention to stimuli from companies of which they have a favourable opinion.

- **Marketing efficiency effect:** positive perceptions increase the direct impact of the company's marketing initiatives on the profit per customer because consumers with a favourable opinion of the company require less resources and take less time to process and respond to the information provided by the company.

The results also show that satisfaction has a greater impact on the effectiveness of marketing campaigns while the intent to remain loyal has the greatest impact on their efficiency.

## SO WHAT? THE C\*CM ANALYSIS

The perception/profitability link is indeed real, which is reassuring in a marketing accountability context. By explaining the origin of this link (i.e. the three mechanisms), this research shows which area to take action in to increase profit per customer. The model put forward in this research can easily be adapted to the specific features of each company and can be used as a customer segmentation and selection criterion (e.g. to identify highly profitable customers). In conclusion, the efforts to measure customer perception and track its changes over time should continue since it reveals sources of profit and enables optimisation of resource allocation within the company.

## THE VIEW OF THE PARTNERS

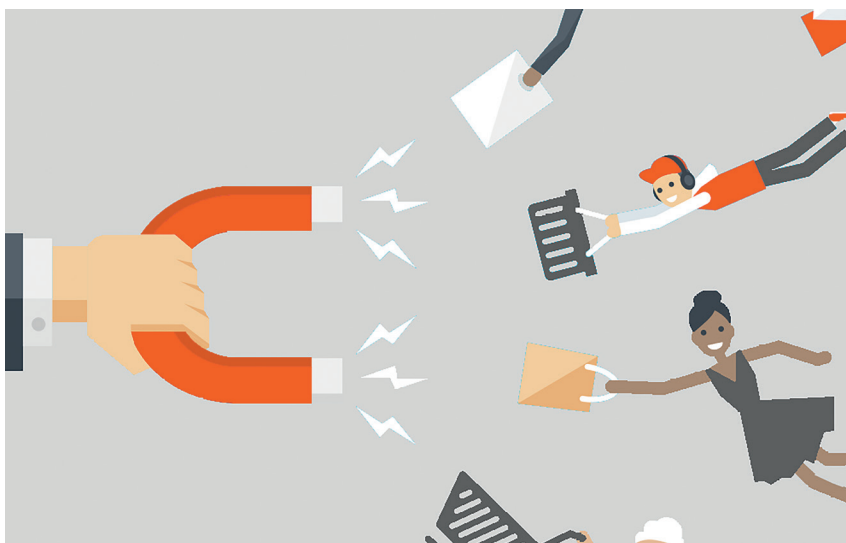
There is a genuine pressure within companies to measure, and even promote, so-called hard measurements such as ROI. Although measuring direct effects (investment -> profit) is important, it needs to go hand in hand with an in-depth understanding of the origin behind such effects. This article confirms the importance of perceptual or soft measurements and demonstrates that these act as underlying key indicators for evaluating the success of investments made.

# DO NOT TARGET YOUR RETENTION PROGRAM AT CUSTOMERS AT HIGH RISK OF LEAVING BUT AT CUSTOMERS WHO ARE AWARE OF AND INTERESTED IN YOUR RETENTION PROGRAM!

**Selection by Eric Julienne from C\*CM**

Ascarza, Eva (2018), "Retention Futility: Targeting High-Risk Customers Might Be Ineffective", *Journal of Marketing Research*

*M. Moustache, Retention Program Manager, has fully understood that by reducing the churn rate, he increases his company's profitability. He has therefore calculated a risk score for each customer in his CRM database and launched a scheme offering price reductions to 10% of customers with the highest risk scores. But is this choice of target group the right one? Are high-risk customers necessarily the customers who will be the most receptive to the retention program?*



## THE PROBLEM

In a great many business segments, companies now manage the churn rate proactively by identifying those clients at highest risk of leaving within their CRM database. No studies have yet confirmed however that high-risk individuals are the right group to be targeted. Let's take the example of two individuals. The first has a high risk of leaving, let's say 40%, and the second has a lower risk of leaving, say 30%. It is tempting to focus the retention effort on the first customer, the one with the highest risk.

But let us now imagine an additional detail which could change our perspective. Let's imagine that you have the ability to predict the outcome of your retention program, the first customer's risk of leaving is reduced by 5 points while the second customer's risk is lowered by 10 points. It is therefore not the first customer we should be targeting, but the second, the one who is more susceptible to your retention program.

## THE ISSUE ADDRESSED BY THE ARTICLE

Rather than targeting customers at high risk of leaving, shouldn't we instead focus on customers who are the most susceptible to the retention programs?

## THE STUDY BY THE RESEARCHERS

The key variable that explains the success of a retention program is susceptibility to the program. The more susceptible to the program a customer is, the more their risk of leaving will drop once they are exposed to the program. You will probably counter that it is impossible to know in theory a customer's susceptibility to a retention program, especially when the content changes from one program to the next. To work out this susceptibility, the study's author, Eva Ascarza, suggests making program pre-tests systematic. The method consists of performing an A/B test on the basis of two sample groups selected at random from the CRM database. The advantage of A/B testing here is establishing a statistical link between the characteristics of each customer (for example: past purchases, age, gender, CSP, etc.) and their susceptibility to the program, bearing in mind that customer susceptibility is calculated program by program.

By extrapolating the results to the entire database, it then becomes possible to calculate, based on customer characteristics, a predictive susceptibility score customised for each customer and each program. This enables the targeting of customers with the highest susceptibility scores.

Through two experiments, Eva Escara demonstrates that the method consisting of targeting the customers who are most susceptible to the retention program is more effective than the method consisting of targeting customers with the highest risk of leaving. She observes that several customer characteristics correlate closely with the risk of leaving while they do not correlate with susceptibility to the program. This explains why targeting customers at risk of leaving the database is not overly effective.

## SO WHAT? THE C\*CM ANALYSIS

The method based on customers' susceptibility to the program questions the conventional practices based on the risk of leaving. Of course, more time (for A/B testing) and a minimum of data science capacity is required to implement this. This initiative should enable an increase in the effectiveness of retention programs while optimising the marketing budget.

## THE VIEW OF THE PARTNERS

Above all, retention programs should target high-value customers. If customers are unaware of the retention program, the latter is likely poorly designed. The question of susceptibility should therefore be addressed at a very early stage by designing a program to which high-value customers are susceptible, rather than measuring susceptibility as an afterthought. That said, the concept of program susceptibility combined with the A/B testing initiative remains useful in that experimenting can counteract the cognitive bias of managers, have them face the reality beforehand and verify the effectiveness of a scheme through experimenting.

In practical terms, A/B testing is less complex to implement for a pure player e-merchant than in the physical retail environment where it sometimes raises problems that are difficult to overcome (two till system versions in store, two salesperson training course versions and, above all, consistency with online communication). Moreover, the duration of the testing is by nature quite short while the effectiveness of a retention program that influences the essentials (for example recognition) is evaluated over the long term. Finally, awareness of the program should perhaps not be assessed at global level: rather than questioning a retention program as a whole, perhaps it is better to A/B test the various components. For example, is channel A better than B? Is a surprise effect more effective than a discount voucher? Etc.

# HOW BIG DATA ANALYTICS ENABLES SERVICE INNOVATION

**Selection by Thierry DELECOLLE from C\*CM**

Lehrer et al. (2018), "How Big Data Analytics Enables Service Innovation: Materiality, Affordance, and the Individualization of Service", *Journal of Management Information Systems*, 35, 2, 424-460

*The online holiday sales market is experiencing an intense price war. Different travel agents are marketing products from the same tour operators. Communication with potential and existing customers is aggressive and the key argument is price. Homes are seeing a boost in connected devices controlling access, light and temperature, etc. These devices leave behind digital traces and represent security challenges. Those active in the insurance sector are considering implementing new services to accompany this new behaviour.*

*In both scenarios, big data technologies are perceived as a potential differentiating factor for offering a custom service. In the first scenario, it is a matter of shifting the communication on pricing in line with customer expectations. In the second, of developing ways of offering new services together with the customers. The article by Lehrer and his co-authors shows how big data analytics (BDA) can be incorporated in order to stand out with customised services.*



## THE PROBLEM

The simplification of products and the growing demand of customers for customisation of the relationship is seeing an innovation emerge in the form of services in addition to (or even as a replacement for) product innovation. This service innovation constitutes an opportunity to stand out by making customers a unique offer. Companies are seeking to capitalise on digital technologies in order to implement these service innovations: including technologies associated with big data. They enable customers' digital traces to be represented within a broader framework, fostering the development of customer-oriented services in various sectors and for various purposes: vehicle driving sensors, smart washing machines, etc. The technology is opening up a whole new realm of possibilities but the literature does not provide a framework enabling understanding of how it can be leveraged in terms of service innovation.

## THE ISSUE ADDRESSED BY THE ARTICLE

How are the hardware and software characteristics of big data analytics fostering service innovation?

## THE STUDY BY THE RESEARCHERS

The authors conducted four case studies with private companies operating within the B2C markets (insurance, banking, telecommunications, e-commerce/travel sales). The purpose of these case studies was to understand how the technologies associated with big data analytics (BDA) are fostering service innovation and, in particular, customisation of the customer relationship. The authors identify the hardware and software characteristics of BDA (sourcing and storing, analytics/events, exploration/visualisation), and their ability to customise the customer relationship through the technology alone (full automation of the service) or the employee-technology interaction (in other words by relying on customer-facing staff “increased” by the BDA inputs to provide its service).

## SO WHAT? THE C\*CM ANALYSIS

BDA is having an impact on services in terms of (1) proactivity, (2) speed, and (3) customisation. The challenge is not merely to implement multi-criteria filtering technologies – as in the case of travel – but to identify the customer’s interests, past activity, and any other element that might be useful for suggesting the right destination at the right time before searching for a holiday. A company with the strategic objective of delivering a customised service to customers could use BDA technologies either in a fully automated form (e.g. triggering an alarm in the event of a breach, providing first level responses via a bot on a digital channel) or through an employee (the idea is then to provide the employee with information they can use to proactively approach the customer and/or automatically adjust their preferences). The automation will be preferable where the service is deterministic. Relying on an employee will be necessary where the latter needs to be given means of action within a non-deterministic scenario. Where the customer does not have sufficient knowledge or where the object of the transaction is high risk, human intermediation should still be offered.

## THE VIEW OF THE PARTNERS

The vision put forward by this article is interesting in that it places the use of big data-related technologies within an approach that is open both towards customers and company employees. Companies need to convince customer-facing staff about the usefulness of new technologies within their role and prevent these being perceived as pointless at best, competing at worst. Well thought out, the processing of the information available at every stage of contact can enhance the relationship during interactions between employees and customers. The employees must also be capable of supporting customers in adopting the new digital tools being offered to them by companies.

# HOW TO DEAL WITH THE DELUGE OF DATA OR HOW NOT TO THROW THE BABY OUT WITH THE BATHWATER

## Selection by Pierre Volle from C\*CM

Brent Kitchens, David Dobolyi, Jingjing Li et Ahmed Abbasi (2017), "Advanced Customer Analytics: Strategic Value Through Integration of Relationship-Oriented Big Data", *Journal of Management Information Systems*, 35, 2, 540-574.

*Marion is Chief Data Officer for a B2B commercial website. With over 400,000 customers, several thousands of products and several millions of transactions, the volume of data captured by the various information systems (transactions, product feedback, discussions across all channels, etc.) has increased significantly over the last few years. Like the rest of the executive committee, Marion knows that mastering this data provides a competitive edge within this market. Moreover, the resources allocated to her use have continually increased, both in terms of budget and staff, in spite of the rarity of data scientist profiles. But which method should be adopted to decide which information should be integrated and used as priority? The study conducted by Kitchens and his colleagues responds in part to this question.*

## THE PROBLEM

The deluge of data can be overwhelming for both managers and experts. They face tough choices in order to integrate and exploit data with high added value. But which data?

## THE ISSUE ADDRESSED BY THE ARTICLE

The ability to analyse huge quantities of data about customers definitely provides a competitive edge. But which data should be integrated as a priority?

## THE STUDY BY THE RESEARCHERS

From a design science perspective – in which the research is essentially aimed not at explaining the world

around us, but at inventing tools – the researchers put forward a method for developing an agile data infrastructure enabling organisational silos to be bypassed by means of integrating data from multiple sources.

The purpose of the research is to develop a predictive model for conversion, retention and lifetime value of a portfolio of more than 660,000 customers of a commercial website, each described by over 1,000 characteristics.

It is based on the modelling of huge volumes of data using automatic learning methods (composite convolution kernel support vector machine). The model also considers the cost of the data in the decision to incorporate this or that source. Furthermore, note the difference in purely exploratory approaches (data mining). This method is based on relationship marketing theories since it relies on the calculation of satisfaction or engagement indicators.

Finally, the method suggests calculating a set of sophisticated indicators (a portfolio of advanced analytics) to the commercial website's business performance and leads to the identification of the most important data sources, structured or otherwise (product feedback or the content of messages exchanged with the site, for example). This method clearly helps managers to understand the value of the data at their disposal throughout the organisation.





## SO WHAT? THE C\*CM ANALYSIS

This research shows that the role of researchers is not only to describe, explain or predict phenomena, but also to devise effective and appropriate methods within organisations. This research also shows that automatic learning methods within huge volumes of data are progressively entering the academic research field. Furthermore, the method is interesting because it shows the benefit of collecting soft data (satisfaction, recommendations, etc.) and not just hard data (transactions, habits, etc.). In other words, relational concepts are useful for improving business performance. The method incorporates the notion of data cost which is often ignored by companies.

## THE VIEW OF THE PARTNERS

Today, data volumes are so huge that it is no longer possible to collect everything and determine what will be useful later. Indeed, the ability to identify which data to use first is becoming a critical ability. This ability relies on close coordination between sales teams and IT teams. Where marketing teams were once restricted by technology, technology has now taken over. With this in mind, it is important to invest in the development of data marketing skills. The method proposed here is interesting because it first requires knowledge of the purpose behind collecting data as a matter of priority (acquisition, retention, etc.). Once the business priorities have been well defined, leaving the fundamental role of decision-maker, artificial intelligence can provide considerable support. The automatic learning method used here is particularly relevant in that it is possible to track the link between the business priority and the analysis result. This is not a black box, unlike many algorithms. The ability to improve educational models lies in striking a balance between the data observed (such as habits) and the data provided (such as product feedback).

# BETWEEN ROBOCOP AND TERMINATOR, WHAT IMPACT ARE ROBOTS HAVING ON THE SERVICE EXPERIENCE?

Selection by Lionel Nicode from C\*CM

Jochen Wirtz, Paul G Patterson, Werner H.Kunz, Thorsten Gruber, Vinh Nhat Lu, Stefanie Paluch and Antje Martins (2018), "Brave new world: service robot in the frontline", *Journal of Service Management*, 29, 5, 907-931.

## THE PROBLEM

Robotization is underway and this new industrial revolution is in the process of profoundly reshaping service experiences and organisations. Robots are defined as autonomous and adaptable systems that interact, communicate and provide a service. These robots take various forms but are becoming omnipresent. They are invading our everyday lives: bots online, automatic trolleys in supermarkets, delivery drones, self-driving cars, etc. For the customer experience, this robotization is creating new opportunities. For example, Lyon St Exupéry airport is testing valet robots. Within the market, robotization is shuffling the cards of competition. The use of bots for chat boxes is helping to drastically reduce payroll costs and producing a competitive edge. Throughout the company, it is bringing about far-reaching changes. According to a report by the OECD dated 25th April 2019, 16.4% of jobs in France have disappeared and almost 33% will be changed drastically following robotization.

## THE ISSUE ADDRESSED BY THE ARTICLE

Given this exponential growth of robots within the service experience, it is interesting to try and anticipate the consequences of such a revolution and what room will be left for front-office employees. What will the role of robots be? What impact will they have within the customer experience? The market? And companies?

## THE STUDY BY THE RESEARCHERS

The study by the researchers is based on a collective and prospective consideration of tomorrow's world in which employees, customers and robots will be destined to work together to provide the service. This analysis is conducted by considering three levels: the micro level, which corresponds to the service experience of a customer, the meso level, that of the organisation, and the macro level, society in general. They first compare the characteristics of an employee and a robot. At micro level, the employees act like human beings: they have limited abilities, they need individual training, they need to understand what they are doing and why and that the results of their work vary, depending on their investment. However, The emotions they feel are natural. They are capable of thinking outside the box to solve complex problems and be creative.

The robots, in turn, are part of a network that, to improve, needs to be updated. The results of their actions are consistent, they have a virtually limitless memory and calculation capabilities. They recognise scenarios and they act based on algorithms. On the other hand, they are only capable of imitating emotions. They cannot manage situations outside the ones they know and beyond the predefined rules. Within the market, robots and employees can both be sources of competitive benefits but by being part of varying strategies. The employees enable a more qualitative differentiation with high costs. The robots make savings on more basic tasks.

Within the company, the savings generated by the robots could enable price reductions and make numerous products/services accessible. They replace employees in unappealing and repetitive jobs. Employees will remain, in turn, essential within high-tech professions and those that are emotionally charged.

1: [https://www.oecd-ilibrary.org/sites/9ee00155-en/index.html?itemId=/content/publication/9ee00155-en&\\_csp\\_=b4640e1ebac05eb1ce93dde646204a88&itemIGO=oecd&itemContentType=book](https://www.oecd-ilibrary.org/sites/9ee00155-en/index.html?itemId=/content/publication/9ee00155-en&_csp_=b4640e1ebac05eb1ce93dde646204a88&itemIGO=oecd&itemContentType=book)

Building on these differences, the authors go on to consider which tasks could be entrusted to robots and/or should be reserved for employees based on customer requirements:



## SO WHAT? THE C\*CM ANALYSIS

Robots are already a reality and their influence will continue to grow. Understanding how to integrate them within the customer experience, the market and the company is an important issue. Knowing how and when to combine them with customer-facing staff is a major challenge in creating value for the company and the consumer.

## THE VIEW OF THE PARTNERS

Robots are a real concern for companies. They raise numerous questions, both in terms of the customer relationship (when are robots appropriate? Should the customer be aware of the fact that they are interacting with a robot? Should the robots resemble humans? Etc.) and managerial (How to manage the integration of robots into the front office? How to create robot/employee teams? Etc.). It is therefore essential to consider this issue and the article provides an initial insight.

# CO-DESIGNING SERVICES WITH CUSTOMERS, IS IT EFFECTIVE?

**Selection by Isabelle Prim-Allaz from C\*CCM**

Trischler J., Pervan S.J. & Kelly S.J. (2018), "The value of co-design: the effect of customer involvement in service", *Journal of Service Research*, Vol 21, Issue no. 1, pgs. 75-100

*Should we innovate with customers? Do they really contribute new ideas that can bring about breakthrough innovations are they capable of coming up with small incremental innovations at best? Are they more innovative by themselves or should they be supported by the organisation's internal teams? In other words, what role should they be given in the innovation process?*

CLIENTS + EMPLOYEES = GOOD



## THE PROBLEM

In this paper, co-design enables the contribution of different and complementary knowledge and perspectives with the aim of bringing about more viable new ideas and concepts. In practice, the results are still often mixed, hence the need to understand the factors for success of co-designed operations.

## THE ISSUE ADDRESSED BY THE ARTICLE

*Co-design* consists of making customers part of the team in order to put forward new ideas. Its effectiveness is the subject of much debate. Furthermore, the matter of the composition of said team is often overlooked: choosing the "right" customers and integration within the team.

## THE STUDY BY THE RESEARCHERS

The researchers present an experiment within Australian university libraries. They note the pressure put on these institutions in terms of user satisfaction which, according to them, is similar to a more "traditional" competitive environment.

Three co-design situations were tested by means of implementing 4 ideas competitions aimed at developing new uses and new environments:

- design by an internal R&D team
- design by customers only (lead users)
- design by a mixed team.

## SO WHAT? THE C\*CM ANALYSIS

*Co-design* enables more innovative and attractive solutions for customers but with a lesser degree of feasibility (which could delay the market launch and increase costs). This is providing that the customers are chosen wisely (via clear communication regarding the objectives of the co-design operation) and that a collaborative process (between customers and between customers and employees) is actually put in place!

It is therefore essential to devote time to setting up coordination of the team so that each participant gets to know the other team members and so any disputes which may arise between team members can be resolved.

## THE VIEW OF THE PARTNERS

*Co-design* cannot be **THE** solution. It is not the most effective in terms of idea generation and this can elongate the time needed for innovation. On the other hand, its involvement in a *test and learn* type iterative process could be beneficial in avoiding industrial errors, in other words, feedback and discussions with user testing throughout the production phase to ensure products are being manufactured that will be suitable for the intended use.

*Co-design* is of real interest in terms of involving employees and customers: it allows their commitment to be strengthened, their *empowerment*. This makes these customers and these employees, involved from the start of the process, the best ambassadors for innovation.

# THE IDEAL CUSTOMER-FACING STAFF? CREATIVITY AND ATTENTION TO DETAIL?

**Selection by Isabelle Prim-Allaz from C\*CCM**

Sok P., Sok K.M. & Danaher T.S. (2018), "The complementarity of frontline service employee creativity and attention to detail in service delivery", *Journal of Service Research*, Vol 21, Issue no. 3, pgs. 365-378

*Paul goes to a café. He is welcomed with a polite greeting (the same as the previous customer and the next customer!). The waiter seems to be following a well-established script for each of his gestures and words. Paul gets what he came for but finds the experience a bit dreary. Jade goes to a café. She is welcomed with a touch of humour which seems very personal to the waiter. He offers her a drink that she cannot see on the menu and one that seems to be a cocktail he has made up himself. He serves her several long minutes later, apparently having had some trouble fulfilling his promise. In the end, she got what she wanted but does not quite know what to make of the experience.*

*Ultimately, wouldn't the ideal waiter be a clever mix of the one who served Paul and the one who served Jade? Creative and attention to detail.*



## THE PROBLEM

To master service quality, in recent years companies have tended to formalise the tasks of customer-facing staff within procedures more and more. In short, the customer sometimes feels like they are faced with a robot rather than a human being. And customer-facing staff can find the work unrewarding.

Conversely, giving customer-facing staff free reign to be creative can make their work more interesting – and sometimes more uncertain but the customer's experience can deteriorate if the staff lose all discipline. It is therefore a matter of reconciling, on the one hand, the attention to detail and compliance with procedures and, on the other, the ability to allow free rein for creativity.

## THE ISSUE ADDRESSED BY THE ARTICLE

Service owners generally like to offer customised services. Customer-facing personnel are therefore called upon to take on various roles, and sometimes conflicting roles: to perform predefined tasks while being capable of thinking outside the box to come up with original solutions. It is therefore necessary to find the right balance between creativity and attention to detail, two behaviours deemed potentially largely incompatible to deliver an efficient service.

## THE STUDY BY THE RESEARCHERS

The authors conducted two studies. One with travel agencies based in Asia. 579 employees and 127 managers were surveyed. The other one was in hair salons, still in Asia, across a sample comprising 426 employees and 104 managers. The results show that:

- When the customer-facing staff member pays great attention to detail, greater creativity improves the service performance and vice versa
- Paying great attention to detail or providing greater creativity, when the other characteristic is low, improves performance initially and then deteriorates it (inverse U curve).

## SO WHAT? THE C\*CM ANALYSIS

Customer-facing staff need to multitask, in other words to be both creative and pay attention to detail, and therefore need to be recruited and/or trained to implement these two behaviours simultaneously. This involves machines. Customer-facing staff involves developing more self-confidence and independence.

## THE VIEW OF THE PARTNERS

The role of customer-facing staff is changing. It is becoming less repetitive and less about following strict procedures (the most repetitive tasks can now be handled by machines) and more about diagnostics and problem-solving. Creativity and responsiveness are becoming essential. Rather than relying on procedures, it would be better to lean on the independence and intelligence of the customer-facing staff member who will then find his or her work more interesting. This does not prevent retrospective monitoring. Staff can be coordinated via procedures and the sharing of values and principles. Innovative and powerful companies in terms of customer relations, tend to set aside coordination through procedures, at most providing guidelines except for certain elements such as health and safety.

# STRENGTHENING THE PERSONAL CONNECTION TO THE BRAND: THE WORD OF YOUR CUSTOMERS IS MORE ENGAGING THAN THEIR POSTS!

Selection by Françoise Simon from C\*CM

Shen, H. & Sengupta, J. (2018), "Word of Mouth versus Word of Mouse: Speaking about a Brand Connects You to It More Than Writing Does", *Journal of Consumer Research*, 45, 595-614.

*What happens when word-of-mouth comments from customers about brands they like happens face to face instead of online? In other words, can a customer speaking verbally instead of virtually influence the future of that customer's relationship with the brand? And if so, what are the communication processes at work?*

## THE SELF-FULFILLING VIRTUES OF YOUR CUSTOMERS' WORD



## THE PROBLEM

With the development of internet ecosystems, brands are endeavouring to increase the amount of online reviews from their customers to build their e-reputation. At the same time, brands are seeking to promote word-of-mouth within their brand communities to encourage the creation of a shared culture and increase the attractiveness of these spaces for socialising and co-creation. These forms of customer feedback sought after by the brand typically involve written language from customers however rather than verbal. In fact, spoken language and conversations held within a physical setting have effects on relationships which make them stand out from written language. It is therefore important to understand the nature of the relational risk being taken by the brands when they choose conversational strategies focused on electronic word-of-mouth.

## THE ISSUE ADDRESSED BY THE ARTICLE

What are the most effective word-of-mouth communication methods for strengthening the psychological bond that links the message issuer to the brand? Based on recent communication theories, several theoretical arguments lead to the hypothesis that verbal rather than written communication about the brand will produce personal thoughts on the part of the issuer connected with the brand, thus helping to build the emotional and identifying connection that binds the customer, as issuer of the message, to the brand.



## THE STUDY BY THE RESEARCHERS

Five experiments conducted with students enabled the confirmation of three major areas of impact associated with the customer's words:

- the superior effect of the customer's words, compared with online posts, on building the psychological and identifying link that binds the customer issuing the message to the brand was established
- the positive impact of building the link to the brand on the quality of the customer response when under attack from competitors or in the case of stock shortage, was shown
- the communication mechanism in which, during the process of an individual speaking, the awareness of the physical audience he or she is addressing causes the issuer of the message to spontaneously to have self-centred thoughts associated with the brand (remembering uses of the product, thoughts about the place the brand holds in the customer's life, etc.) is described.

## SO WHAT? THE C\*CM ANALYSIS

Because the customer's spoken words commit him or her more to the brand than posts, brands should promote verbal exchanges from their customers, either by organising physical customer meetings or by promoting online review videos on social networks. In addition, customer posts can be made more engaging for their authors if the brand encourages them to develop content that includes interactive aspects in connection with the brand community.

## THE VIEW OF THE PARTNERS

Companies are aware of the importance of customer word-of-mouth and product reviews. Taking action in the right channel is therefore crucial to attaining customer engagement. It is true that talking does seem to be more engaging than posting. Encouraging customers to leave video reviews could be a good idea but there are two key points to consider. Firstly, reading a post is quicker than watching a video. Secondly, videos are more difficult for IT systems to manage. More generally, video reviews are part of the "live" editorial trend across social networks. Consumers want the more authentic, and less formatted, content that characterises "live" type communication. At the same time however, this means less control for the brand over the content concerning it.

# INCENTIVES FOR CUSTOMERS TO LEAVE A REVIEW ONLINE: READERS' OPINIONS

## Selection by Sylvie Llosa from C\*CM

Thomas Reimer and Martin Benkenstein (2018), "Not just for the recommender: How eWOM incentives influence the recommendation audience", *Journal of Business Research*, 86, 11-21.

*Julie wants to find a restaurant in a town she does not yet know, a nice place she can be sure she will like. So, like many others, Julie browses the internet and looks at the reviews left by other internet users who have already been there so she can form an opinion about the establishment.*



## THE PROBLEM

Word-of-mouth is a much more credible and persuasive means of communication than any other type of traditional advertising. Nowadays, online reviews about a product or service are easily accessible and are also highly persuasive. Since quality of service is uncertain before consumption, consumers are reliant on the previous experiences of others. eWOM is leverage to be requested for a company that wants to enjoy its high credibility and low cost. Thus, to increase the likelihood of an individual leaving a positive review, managers have exploited methods based on an individual's external motivations, such as motivation by financial reward. But what are the consequences if readers realise these techniques are being used? And what are the best ways to motivate a consumer to leave a review? The authors therefore think there are other possible motivations, for example those wanting to help consumers and the company or donations to a social project.

## THE ISSUE ADDRESSED BY THE ARTICLE

What is the best way for a company to encourage customers to leave a positive, credible and reliable review online, from the readers' perspective?

## THE STUDY BY THE RESEARCHERS

Reimer and Benkenstein surveyed 150 students about their perceptions of a restaurant after reading definite positive reviews (in terms of service, the food, and prices) written by individuals. They then told them afterwards that the individuals who wrote the reviews may have been influenced by an incentive program implemented by the service organisation. The respondents were put into three groups. The first group was told that every month, five reviewers were rewarded with a voucher of 20 euros for writing their reviews. The readers then felt that their motivation was external, that they were motivated by the money.

The second group was told that the reviewers left their reviews due to the following incentives: “By telling us which aspects you are satisfied with, you will be contributing to our success, sharing your experiences and helping other customers find a good restaurant”. The readers felt that these reviews were altruistic, written to help others. The third group was told that every month five reviewers chose a social project to receive 20 euros from the restaurant. Again the reviews were deemed altruistic.

The study shows that reviews driven by the idea of helping consumers in their choices and the company, and those motivated by donations, seemed more reliable than those incentivised by money, and they generated less scepticism. Reliable reviews have a positive impact on attitudes towards the company which, in turn, has a positive impact on the purchase intention.

Reviews incentivised by money leave readers sceptical, scepticism which has a negative impact on attitudes and thus on the purchase intention.

## SO WHAT? THE C\*CM ANALYSIS

To maintain their credibility and ensure that customers trust the reviews, companies should focus on altruistic online incentive schemes. Of the two altruistic incentives tested, the second (helping the company and other consumers) has the added advantage of being less costly.

Companies that use incentives through donation would need to devise a communication strategy to convince consumers that the altruistic incentive is not simply a marketing campaign but an integral part of its philosophy in terms of social responsibility and that it is in alignment with the company’s core business.

## THE VIEW OF THE PARTNERS

The superiority of altruistic incentives (helping and advising other customers) is also seen in certain retail policies. For example, at Décathlon, any product that receives a significant number of reviews of less than 3 stars is discontinued. These are tough decisions which place a significant amount of power in customers’ hands. The customer appreciates the ability to weight up reviews left by others.

# SIMPLY HARD LUCK? THE EFFECT OF A CONVERSATION WITH A CUSTOMER WHO HAS HAD A MIXED EXPERIENCE

## Selection by Sylvie Llosa from C\*CM

Daniel Carlos Brannon and Adriana Samper (2018), "Maybe I Just Got (Un) lucky: One-on-One Conversations and the Malleability of Post-Consumption Product and Service Evaluations", *Journal of Consumer Research*, 45(4), 810-832.

*You have just purchased the latest iPhone. After a week, the camera stops working and you cannot take any photos. You run into a friend, you see that they have the same phone and you tell them about your poor experience. Your friend replies that their device is working fine. Will this conversation change your opinion (attitude, satisfaction, willingness to buy from the same brand again)?*



*In a meeting in which two people compare their opinions regarding performance and the quality of a product or service, the feedback is conflicting, one is positive, the other negative. But which one will influence the other?*

## THE PROBLEM

Recommendations from friends and family today remain an essential element for brands that know how much they influence the customer. 75% of word-to-mouth conversations between individuals are face to face or even on the phone. No research has been done into the persuasive effect of dyadic conversations in which consumers both share similar or contrasting direct experiences regarding products and services.

## THE ISSUE ADDRESSED BY THE ARTICLE

Will and individual who has had a negative (positive) experience be swayed in their assessment of the product/service by a conversation with a friend or family member who has had the opposite experience? How and why do consumers update their initial positive and negative reviews based on post-consumption conversations with others?

## THE STUDY BY THE RESEARCHERS

The authors conducted four experiments. Their results are summarised here:

EXPECTATIONS	CUSTOMER 1 PERSONAL EXPERIENCE	CONTRASTING EXPERIENCE OF PARTNER CUSTOMER 2	CHANGE IN CUSTOMER 1'S OPINIONS	PROCESS
HIGH (POSITIVE)	Negative	Positive	Upward shift	Rejects their own experience which is perceived as a one-off event
	Positive	Negative	No change	Belief in their own experience
LOW (NEGATIVE)	Negative	Positive	No change	Belief in their own experience
	Positive	Negative	Downward shift	Rejects their own experience which is perceived as a one-off event

- A customer who, in principle, has high expectations of a product/service and who has had a poor experience with that product/service, will revise their assessment favourably having discussed the matter face to face with a customer who has had a positive experience with said product/service. They will be more inclined to think that their poor experience was a one-off and reject it. This is what the authors call the positivity effect. The reverse is not true however, a consumer having had a positive experience will not revise their opinion unfavourably having discussed the matter with a consumer who has had a negative experience because their own personal experience met their high expectations.
- Conversely, and more rarely, a customer who, in principle, has low expectations and who has had a poor experience with a product/service will not revise their assessment favourably having discussed the matter with a customer who has had a positive experience because their experience met their low expectations. On the other hand, if they had a positive experience, they will revise their assessment unfavourably having discussed the matter face to face with a customer who has had a negative experience with that product/service: they view their experience as anecdotal.

## SO WHAT? THE C\*CM ANALYSIS

In sectors where consumers have high expectations, companies should encourage the sharing of positive experiences (through incentives, leaving of reviews, retweets, etc.). In sectors where consumers have low expectations (e.g. airlines, sickness insurance companies, etc.), the companies should focus on dealing with and resolving any experiences which may result in negative word-to-mouth reviews rather than communicating and promoting positive experiences as this will have little effect.

## THE VIEW OF THE PARTNERS

Understanding what happens when customers share opinions is a valuable learning tool. The customer seeks confirmation of their expectations to avoid cognitive dissonance. That said, it is not always easy to know whether customers' expectations of a service are high or low. Moreover, what about the results if the customer has had not just one but several experiences?

# WHAT IS THE PURPOSE OF PHYGITALISING A STORE?

## THE EFFECT OF NEW TECHNOLOGIES ON THE SHOPPING EXPERIENCE

**Selection by Lionel Nicode from C\*CM**

Christian Rivet, Julie Reghem and Marianela Fornerino (2018), "Explorer l'expérience de shopping dans un monde phygital" [Exploring the shopping experience in a phygital world], *Décision Marketing*, 91, July-September, 45-60.

### THE PROBLEM

In the last 2 decades, distributors have gone from a multi-channel approach, in which they offered customers multiple unconnected digital channels, to a cross-channel approach enabling purchases to be started on one channel and finished on another, the result being an omnichannel approach in which customers are connected to multiple channels at the same time. Connected technologies have thus radically changed the customer experience in store. The customer now scans their products with the store's app, sends the outfits they try on to social networks via connected cubicles, looks up cooking tips using on-shelf tablets and finds their way around with help from robots, etc. On the company side, these technologies have also resulted in a rethinking of distributor strategies with the opening of local stores for brands such as IKEA or Décathlon in which part of the range is only available via in-store tablets. These systems fall under store phygitalisation, in other words the use of digital technology within the physical point of sale. The physical environment is now being combined with the virtual environment to provide consumers with a so-called mixed reality. This new environment provides a myriad of possibilities for distributors.

### THE ISSUE ADDRESSED BY THE ARTICLE

Given all of these opportunities, how can distributors take advantage of these technologies and what impact do they have on the customer experience in store?

### THE STUDY BY THE RESEARCHERS

The study by the researchers takes place in a laboratory store created to analyse the impact of a phygital environment on the consumer's experience and behaviour. The activity at this point of sale is based on the sale of mountain sports products and apparel. Several technologies were deployed within the laboratory store. In the first area, which is a reception area for the customers, the store has smart screens and a connected shop window. In the second area, the customer finds the brand's products and several technologies are in use: connecting lighting triggering video content on a tablet, a virtual reality headset, connected fitting rooms (with RFID detection to trigger sensory stimuli and a Facebook likes counter) and finally, an automatic RFID till. Each technology is then studied based on the value it creates for the customer. The authors identify two main groups of values: the utility value (the technology enables the customer to obtain the product they are looking for) or the hedonistic value (the technology improves the enjoyment associated with the visit itself). Starting with these two main categories, the technologies were classified according to their utility (table below).

These features therefore improve the customer's overall experience in each of their respective aspects. The customer is more immersed in the targeted world and feels more enjoyment during their visit (hedonico-sensorial dimension). Interactions with the products and other persons present (employees/other customers) are facilitated (praxeological dimension). The customer gains a better understanding of the store's values and its history (rhetoric dimension). The customer manages the time better in their chosen way. If they want to go quicker, the technology save them time. Conversely, if they want to stroll around, it improves their outing (time dimension).

UTILITARIAN FUNCTIONS	HEDONISTIC FUNCTIONS
<p><b>HELP</b></p> <p>On-screen catalogues and those in connected cubicles help customers in their quest. They provide technical information about the products.</p>	<p><b>REHUMANISE / COLLABORATE</b></p> <p>The connected cubicles create a personalised relationship with the user. They take sales services and provide customised interaction with the consumer.</p>
<p><b>EDUCATE</b></p> <p>Digital walls and tablets explain to customers how to use the products. They understand their usage more.</p>	<p><b>ATTRACT / SEDUCE</b></p> <p>The various devices (screens, cubicles, headsets, etc.) improve the immersion in a selected setting. In this case, they reinforce the mountain aspect of the point of sale.</p>
<p><b>CONSOLIDATE</b></p> <p>The Facebook counters reassure customers about their purchases and their decision-making.</p>	<p><b>CREATE DESIRE</b></p> <p>This immersion linked to the various technologies produces a greater desire to purchase the products with more added value.</p>
<p><b>RECOMMEND</b></p> <p>The screens in the connected cubicles advise customers by suggesting products relevant to them and colour variations. A camera and facial recognition-based device was also tested but was the subject of controversy due to its intrusive nature.</p>	
<p><b>FACILITATE PAYMENT</b></p> <p>The automatic RFID tills enable time savings at the till and reduce handling operations.</p>	

## SO WHAT? THE C\*CM ANALYSIS

Digital devices in stores are multiplying. For their effectiveness to be real however, they must fulfil two conditions. The first is that their deployment is the outcome of an analysis of the value created by their use and that these devices are consistent with the company's strategy and image. The second is that they form a part of an omnichannel strategy and are not simply isolated gadgets.

## THE VIEW OF THE PARTNERS

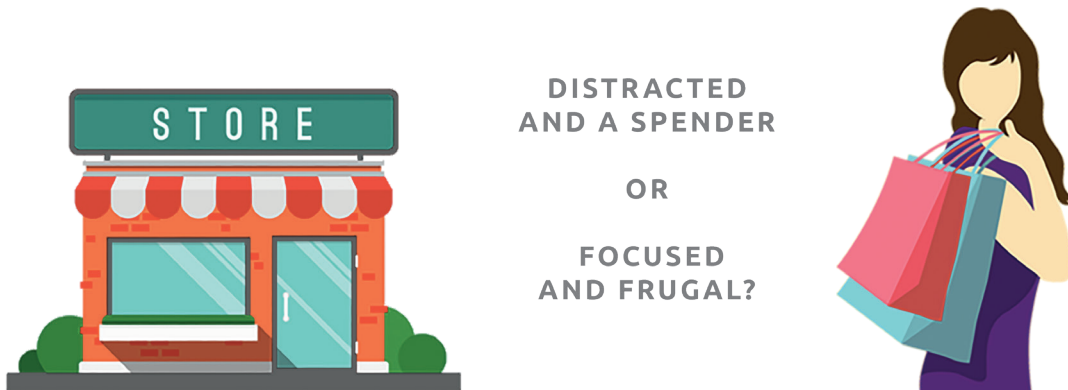
This is a key issue for distributors since the store of the future will be phygital. Distributors need to go beyond technological considerations (which technology to use?) and move towards marketing considerations (which value is created for the customer by which technology?). Phygital should not be restricted to enhancing the customer journey, it should reinvent it completely, which fundamentally calls into question current sales systems.

# SHOULD MOBILE USAGE BE PROMOTED IN-STORE?

## Selection by Florence Jacob from C\*CM

D. Grewal, C-P Ahlbom, L. Beitelspacher, S M. Noble and J Nordfalt (2018), "In-Store Mobile Phone Use and Customer Shopping Behavior: Evidence from the Field", *Journal of Marketing*, 82, 1, 108-126.

*Claire, a mother, uses her smartphone throughout the day to interact with her family, her friends, look at her newsfeed on Facebook, and deal with her work emails. When she goes to do her shopping at the supermarket, she continues to multi-task on her mobile while filling her trolley. On seeing this behaviour in the store's customers, the supermarket manager wonders if this growing practice is damaging their shopping experience. Is it reducing basket size and would it therefore be beneficial to limit in-store connection or does it increase customer distraction so that they purchase more impulsively?*



## THE PROBLEM

Studies about the use of smartphones in stores are limited and often contradictory. On the one hand they show that smartphones have a negative impact on the shopping experience as they are a source of distraction which takes customers' attention away from incentive mechanisms in store (shelf price notices, for example). This distraction results in clients remembering little from their shopping experience. Customers also buy fewer products because they stick to their shopping lists, reducing the number of additional purchases. On the other hand, some research shows that the use of smartphones makes shoppers less conscious of prices and therefore reduces their ability to compare products.

## THE ISSUE ADDRESSED BY THE ARTICLE

While previous literature tends to feel that individual smartphone use within a supermarket tends to reduce the total amount of purchases made and damages the shopping experience, is this really the case when the buying journey, all in-store smartphone use and till receipt data is studied at the same time? What is the actual effect of mobile use on the experience had in store?

## THE STUDY BY THE RESEARCHERS

This research comprises two areas.

In the first area, the researchers recruited 295 customers aged between 18 and 73 from 4 stores of the same brand and asked them to wear eye-tracking glasses during their shopping trip without changing their usual habits. At the end of the shopping experience, they completed a questionnaire.



In the second area, 120 customers aged between 19 and 80 years and holders of the store's loyalty card were given eye-tracking glasses recording their purchase journey. 60 of those people were asked to shop as normal and virtually all of them used their smartphones. 60 other people were forbidden from using their smartphones. Thanks to their loyalty card, the entire contents of their basket was recorded for all 120 customers.

These two studies show that smartphone use has an impact on the time spent in store, the attention paid to the store and on the ability to follow the traditional purchase journey and, thus, secondarily, on the total amount of products purchased. Smartphone use increases in-store purchases for more expensive and more prestigious products and reduces impulsive buys. This is due to the fact that the smartphone alters the purchaser's attention but also their decision-making structure. This effect is increasing, particularly in those over the age of 32, since the time spent in the store increases and the traditional journey is not followed (the customer retraces their steps). The general satisfaction associated with the in-store experience is, however, not really changed by the multi-tasking.

## SO WHAT? THE C\*CM ANALYSIS

This study shows that the youngest shoppers, among whom smartphone use is extensive, are only slightly disturbed by in-store smartphone use. Among older population groups however, the smartphone interferes with shopping routines and increases purchase volumes without really interfering with the experience aspect of the store visit. Smartphone use should be encouraged and the practice of restricting grey areas so they have no connection should be eliminated to encourage use.

## THE VIEW OF THE PARTNERS

This research, with an unprecedented mechanism for study, enables an answer to this critical question of whether or not to encourage mobile use in stores. It could also be said that the shopping experience, when the smartphone connection is unreliable, will be disappointing anyway because customers do not want to have no connection.

# "EDUCATION HAS ITS REWARDS"...

## OR HOW TO AND WHY EDUCATE CUSTOMERS?

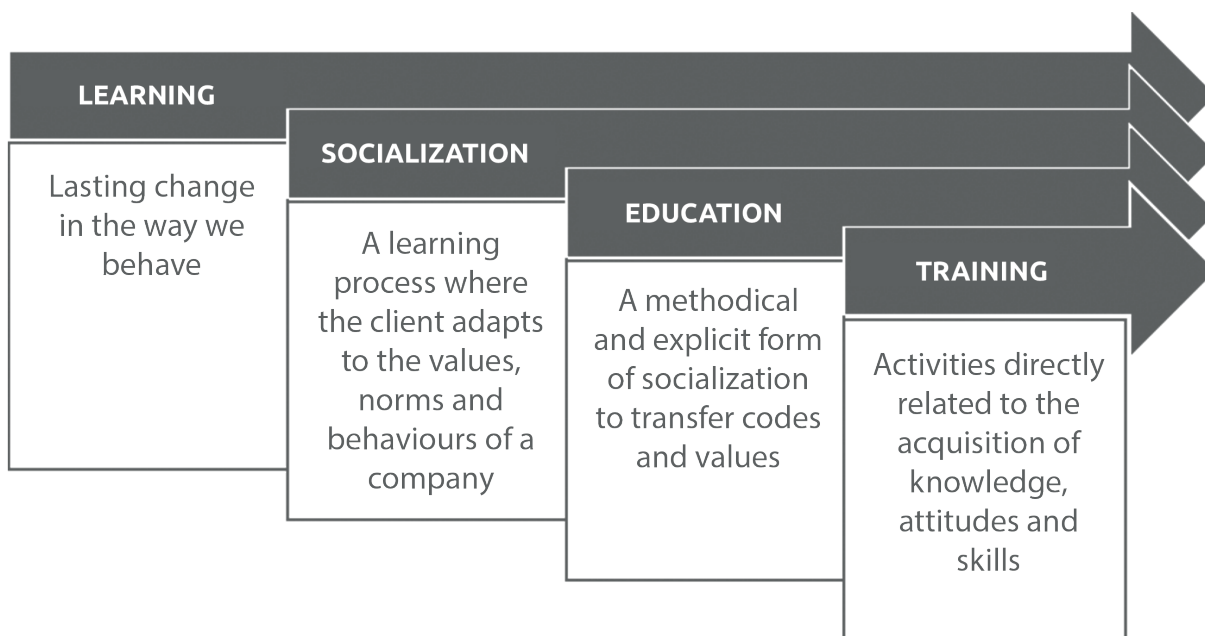
Selection by Gilles N'Goala from C\*CM

Lionel Nicod & Sylvie Llosa (2018) "Comment former le client à son rôle de coproducteur ? Etude de l'influence de la formation et de ses caractéristiques sur les bénéfices de la coproduction", Recherche et Applications en Marketing, 2018, Vol. 33(4) 50-77

### FAVOURING CO-PRODUCTION WITH CLIENTS: THE CASE OF IKEA



### CLIENT TRAINING AT THE BEGINNING OF THE MEETING: WHICH ROLE? WHICH TASKS? WHICH GOALS?



### THE PROBLEM

With the advent of self-service and the explosion of digital and mobile channels, customers are increasingly being called upon to co-produce the services they consume. While this phenomenon is not new, it must now be acknowledged that the training and support given to customers faced with new tasks, new roles and new objectives is often inadequate or inappropriate which can both have a negative impact on the customer's experience and on the performance of the co-production schemes implemented by companies (IKEA, Amazon, etc.).

## THE ISSUE ADDRESSED BY THE ARTICLE

So, should companies train their customers at the start of the experience and, if so, how? What, in particular, are the consequences in terms of customer satisfaction and/or productivity? Are customer satisfaction and productivity evolving in the same direction? What type of content (cognitive and/or emotional) and resources (human vs. digital) should be rolled out in order to train customers?

## THE STUDY BY THE RESEARCHERS

Based on an exhaustive review of the literature on service co-production, an empirical study was conducted across 557 respondents, combining both a collection of questionnaires and observation of in-store behaviour (IKEA). The results demonstrate that training increases the productivity of customers (purchase amount/time spent with salespeople) without having any negative impact on their general satisfaction levels. This training is even more effective when combined with cognitive (explanations) and emotional (social support) content. On the other hand, while training via digital media does not impact on this productivity, it does however tend to alter the satisfaction levels of the trained customers. The human “trainer” therefore remains a significant factor for customer satisfaction.

## SO WHAT? THE C\*CM ANALYSIS

One of the benefits of this research is the simultaneous consideration of the interests of the company (productivity) and the customer (satisfaction). Companies often mention the need to educate, socialise with and facilitate the learning of new roles and new tasks for their customers so they can become good “co-producers”. Before that however, they should provide more specific training schemes more sparingly at the very beginning of their experiences and promote “the acquisition of goal-oriented knowledge, expertise and attitudes for application immediately and in the short term”.

## THE VIEW OF THE PARTNERS

This article is really relevant to our work on the customer in-store journey and the need to think about their role and what is asked of them. It is important that we have both a qualitative and quantitative view of these issues in order to define the necessary mechanisms based on human resources or in-store digital resources.

# MANAGING THE PRESSURE FROM CUSTOMERS AT THE FRONT OF THE QUEUE...

**Selection by Valérie Renaudin from C\*CM**

Martin Dahm, Daniel Wentzel, Walter Herzog and Annika Wiecek (2018), "Breathing Down Your Neck! The Impact of Queues on Customers Using a Retail Service", *Journal of Retailing*, 94, 2, 217-230.

*Queuing, so boring... It's tiresome and annoying! Everyone knows it and dreads this tedious time. But queuing can also be stressful and no one talks about that! Stressful for the person who gets to the customer-facing staff member at the front of the queue and who can feel the customers waiting behind them breathing down their neck. Do we react differently when it is "our turn" if there are more or less people behind us? In effect, this is what Dahm, Wentzel, Herzog and Wiecek have demonstrated.*



## THE PROBLEM

For a long time, retailers have been trying to improve the customer experience while waiting. They focus their attention on those waiting in the middle of the queue, trying to reduce the wait time or to make that time less annoying or even productive. The research has also concentrated largely on managing customer expectations. The article presented here takes a new perspective: that of the individual interacting with a cashier or customer adviser and who can feel the other customers behind waiting behind them, more or less urgently.

## THE ISSUE ADDRESSED BY THE ARTICLE

Does the pressure felt by a customer when there are people queuing behind them change the quality of their interaction with the customer-facing staff member and their perception of the quality of service? And, if so, can the retailer reduce the effects of social pressure from the queue for this customer interacting with the staff member?

## THE STUDY BY THE RESEARCHERS

Five studies were implemented to understand and decipher the customer's experience at the front of the queue and to help managers to manage this experience better. These studies use various methods (observations, experiments) in varied service contexts (automatic ticket machine, e-learning services, supermarket checkouts, product customisation).

The authors demonstrate that the more people there are in the queue behind them, the less positive the customer's experience will be and the less they will be inclined to take an active role in and co-create the service. They also show that the pressure felt depends on the waiting time that the customer has experienced themselves: if they queued for a long time, they feel less pressure and their experience is less negatively affected than if they did not queue before accessing the service.

The researchers propose specific actions for retailers to take. To avoid the negative effects of queues forming behind the customer, two strategies are effective. The distributor can lessen the pressure felt by arranging the store such that the customer does not have a direct view of those waiting behind them. The other method consists of reassuring the customer that they can take their time to complete the task they need to do or to ask the questions they want to ask: the efficiency standard pressure felt as a result of the queue is thus reduced.

## SO WHAT? THE C\*CM ANALYSIS

At a time when stores are trying to eliminate the need to go to a till (with applications such as Monop'easy or Neos for example), and hence the famous queue at the till, the issue of the customer "at the front of the queue" seems somewhat irrelevant...

And yet tills are still very much present in stores. Furthermore, this article does not just apply to the context of tills but also to other service interfaces which may produce a queue.

Understanding the sometimes significant pressure felt by customers when there is a queue behind them and they are interacting with the staff member or using a ticket machine or self-checkout, is crucial. Finding ways of reducing that stress is obviously an excellent way of improving the customer experience and the quality of the service.

## THE VIEW OF THE PARTNERS

This article on managing queues is highly original and thought-provoking. For example, is there a cultural aspect to the notion of queuing?

Queue management has changed with the single file system being used in Fnac or Primark. Would the same results be true for the pressure felt by the first customer with these new longer, but also quicker, queues?

In addition, is the pressure greater with self-checkouts? In this scenario, could the presence of an attendant be reassuring and how can these attendants be trained to reduce the customer's stress?

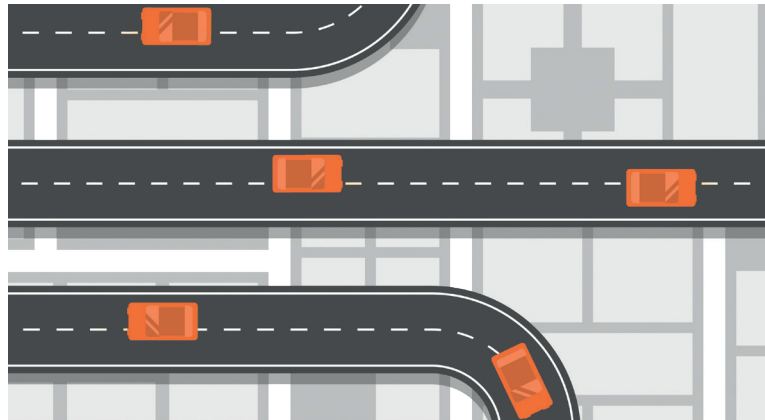
The new queuing systems used in mobile phone stores, which allow time to look around the store while waiting to be called on your mobile by an adviser, are a promising possibility for avoiding the pressure of the queue.

# BUT WHICH ROUTE WILL THEY TAKE AND WHY? (HOW TO SET UP MY INTERACTION CHANNELS)

**Selection by Eric Stevens from C\*CM**

Barwitz, N., Maas, P. (2018), "Understanding the Omnichannel Customer Journey: Determinants of Interaction Choice", *Journal of Interactive Marketing*, 43, 116-133

*There is no escaping the increasing number of opportunities for interactions offered by digital tools. Whether through a website, mobile app or call centre or the use of chatbots or social networks, a brand needs to provide a consistent and cost effective offer. Determining the ideal customer journey, in other words the optimum mix of interactive resources, therefore requires an understanding of the reasons behind their choices and how these channels are used by the customer. It then becomes possible to provide methods of interaction suited to customer requirements and expectations.*



## THE PROBLEM

Given the growing selection of access tools available, the marketing manager has to decide on and define the channels through which the brand or store will interact with its customers. This optimisation requires an understanding of the reasons behind a particular route choice – the customer journey – taken within the customer’s relationship with the brand. It is therefore a matter of understanding the factors behind the choice of a channel during various phases of the purchase and, more generally, of the relationship established with the brand.

## THE ISSUE ADDRESSED BY THE ARTICLE

Some studies have already demonstrated that satisfaction from using a channel causes it to be used more. More generally however, it is also clear that customers use several channels throughout their relationship with the brand. The study therefore tries to understand the reasons causing a customer to use one channel rather than another throughout their journey. From the customer’s perspective: What are the factors behind the choice of a particular channel of interaction within a purchase process? Are there typologies of expectations within the interaction process? These are the two questions raised by this research.

## THE STUDY BY THE RESEARCHERS

Beyond the criteria already identified (effects of experience, psychological and sociodemographic criteria, purchasing habits, etc.), the qualitative study based on insurance policies enables the following two conclusions:

- The choice of channels is first and foremost linked to the stage of the purchase process. The reasons for choosing a particular channel differ significantly in the stages before or after the purchase. While the semi-personal or impersonal channels (such as a showcase website) are given preference beforehand, the purchase phases requiring more interaction are conducted through more personal channels (such as a call centre for example). Finally, channels with little interaction are chosen for the post-purchase phases.
- Four types of customer, defined through habit values, emerge from the analyses and help explain the channel choices:
  - The Utilitarian customer focuses on the effectiveness of the resources used over the desired result. This type of user will use the largest number of different channels, preferring impersonal channels with little interaction with the aim of effectiveness in the expected responses
  - The Hedonistic customer prefers channels that enable the most interactivity and engagement
  - The customer seeking to minimise costs, prefers impersonal resources but by using a low number of channels to prevent wasting time
  - The relationship-focused customer is extremely attached to the channels that allow an individual relationship, for example with the salespeople or even with their network of friends

## SO WHAT? THE C\*CM ANALYSIS

While it is impossible to predict the customer journey in advance, it is possible to choose and configure channels based on the expected level of interaction throughout the customer journey. To do this, it is therefore useful to analyse the type of relationship-based expectations, for a specific product family, and to devise a system of interaction that will enable each customer to build a journey that matches their expected use value.

## THE VIEW OF THE PARTNERS

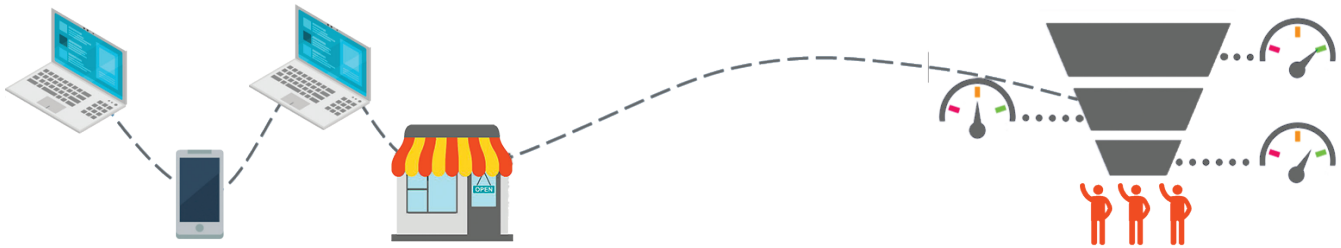
The analysis is extremely interesting and could be taken into consideration when choosing opportunities for interaction made available to the customer throughout the customer journey. The growing number of interactive channels and the numerous changes to those channels throughout the journey raises the issue of the purchase process. Can we still talk about the purchase process when multiple interactions do not necessarily result in a purchase itself?

# SHOULD WE ENCOURAGE THE FRAGMENTATION OF DIGITAL PURCHASING PROCESSES ACROSS MULTIPLE CHANNELS / DEVICES?

## Selection by Virginie Pez from C\*CM

de Haan E., Kannan P.K., Verhoef P.C., & Wiesel T. (2018). "Device Switching in Online Purchasing: Examining the Strategic Contingencies", *Journal of Marketing*, 82(4), 1–19.

*Ms B wants to purchase a tricycle for her nephew's birthday. She takes advantage of daily bus journeys to research the various tricycle models available, the suppliers and prices. Using her smartphone, she consults online sites offering similar products and parent reviews herself. Once she has made her choice, she waits until she is back home behind her laptop, before placing an order.*



## THE PROBLEM

Mobile traffic has risen from less than 1% in 2009 to over 50% in 2018. In spite of this staggering increase however, conversion rates on mobile have remained unchanged during this period. This raises the question of the role and value attributed to the mobile phone in purchasing. Why do consumers use their mobile or tablet during the purchase process if not to make a purchase?

## THE ISSUE ADDRESSED BY THE ARTICLE

What is the role of the various devices ("mobile" devices, in other words smartphones and tablets, and "less mobile" devices, e.g. desktop and laptop computers) in the purchase journey? What are the consequences of changing device during the purchase journey?

## THE STUDY BY THE RESEARCHERS

The researchers analysed the browsing data for a large online retailer, comparable to Amazon, within a one-year period (Dec 2011 to Oct 2012). This retailer provides an assortment of almost 140,000 products ranging from fashion and electronics to beauty and gardening. Their analysis is based on more than 950,000 browsing sessions across at least two different devices during the same purchase journey from 37,000 unique visitors. Their results show that the conversion rates improve significantly when the customer uses a "mobile" device (smartphone or tablet) at the start of the purchase journey:

- If the customer also uses their computer, the conversion rate is 8.9% compared with 15.3% (+72%) when the customer uses a smartphone + desktop or tablet + computer
- When the customer uses their smartphone or tablet only, conversion rates remain low (1.6% and 6.6% respectively).



CONVERSION RATE FOR EACH CUSTOMER JOUR- NEY		DEVICE 1		
		DESKTOP / LAPTOP	TABLET	SMARTPHONE
THEN CHANGE TO:	DESKTOP / LAPTOP	8.9%	15.3% (+72%)	15.3% (+72%)
	TABLET	7.1%	6.6%	11.6% (+76%)
	SMARTPHONE	1.6%	1.6%	1.5%

This effect is even greater when the perceived risk within the product category is high, when the price of the product is high, and when the previous experience with the company or product category is poor.

The researchers draw the following conclusions from this:

- Changing device during the customer journey is a sign/indicator of how far into their purchase journey that customer is, a factor that companies could exploit (e.g. if a customer logs in to their customer account from a computer after performing a search within the product category from their mobile, this is a sign that they are definitely considering finalising their purchase).
- Changing devices during the journey should be encouraged and facilitated since each device has its specific features/added value throughout the purchase journey, and, ultimately, helps the customer to make a decision.

## SO WHAT? THE C\*CM ANALYSIS

These results encourage companies to take this multi-device fragmentation of the purchase journey into consideration. Why not encourage an initial search for information on a mobile and then send reminders when it is known that the customer is at their computer?

## THE VIEW OF THE PARTNERS

The share of mobile in customer conversion is undoubtedly underestimated by most companies. This research proves that mobile devices are a valuable and unrivalled tool for information searching or price comparison stages. Looking at conversion rates only, it could wrongly be assumed that these tools have no importance in the conversion tunnels whereas, in fact, it is crucial to cultivate the mobile or tablet route in order to convert!

# HOW TO SUCCESSFULLY IMPLEMENT MY CRM

**Selection by Eric Stevens from C\*CM**

Dalla Pozza, I., Goetz, O., Sahut, J.M. (2018), "Implementation effects in the relationship between CRM and its performance", *Journal of Business Research*, 89, 391-403

*Installing a CRM package is a complex task, involving a great number of participants and with failure rates that have been pointed out by many. The issue raised is therefore identifying the factors associated with successfully implementing such systems.*

## THE PROBLEM

The growing focus given to the customer relationship has led to an increasing number of companies adopting and installing CRM tools within their organisation.

These tools are extremely complex since they incorporate within an information system, shared between multiple parties (salespeople, call centres, stores, etc.) customer data interfaced with sales, invoicing and production systems.

In fact, such tools, which are supposed to support the relationship-focused efforts, generate high levels of dissatisfaction as has been demonstrated in numerous studies.



## THE ISSUE ADDRESSED BY THE ARTICLE

Although CRM systems have been widely adopted by companies, the factors associated with their performance often remain ignored which can lead to worrying failure rates. This research therefore aims to identify and demonstrate, based on the experience of a large sample of companies, what are the variables associated with the success or failure of implementing such tools.

## THE STUDY BY THE RESEARCHERS

Through an international quantitative study, the research identifies four factors associated with relational performance, defined by means of customer acquisition, growth in purchases from new customers, and loyalty to the company:

- The organisational alignment refers to all methods by which a company defines its internal processes, and motivates, trains and rewards the company members involved in the system.
- The CRM technology refers to the tools enabling the management of operations, analyses and collaboration between departments.
- Customer management refers to the way the company creates value for each customer group or type.
- The customer strategy refers to the customer focus specifying the way in which the organisation as a whole aims to optimise the customer experience

Based on a large and significant sample of European and American companies, the study shows that the organisational alignment, and in particular its early implementation, customer strategy and technological choices are key factors in the performance of CRM tools.

## SO WHAT? THE C\*CM ANALYSIS

The extremely significant nature of the results associated with organisational alignment, in its early implementation in particular, shows that before thinking about technology, there is a need to encourage consideration of the expertise, training, reward and motivation of the staff responsible for use of the systems. Anticipating these tasks must be deemed the most significant factor associated with good performance of CRM.

## THE VIEW OF THE PARTNERS

In general, it can be said that the organisation prevails over the tools. The CRM tasks therefore require specific attention in terms of the future organisation design. This is particularly true in the sales part. In this sector, the issue of organisational alignment is a key factor in the effectiveness obtained.

# PRICE REDUCTIONS TO WIN NEW CUSTOMERS: NOT SUCH A GOOD IDEA?

## Selection by Virginie Pez from C\*CM

del Rio Olivares M.J., Wittkowski K., Aspara J., Falk T., & Mattila P. (2018). "Relational Price Discounts: Consumers' Metacognitions and Nonlinear Effects of Initial Discounts on Customer Retention", *Journal of Marketing*, 82 (1), 115–131.

*Mr C recently changed his internet service provider. He was attracted by a special rate offering new customers the full internet package at a price of 9.90 euros a month for 1 year (instead of 39.90 euros), a price unbeaten by any competitors. Mr C does not particularly like this provider and, in this instance, his choice was motivated purely by the special offer. He is also considering giving in to the temptation of the services of an online bank offering him an extremely favourable promotion in the first year and to a streaming music offer which would provide him with a subscription for 3.99 euros/month (instead of 12.99 euros) for the first 3 months.*



## THE PROBLEM

Companies spend colossal amounts of money offering discounts to prospective customers with a view to initiating a relationship. Are they ultimately only attracting opportunists on the lookout for a good discount and who will change suppliers as soon as they get a better offer?

The results of the research in this area are mixed: some of the works show that these discounts are completely ineffective since they increase price sensitivity. Others conclude the opposite by suggesting that these discounts encourage natural ways to act out of loyalty/repeat purchase behaviour. The research presented here is the first to study the non-linear effect of this type of discount which will have a different impact based on the amount of discount granted.

## THE ISSUE ADDRESSED BY THE ARTICLE

Do the price reductions granted to attract new customers enable the building of a relationship in the long term?

## THE STUDY BY THE RESEARCHERS

In the main study of this research, the researchers analysed the data from a leading automotive insurer in a European country over a 4-year period (2008-2011) (database of 191,165 newly acquired customers).

They duplicated their analyses among the same company's home insurance customers (216,431 newly acquired customers). They compared the longevity of customers who took advantage of a special offer upon their recruitment with customers who did not receive a special offer. Their results show that the effect of these special offers on loyalty is favourable when the offers are for a "moderate" (5%-35% of the service price) amount. "Low" (<5%) and "high" (>35%) discounts have a negative impact.

To explain the psychological mechanisms at work in this phenomenon, the researchers also carried out a laboratory experiment on 284 respondents with a 3 (low v. moderate v. high discount) x 2 (experimental context, vehicle insurance v. on-demand video service) design. Specifically, the respondents were given a projective scenario, based on the experimental condition, and were then asked to imagine that a year had passed since their subscription to the service. They then had to decide if they would choose to renew their contract or not at the current (non-offer) price and were then subjected to a series of analyses (primarily of their expectations in terms of quality of relationship and their expectations of future special offers).

Ultimately, the results show that moderate discounts (5%-35%) have a positive impact on loyalty because they have a positive impact on expectations in terms of quality of relationship and have no impact on expectations of future special offers. High discounts, on the other hand, have a negative impact on expectations in terms of quality of relationship and have a positive impact on expectations of future special offers which, essentially, has a negative impact on loyalty.

The researchers propose specific approaches that marketing professionals can take:

- Price reductions are a useful strategy for recruiting customers, providing the reductions are moderate. The best results seem to be obtained with discounts of 15-20% on the service price
- Although moderate reductions encourage loyalty because they give the impression that the company is “customer-oriented” (increasing expectations in terms of quality of relationship), the relationship formed with newly recruited customers must then be cultivated to avoid creating disappointment
- Finally, the authors recommend not neglecting to explore other aspects of encouraging customer retention in particular increasing quality of service and communication with customers.

## SO WHAT? THE C\*CM ANALYSIS

It is unrealistic to think that price reductions are a miracle recruitment tool. If the discount is too great, a lot of customers will be tempted to take it up, but they will move away from the company as soon as the discount is lost. Once again, it is all about moderation in the discount offered!

## THE VIEW OF THE PARTNERS

The price reductions granted to new customers can have a major collateral effect that should not be overlooked when devising the customer strategy: these discounts, reserved solely for prospective customers, can be a big disappointment for loyal customers who have not themselves ever received such preferential treatment.

# GETTING SCHEDULED, TV AT THE HEART OF DATA CHALLENGES

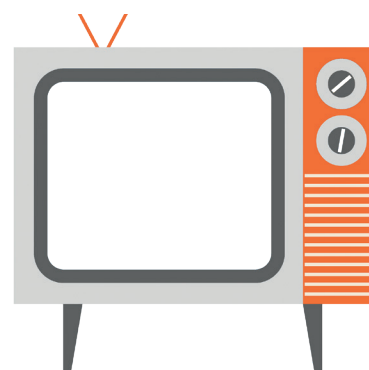
**Selection by Grégoire Bothorel from C\*CM**

Malthouse Edward C., Maslowska Ewa & Franks Judy U. (2018). "Understanding programmatic TV advertising", *International Journal of Advertising*, Vol 37, Issue no. 5, pgs. 769-784.

*Television has undergone considerable technological developments which will enable marketers to distribute commercial messages to specific audiences based on the individual and/or the household. The traditional methods of purchasing television advertising are now being challenged by the programme-based approach. The latter finds its origin in the Search and Display and uses real-time data, a technology and bidding to automate transactions between buyers and sellers.*

## THE PROBLEM

This article tries to understand the imminent collision between traditional and programme-based advertising on television. The application of program-based approaches to televised advertising is still only in its infancy. What does its success depend on? Which parties are involved? What decisions will need to be taken for it to be more widely implemented?



## THE ISSUE ADDRESSED BY THE ARTICLE

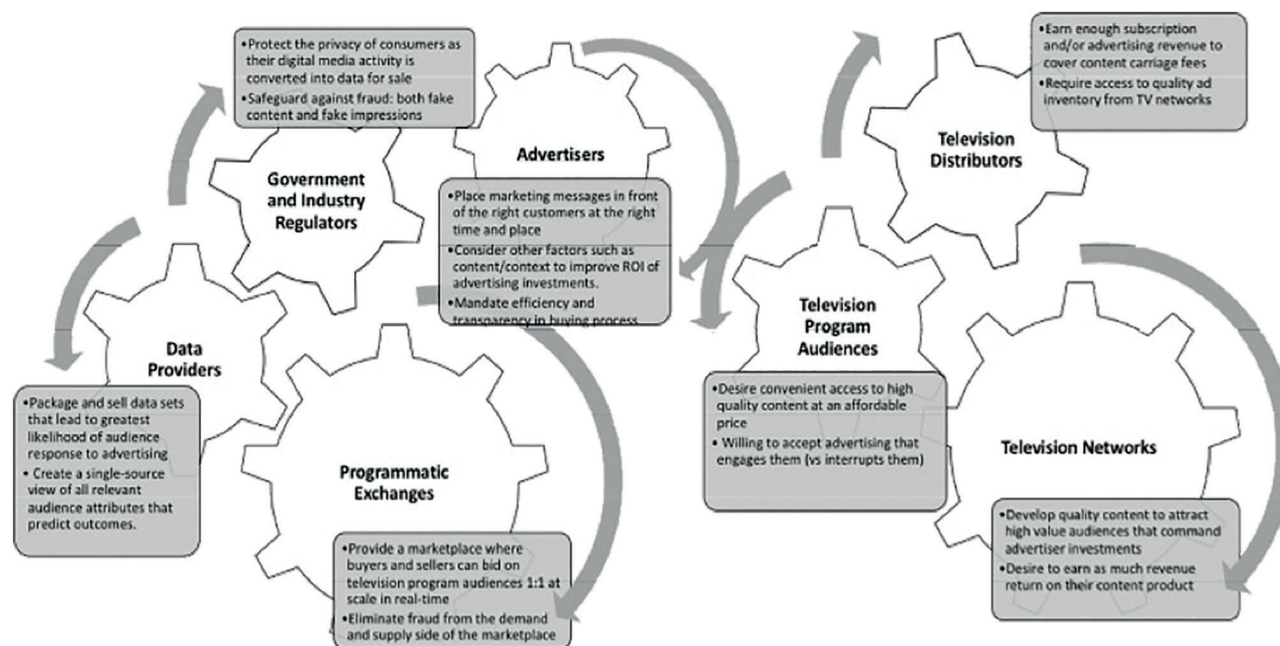
See a different TV advert to your neighbour at the same time, on the same channel: is this the future? If so, under what conditions?

## THE STUDY BY THE RESEARCHERS

More conceptual, it describes the main changes that have taken place in TV advertising over the years from an original perspective - availability and the coordination of three factors: content distribution, available ad inventory and data enabling audience targeting. Four "eras" of televised advertising are analysed and characterised by the arrival of new parties.

ERA	THE ERA OF LINEAR BROADCASTING	THE ERA OF CABLE AND SATELLITE	THE ERA OF OTT (DEVELOPING)	THE ERA OF WALLED GARDENS (FUTURE)
PARTIES INVOLVED	TV channels Audiences Analysers Advertisers	TV channels Audiences Analysers Advertisers <b>New distributors</b>	TV channels Audiences Analysers Advertisers New distributors <b>Streaming services</b> <b>Smart TV app</b>	TV channels Audiences Analysers Advertisers New distributors Streaming services Smart TV app <b>Ad exchange of marketplace</b> <b>Government</b>

It outlines the future ecosystem of programme-based television, it defines the positioning and interests of the parties involved.



## SO WHAT? THE C\*CM ANALYSIS

This research highlights the challenges of the data battle applied to a field that is still largely underexplored: targeted advertising on the small screen. This opens up particularly exciting prospects, especially for analysing the effects of exposure to advertising campaigns with unrivalled precision on a media that focuses a considerable amount on marketing investments. Behavioural data is now categorised in four main data hubs based on households: data about individuals' past behaviour, the characteristics of a household (useful for customer acquisition), media consumption data (from TV and elsewhere (Facebook, etc.)) and the media context (Who? What? When? Where? How?). Beyond these new abilities to target and analyse, programme-based television raises the issue of acceptance by the consumer of such practices within a highly regulated setting which regards *Data Privacy*.

## THE VIEW OF THE PARTNERS

This research highlights a key phenomenon: the structuring of data ecosystems within the digital advertising world. At the heart of the Data Battle between the parties involved, the scenario of the new walled garden emerging raises an important question: how can a healthy, sustainable and shared growth be achieved? How about transparency of the ecosystem? In particular, the role of advertisers within this ecosystem deserves some in-depth thought given the importance of *1<sup>st</sup> party & 2<sup>nd</sup> party* data for targeting purposes and the relevance of any messages aimed at end users.



CENTER FOR CUSTOMER MANAGEMENT

# numberly

## - About Numberly -

Numberly, Marketing Technologist, helps advertisers set themselves apart through the quality of their relationship with their customers. Our people-based approach helps advertisers to identify and understand the needs of their target groups by combining individual-related and behavioural data in order to communicate with them more effectively and generate an incremental outcome.

With teams in Paris, London, Milan, Amsterdam, Dubai, Montréal, Brussels and New York, Numberly operates in more than 50 countries: the group, resolutely international, continues to expand. More than 500 passionate employees work on a daily basis towards quality performance and customer satisfaction while remaining curious, agile and innovative, a mind set that has enlivened Numberly since its foundation.