



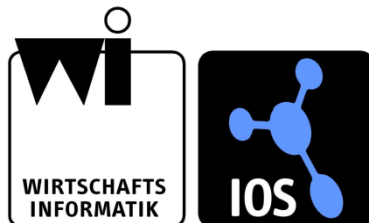
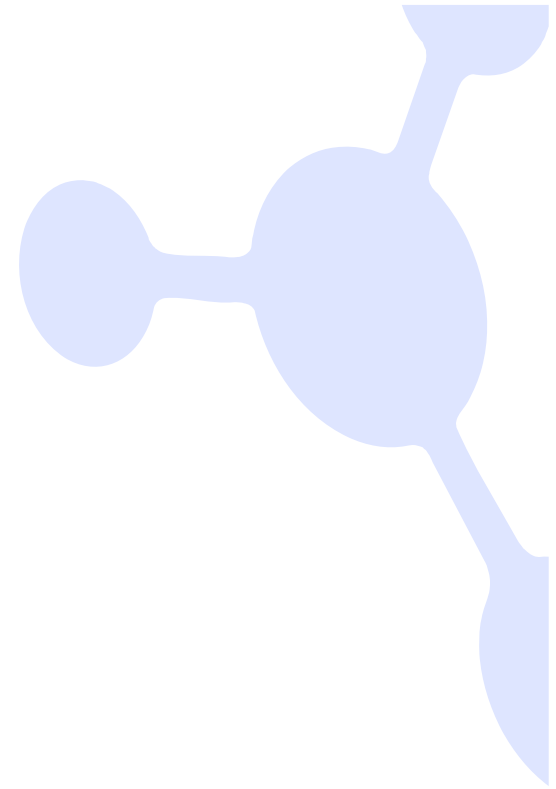
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Lehrstuhl für Wirtschaftsinformatik
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Prosuming and service configuration



The challenge

The overall challenge of this new interactive medium of communication and commerce is

to "mobilize customers to create their own value from the company's various offerings"

(Normann; Ramirez 1993, 69).

- Pro-Suming – consuming & producing – is not a new phenomenon
- Became popular with the proliferation of the Web and Electronic Commerce
- Renewed and extended interest in the context of Web 2.0

Learning goals

- Understand emerging forms of division of labour between service providers and customers
- Position prosuming vis-à-vis individualization/personalization
- Distinguish drivers for the ongoing transformation
- Assess trade-offs for customers

Agenda

1. The concepts of prosuming & service configuration
2. Customer relationship management
3. CRM instruments, mass customization

Extending customers' roles ...

- eCommerce facilitates new models of division of labor, which encompass a higher level of involvement on the customer's, specifically consumer's, end.
- Popular attempts to increase the attractiveness of Web applications for consumers:
 - Product and service customization or configuration,
 - individualization or personalization.

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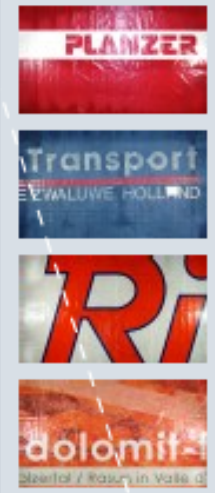
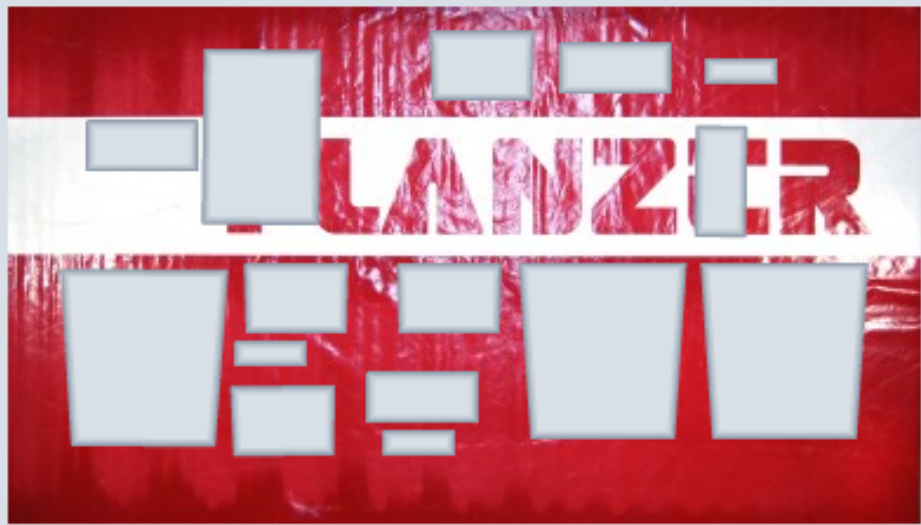
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Web-based consumer self service support ...

- private account and portfolio management, home banking (major banks),
- administration of customer profiles (airlines),
- access to the current billing status (telecommunication companies),
- access to insurance status and contract history (insurance companies),
- ticketing (German Rail), and
- customer decision support systems (McEachern and O'Keefe, 1998)

The vision of configuration ...

consumer participation throughout the product and service life cycle ...

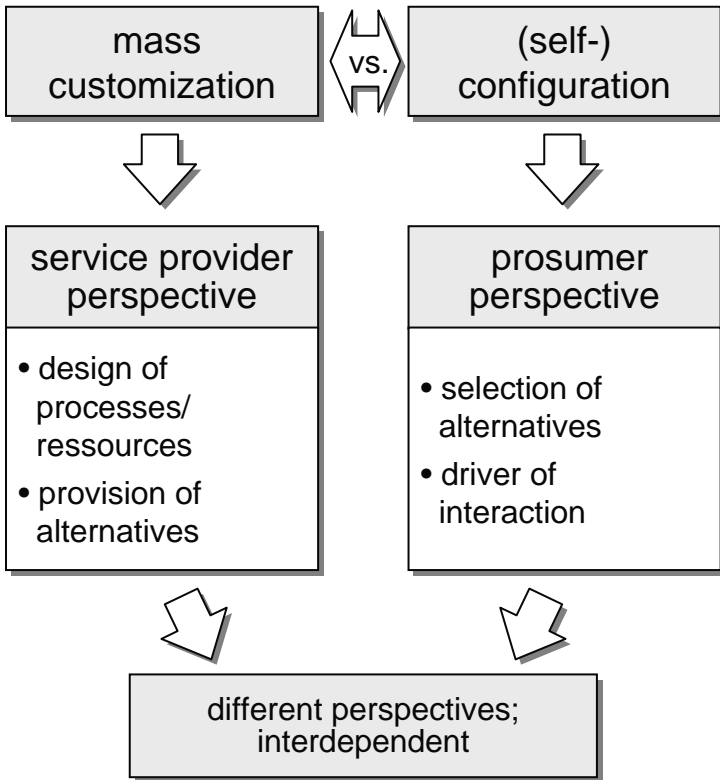
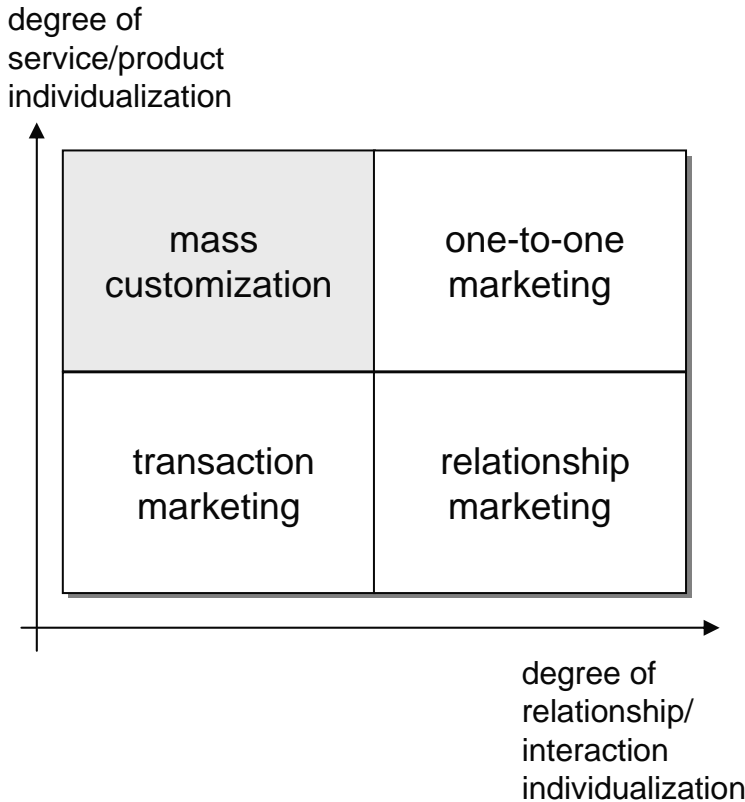
- in the innovation or design process, e.g. in consumer labs,
- in market research,
- in the selection and combination of components (customization) as part of the requirements specification process
- in an ongoing selection and combination of product or service properties, in order to adjust the systems properties to environmental parameters, contingencies, customer's preferences (personalization or individualization) or intentions.

The vision of configuration ... (cntd.)

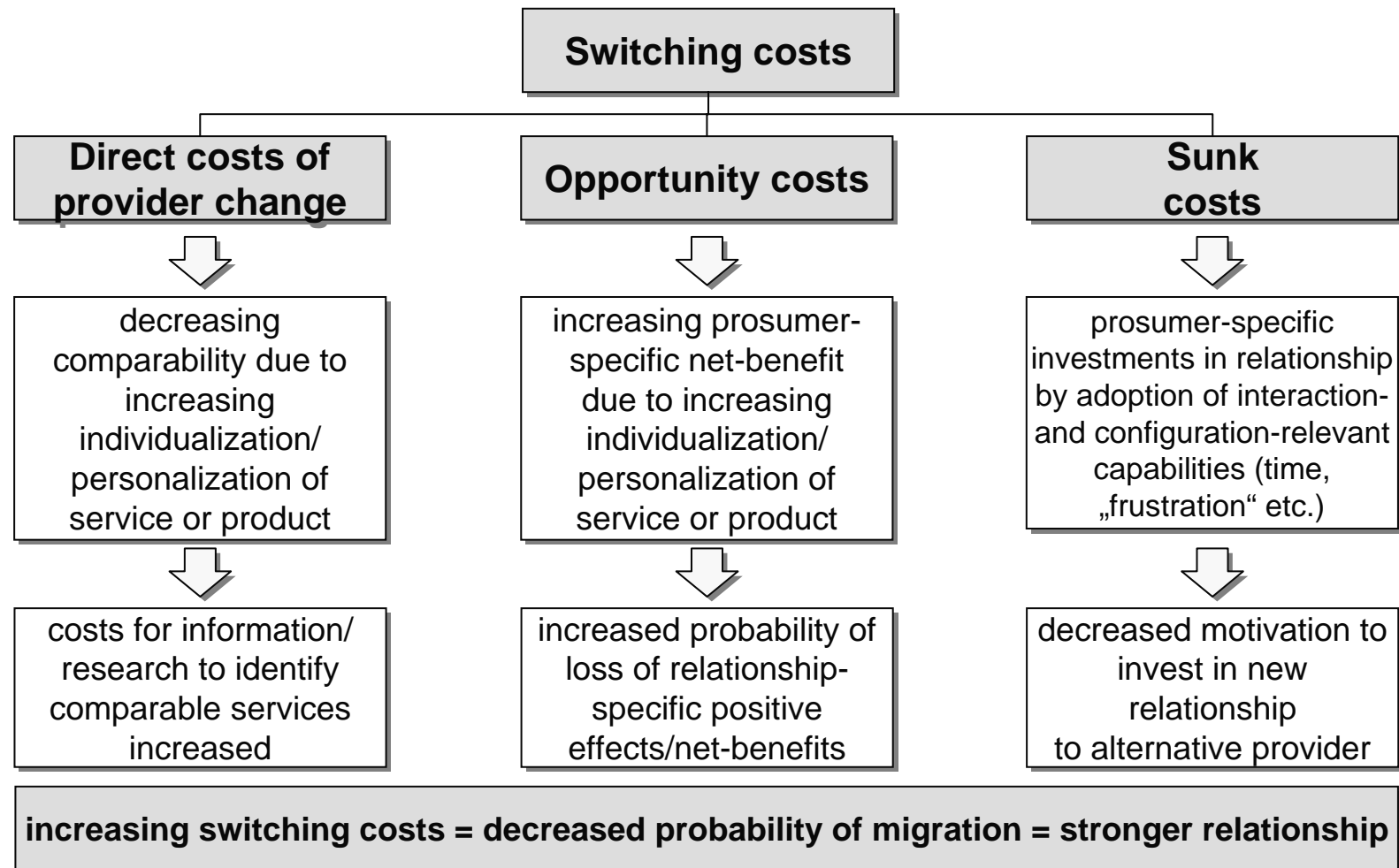
a learning relationship:

- Suppliers learn from customers' requirements, preferences, willingness-to-pay and involve them as co-designers.
- Customers are instructed by the suppliers to better understand and to make better use of their products and services.

Mass customization vs. self-configuration – what's the difference?



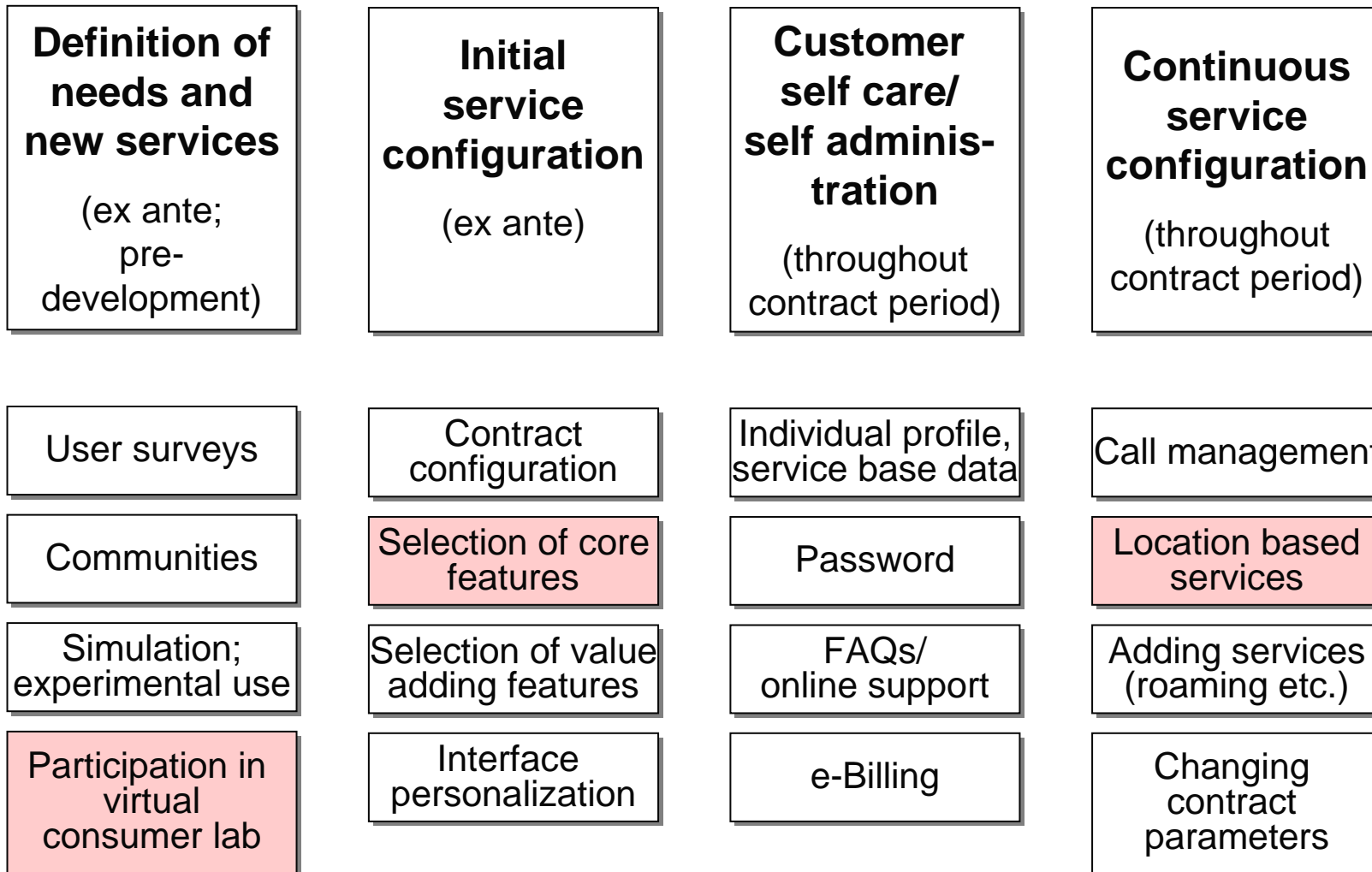
The strategic rationale



Configuration and self service elements throughout the business transaction phases

	Information	Negotiation	Fulfillment	After sales
Supplier	Signaling (future) service options, expectations management, involving customers as market research.	Default settings vs. versioning, defining the solution space and configuration options, dominant design.	Customizing services and products (build-to-order production model) and designing self service environments.	Monitoring customer behavior, CRM, engaging with customers in a mutual learning relationship, managing of complaints.
Customer	The (transparent) customer as co-innovator : Identifying and signaling of preferences and/or requirements.	Customer as configurator/ co-designer : Comprehending and navigating in the solution space (price – configuration, willingness-to-pay for combinations of features).	The self service customer: selecting from available service options/ levels and taking over e.g. of administration activities.	The persistently active customer : Ongoing configuration of service parameters, self administering, reinterpretation and recontextualization of services, problem-solving with FAQs or in communities

“Mobilizing the customer”: Options for customer participation and service configuration



Online Self-Service



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Online Self-Service

The Concept of the Future: "Online Self-Service"

Improve your customer service and improve your turnover: Don't leave anything to chance.

Lindt: Customer Decision Support



Lindt
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Suche 

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Welcher Chocoladentyp sind Sie?

Tauchen Sie ein in die Welt dunkler Chocolate und finden Sie heraus, welche dunkle Lindt Création Ihnen am meisten entspricht: egal ob intensiv, zart oder fruchtig: bei Lindt werden anspruchsvolle Gaumen verwöhnt.

Machen Sie den Test

Welche dunkle Chocolate hat die meisten Herzen erobert?

Entdecken Sie die dunklen Chocoladen bei Coop 

Lindt EXCELLENCE 99% CACAO
Lindt EXCELLENCE 90% CACAO
Lindt EXCELLENCE 85% CACAO
Lindt EXCELLENCE 70% CACAO
Lindt CREATION 70% Fig & Caramel
Lindt CREATION 70% Cherry & Chili
Lindt CREATION 70% Orange
Lindt EXCELLENCE ORANGE INTENSE
Lindt EXCELLENCE CHILI

Lindt: Customer Decision Support

Lindt
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Suche   SHOP 

Welcher Chocoladentyp sind Sie?

Wenn es Ihnen schwerfällt, sich für eine dunkle Lindt Cr ation zu entscheiden, hilft Ihnen unsere Chocoladentyp-Beratung. Beantworten Sie einfach die folgenden Fragen, und unser Typberater sagt Ihnen mehr über Ihren Geschmack und welcher dunkle Chocoladentyp Sie sind.

Frage 1 von 5:

Sie haben Ferien – und damit endlich Zeit, in Ruhe zu Frühstücken. Sie legen Ihre Lieblings-CD auf und freuen sich auf

- einen Pfefferminztee
- einen cremigen Latte Macchiato
- einen frischen Kaffee
- einen doppelten Espresso

Entdecken Sie die Welt der Lindt Chocoladen

99% CACAO | 90% CACAO | 85% CACAO | 70% CACAO | ORANGE INTENSE | CHILI

Example: Leica

Leica à la carte

Unique handcrafted items



With time, an M will become your M.

The marks of usage only endear. The way you hold your particular Leica, the events which befall it, only serve to distinguish your Leica from any other. But you can start the process before you've even held the camera. There are over four thousand technical and styling nuances you can specify to ensure that the Leica we build you is unlike any other, from the very start.

Example: Maserati

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Maserati suggests Seats Trim Dashboard Steering wheel Headlining Carpet Stitching Belts

Nero

“You make it a Sony“

- http://fibredesign.co.uk/case_study/fallon_you_make_it_a_sony/
- <http://www.sonyinsider.com/2009/07/17/if-you-can-imagine-it-sony-can-help-you-make-it-real/>

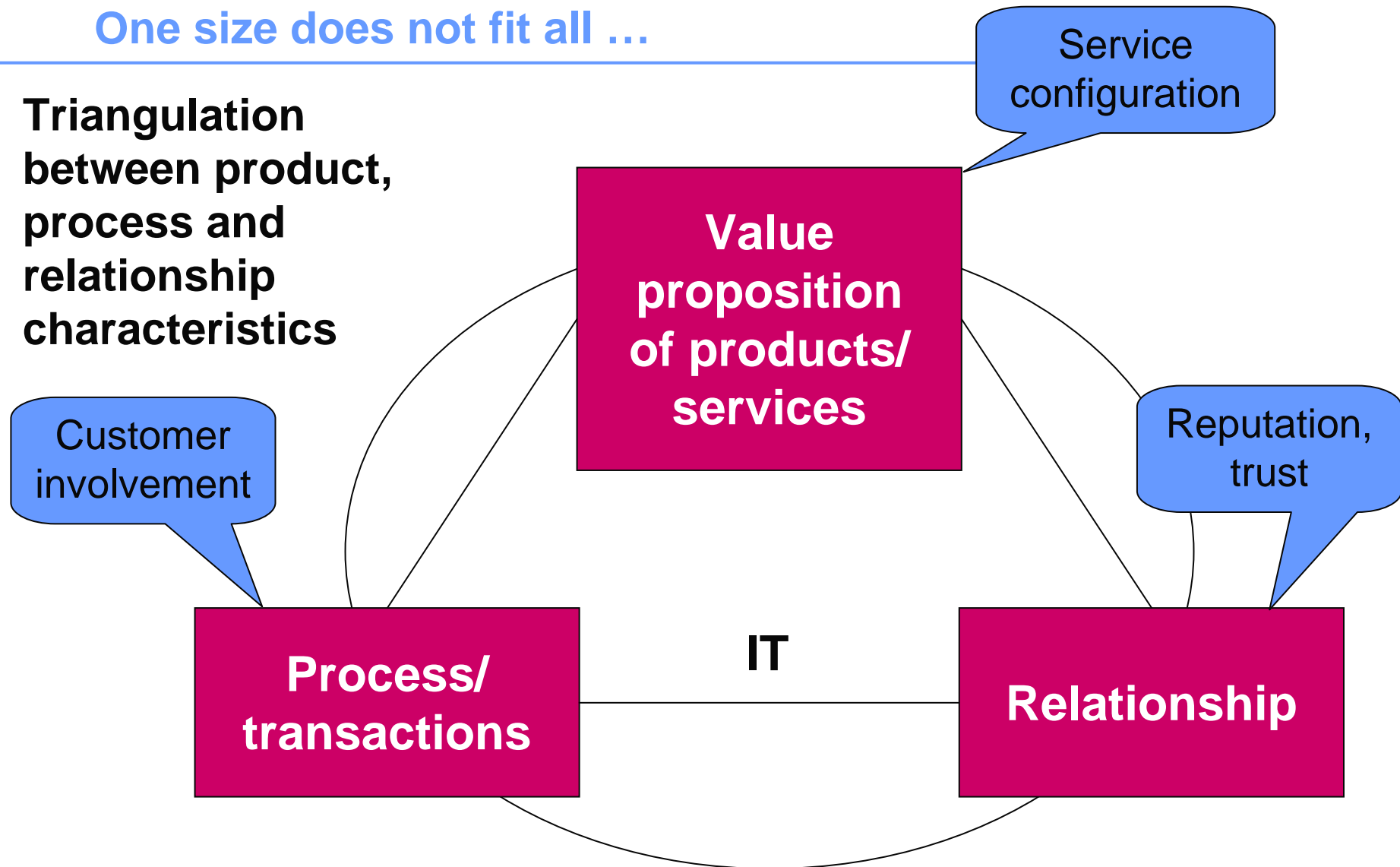


Welcome to Sony Insider, your trusted blog for Sony (NYSE: SNE) news.

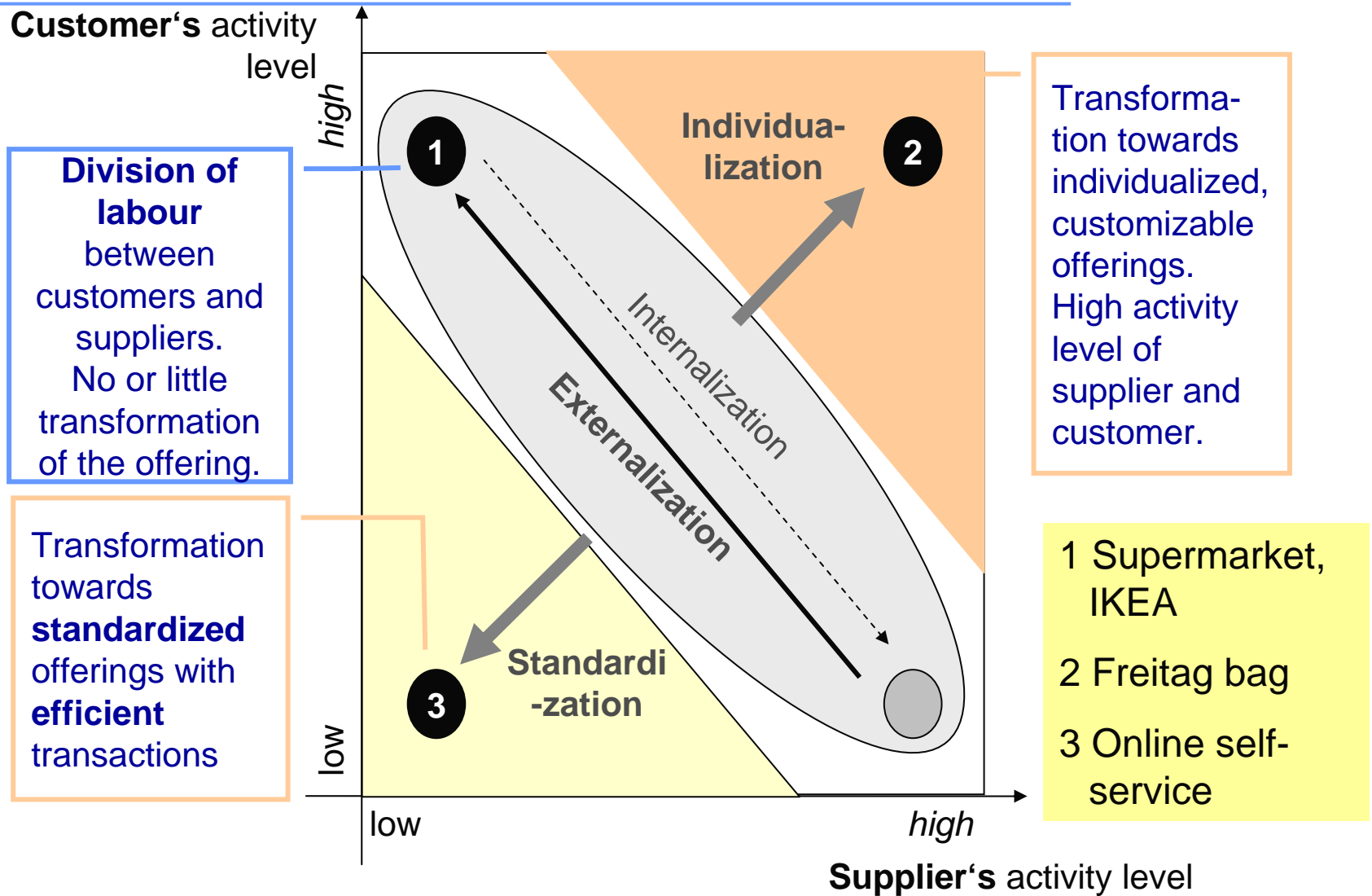
If You Can Imagine It, Sony Can Help You Make It Real

One size does not fit all ...

Triangulation
between product,
process and
relationship
characteristics



Strategic options in service design



Dynamic configuration

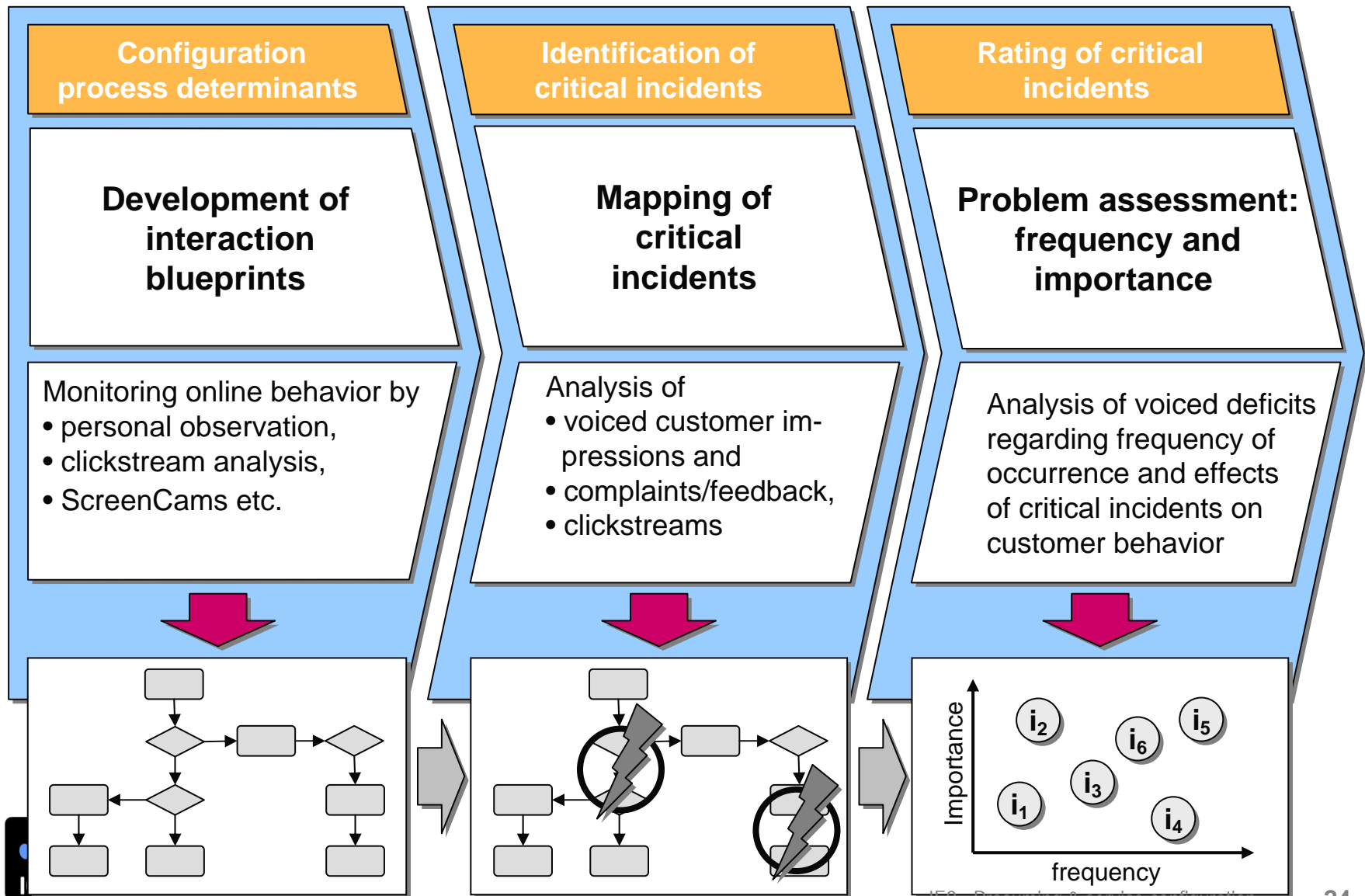
"What if a newspaper company were willing to put its entire staff at your back and call for one edition? It would mix headline news with 'less important' stories relating to acquaintances, people you will see tomorrow, and places you are about to go to or have just come from. It would report on companies you know. In fact, under these conditions, you might be willing to pay the Boston Globe a lot more for ten pages than for hundred pages ... Call it **The Daily Me**. On Sunday afternoon, however, we may wish to experience the news with much more serendipity, learning about things we were interested in, being challenged by a crossword puzzle, having a good laugh with Art Buchwald, and finding bargains in the ads. This is **The Daily Us**. The last thing you want on a rainy Sunday afternoon is a high-strung interface agent trying to remove the seemingly irrelevant material."

Negroponte (1995, pp. 153-154)

Configuration environment design options

Configuration environment Configuration task complexity	Human interface/ call center	Computer-mediated environment: Web interface, mobile access to an automated phone system
High	<p><i>Advantage:</i> typically handles uncertainty, need for confirmation, need for advice well.</p> <p><i>Disadvantage:</i> costly, may not be (immediately) available when needed.</p>	<p><i>Advantage:</i> Precise and well documentable interaction, 24*7 availability, high level of customer control.</p> <p><i>Challenge:</i> Need to manage complexity on a Web interface. Options to reduce complexity of service? Ways to compensate for the lack of human flexibility and confirmation needed. Needs to be embedded in a consistent communication strategy. Functional equivalent of “money back guarantee” in order to build customer confidence.</p>
Low	<p>Acceptable, if customers pay for the service and/or the contact, can be used for additional functions such as cross selling or market research</p>	<p><i>Advantage:</i> efficiency of Web based self service/ administrative tasks</p> <p><i>Challenge:</i> functional and interface design to maximize customer efficiency and satisfaction.</p>

Design challenges and evaluation methods



Multi-channel management

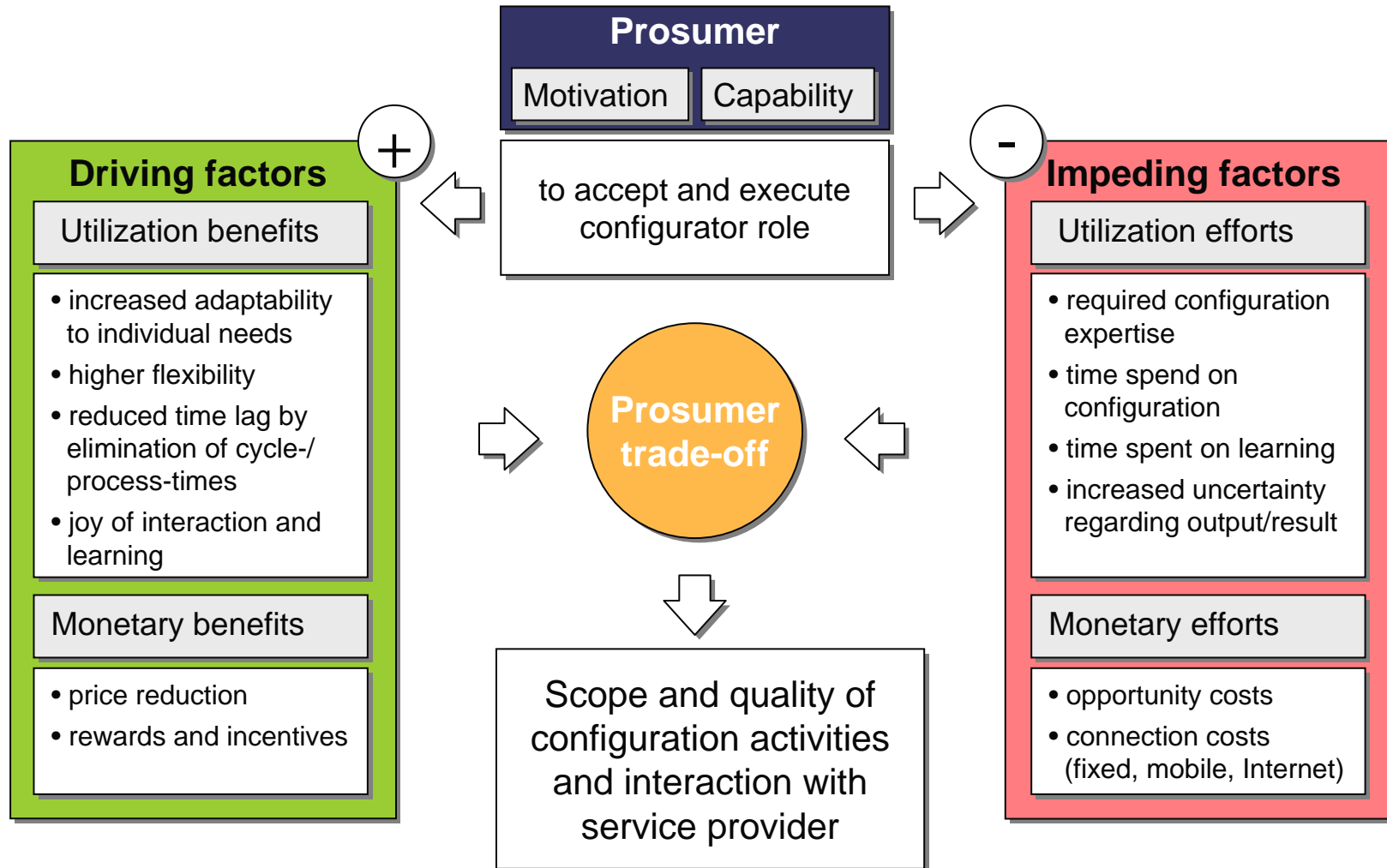
Challenges ...

- **Signaling** to the customer which functions are available via which channel. As the new channels have not been subject to the formation of social conventions which channel customer expectations, there is an opportunity and a need to shape those expectations.
- **Coordinating information flows** across the channels
 - A precondition for professional customer service and
 - opportunity to build a comprehensive picture of the customer interaction.
- **Value-based pricing**
 - prices (or incentives/ disincentives) should reflect underlying cost structures
 - preferential treatment of preferred customers possible.

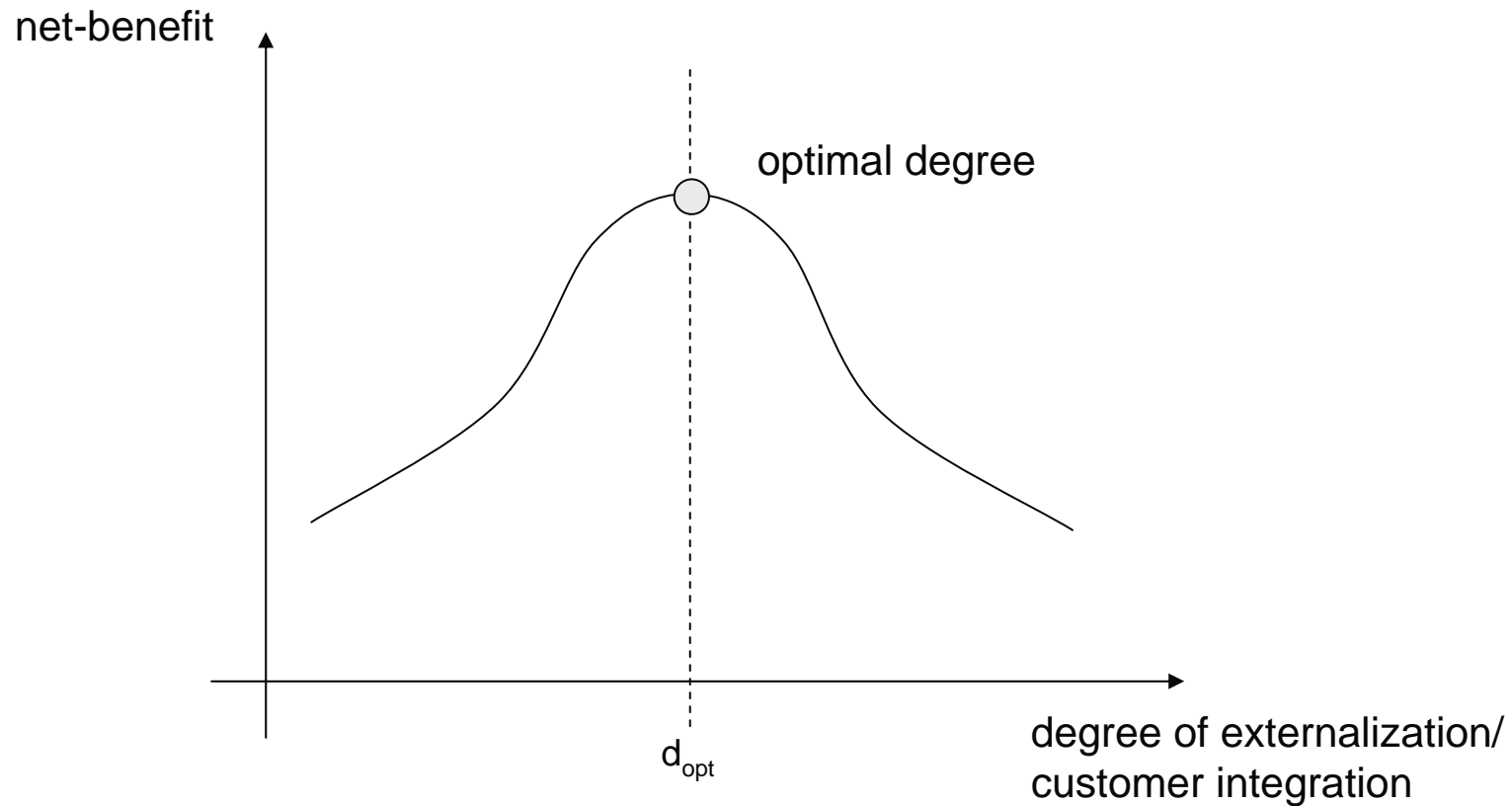
The caveat ...

- Customer involvement is a precondition for service configuration, (active) customization and individualization.
- The service providers' success e.g. in a location-based service scenario depends on the mobilization of customers.

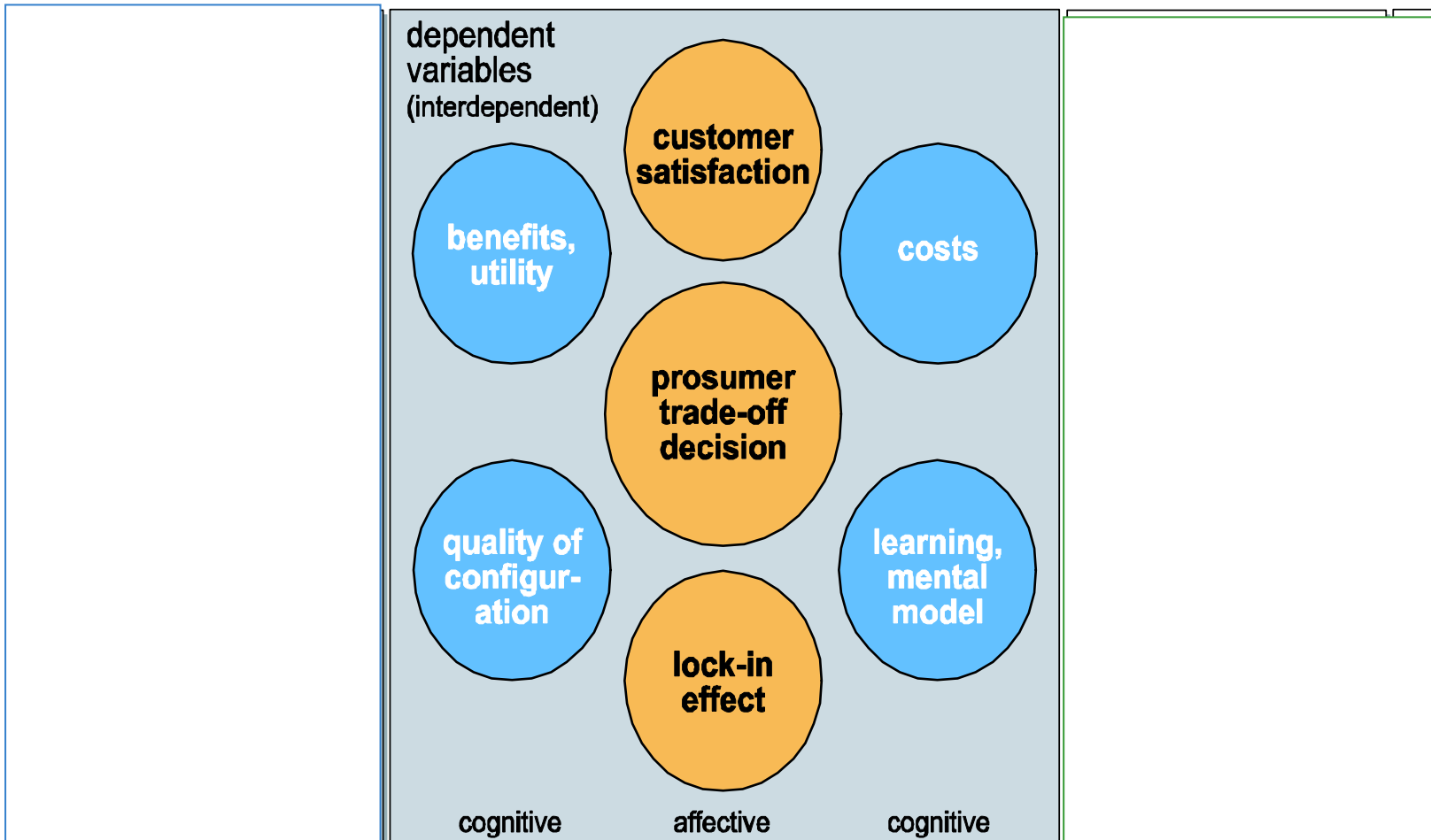
The Prosumer's benefits are far from obvious ...



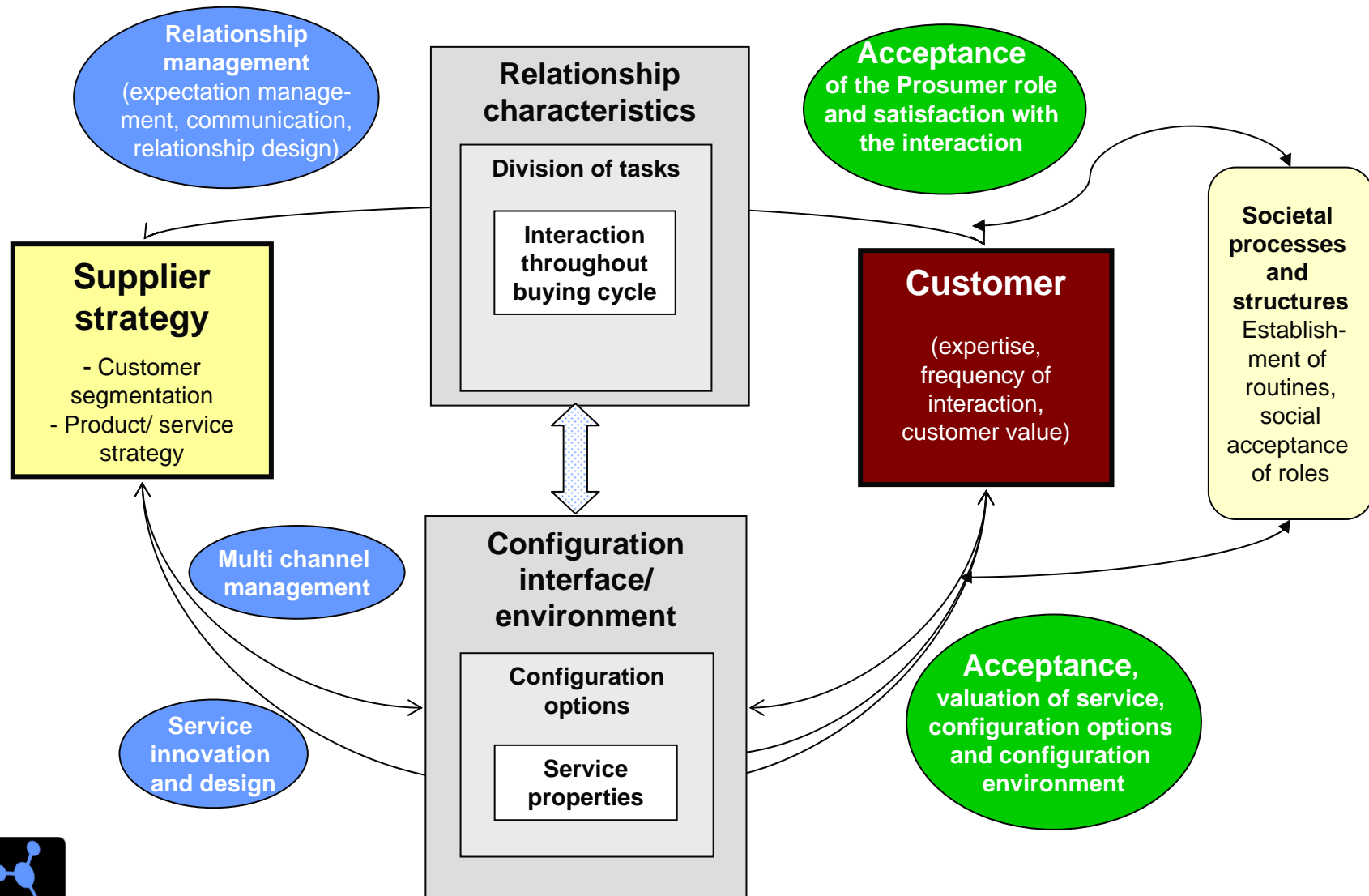
Customer net-benefit as a function of the degree of externalization



Consumer trade-offs



Framework: Design parameters and drivers of acceptance



Conclusions

Customers' transaction costs are low ...

- if transactions take place frequently – hence the focus on the respective customer segment,
- if no or small partner specific investments (asset specificity) are required. By using standard equipment and standardized interfaces, suppliers can keep these costs low. Partner specific investments include learning or integration costs. These aspects reinforce the suppliers' dilemma between service differentiation and standardization in order to achieve positive network externalities.
- Uncertainty and information asymmetry refer to the implications of a changed customer role. If suppliers or service providers invest in a consistent and comprehensive communication strategy, which takes consumers concerns and perceived risks into account and manages their expectations, they will make the Prosumer role more attractive.