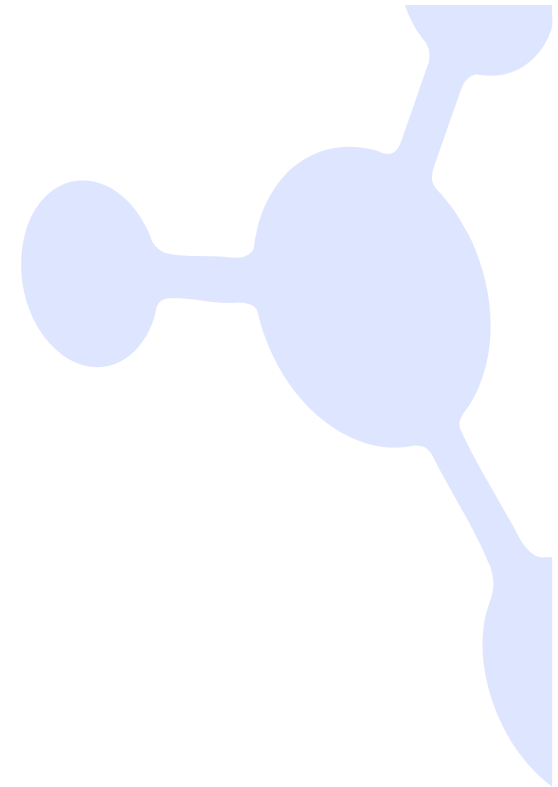




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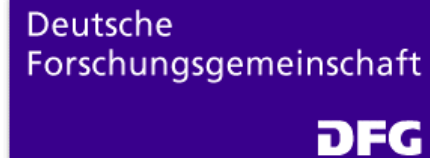
## Extending Customers' Roles in eCommerce – Promises, Challenges and some Findings

**Stefan Klein**



## The research context

- 1 Research Project  
“Prosumer” 2000-2003



- 2 Research Project „Web-Evaluation in Multikanalsystemen“  
2003-2005



BMBF, Programme  
InternetÖkonomie  
<http://www.internetoekonomi>

[e.net/63\\_ProSuming](http://www.internetoekonomi.net/63_ProSuming)

## Extending customers' roles ...

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- 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.

## Web-based consumer self service support ...

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- 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 ...

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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.

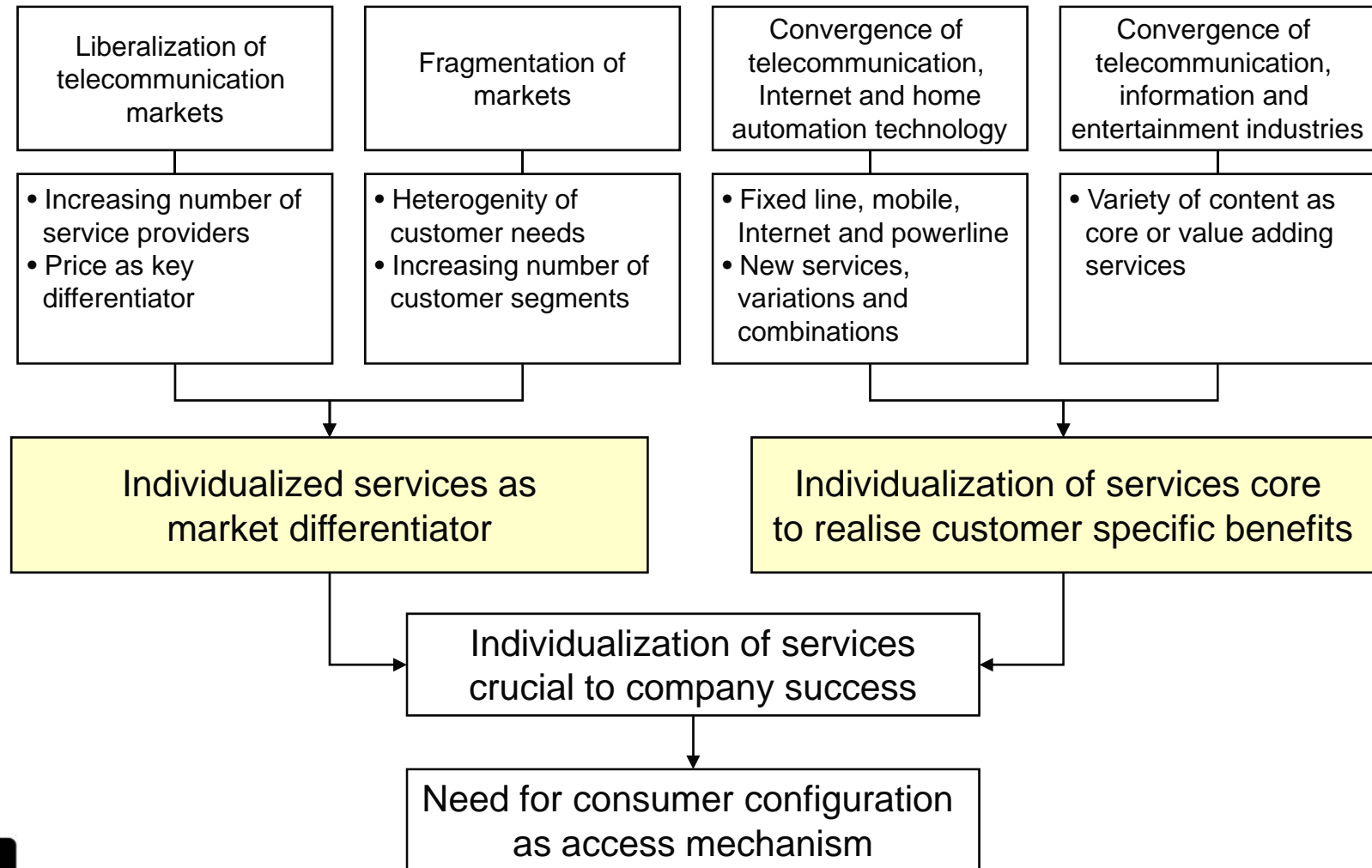
## The vision of configuration ... (cntd.)

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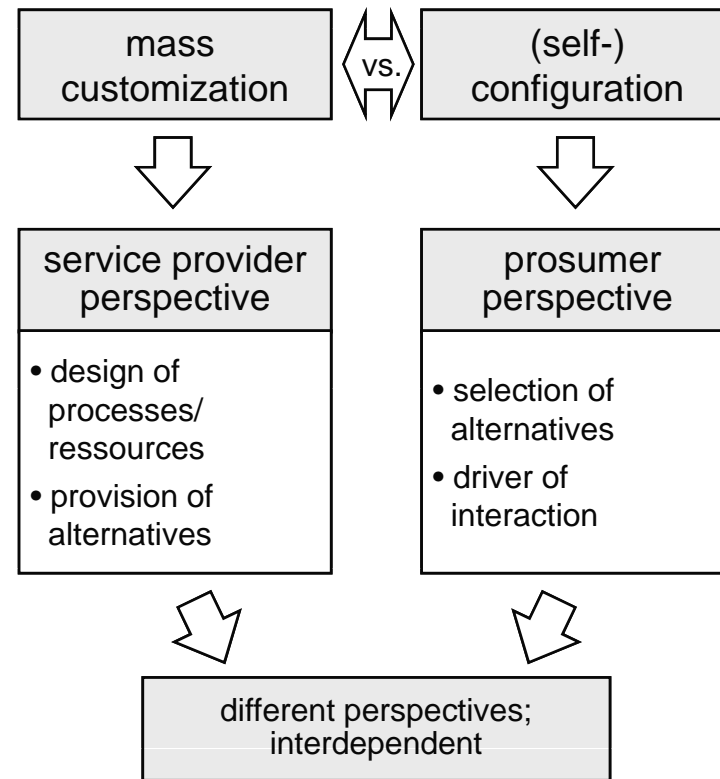
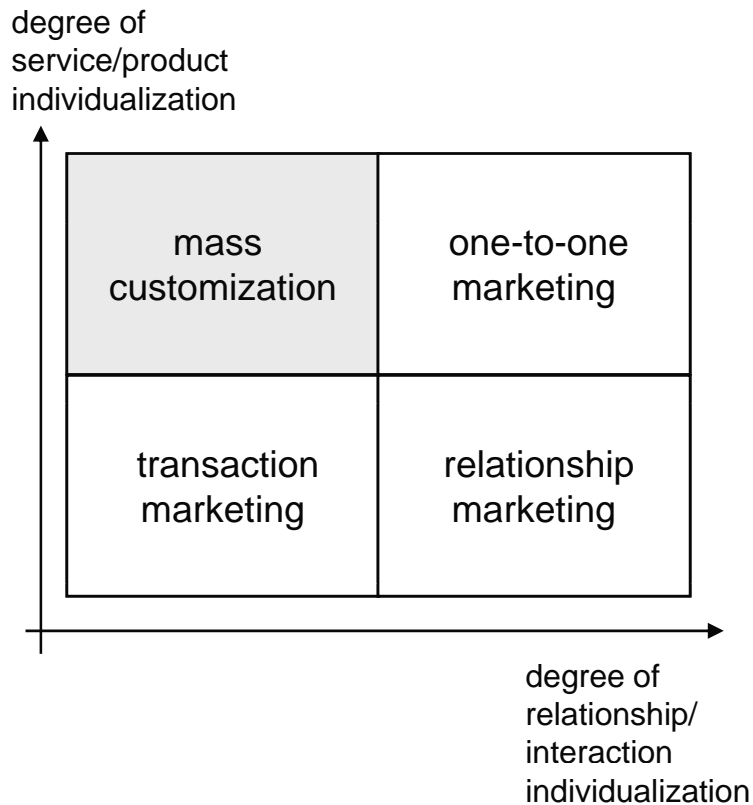
a learning relationship:

- 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.

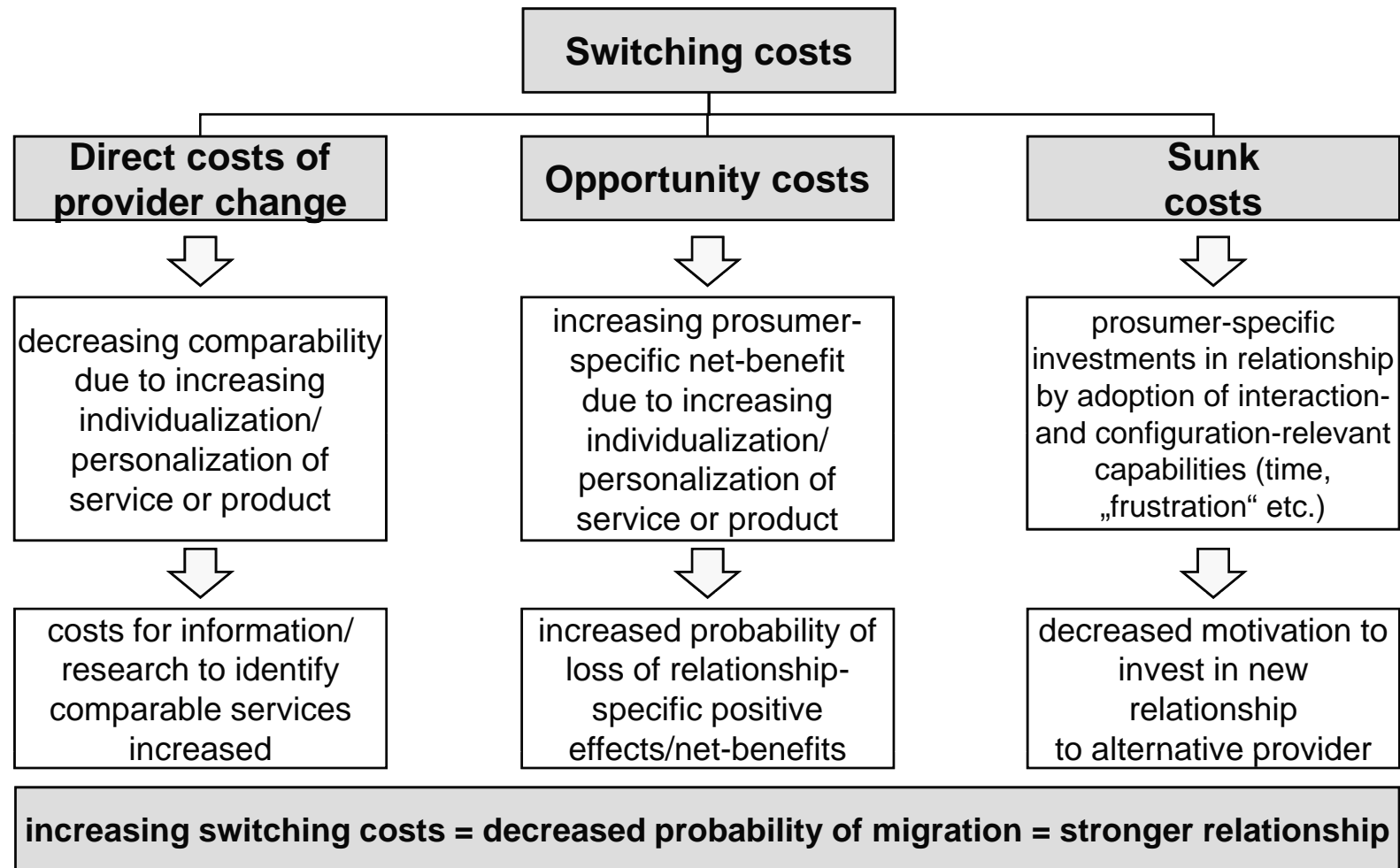
# Drivers of service configuration in the telecommunication industry



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



## The strategic rationale



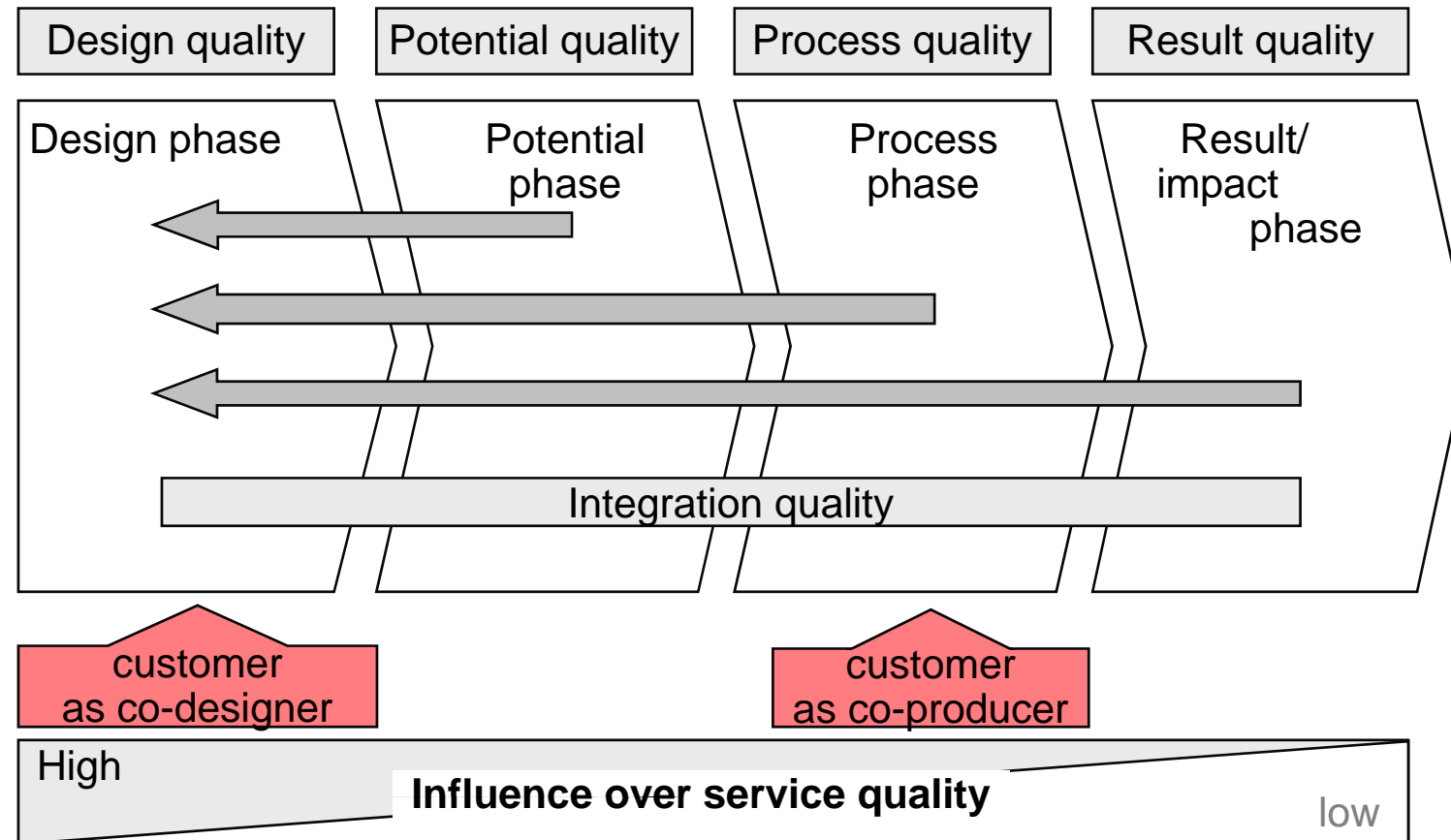
## Configuration and self service elements throughout the business transaction phases

	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 <b>co-innovator</b> : Identifying and signaling of preferences and/or requirements.	Customer as <b>configurator/ co-designer</b> : Comprehending and navigating in the solution space (price – configuration, willingness-to-pay for combinations of features).	The <b>self service</b> customer: selecting from available service options/ levels and taking over e.g. of administration activities.	The persistently <b>active customer</b> : Ongoing configuration of service parameters, self administering, reinterpretation and recontextualization of services, problem-solving with FAQs or in communities

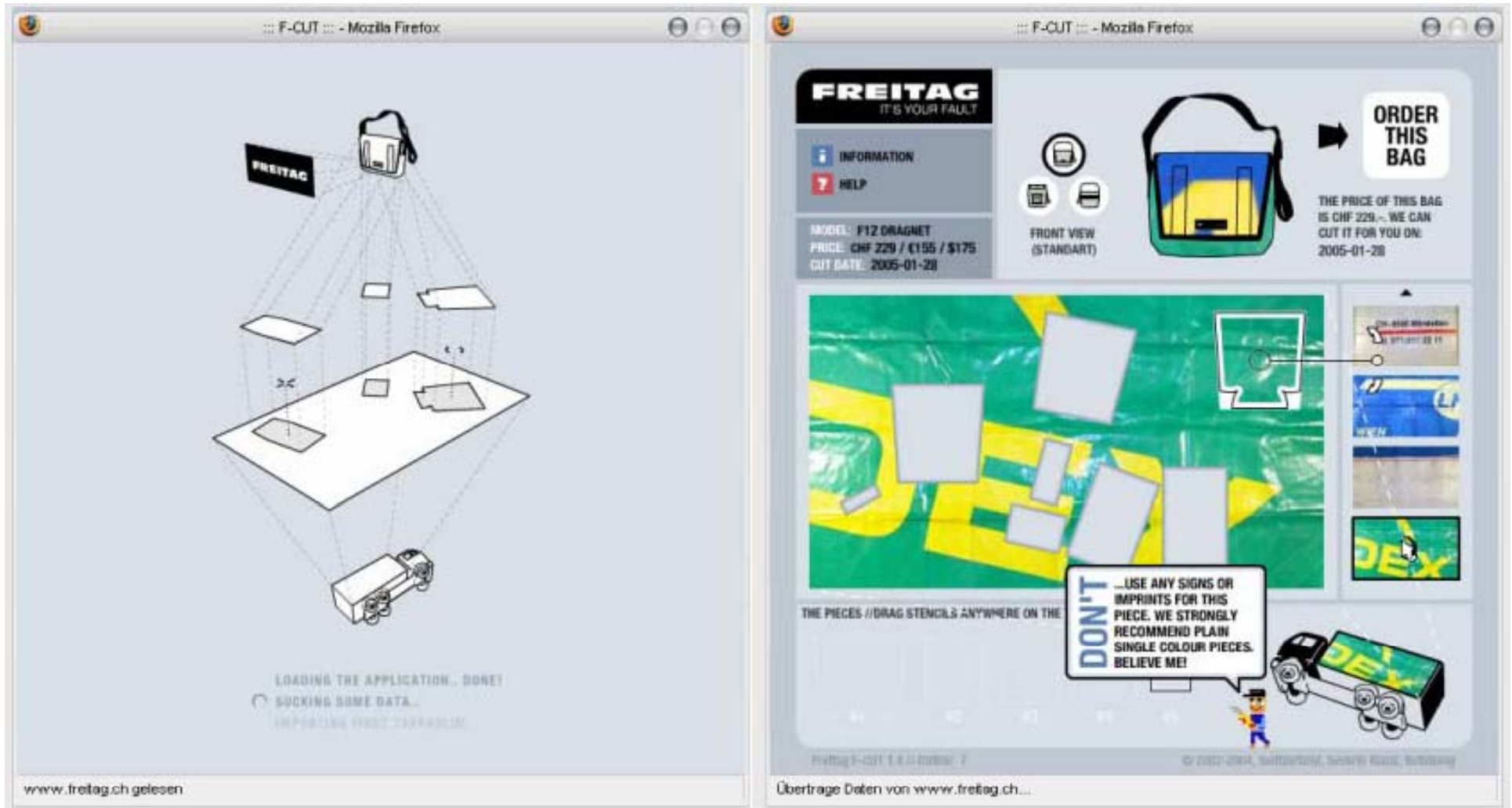
# “Mobilizing the customer”: Options for customer participation and service configuration

<b>Definition of needs and new services</b> (ex ante; pre-development)	<b>Initial service configuration</b> (ex ante)	<b>Customer self care/                      self administration</b> (throughout contract period)	<b>Continuous service configuration</b> (throughout contract period)
User surveys	Contract configuration	Individual profile, service base data	Call management
Communities	Selection of core features	Password	Location based services
Simulation; experimental use	Selection of value adding features	FAQs/ online support	Adding services (roaming etc.)
Participation in virtual consumer lab	Interface personalization	e-Billing	Changing contract parameters

# Customer involvement and service quality



# Example: Product configuration



## Example: Viva ClipCreator



<http://www.vivaplustv.com/clipcreator>

# Example: NIKE

More Go. | Your Go.

More Go

Fertig mit deinem Meilenwerk?

Lass ihn raus, den Läufer in dir.

nikeshox.com

<http://www.nike.com/nikeshox/> -> ,More go' -> ,Werbung ansehen' -> ,Flitz los'

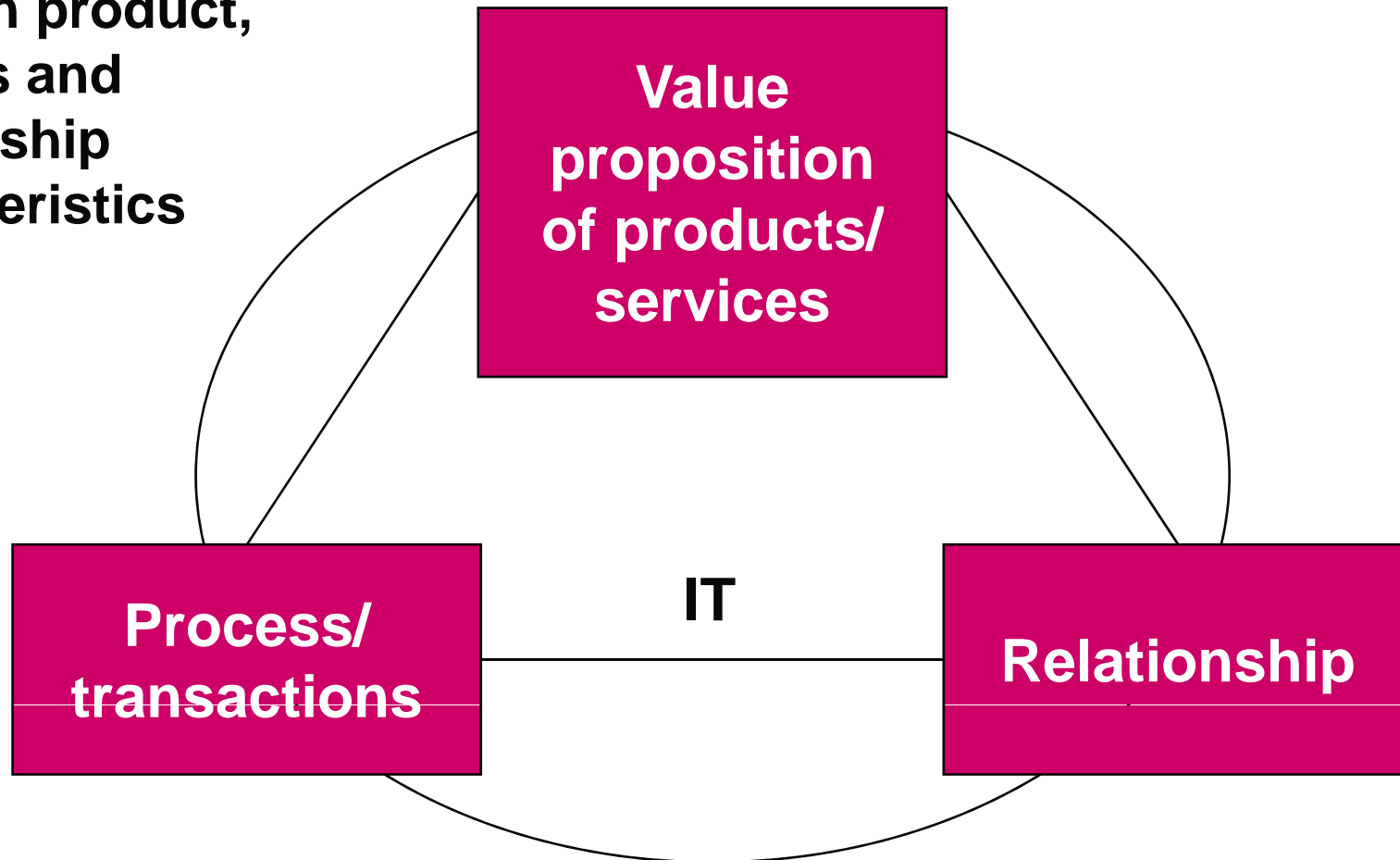
## Management of service configuration

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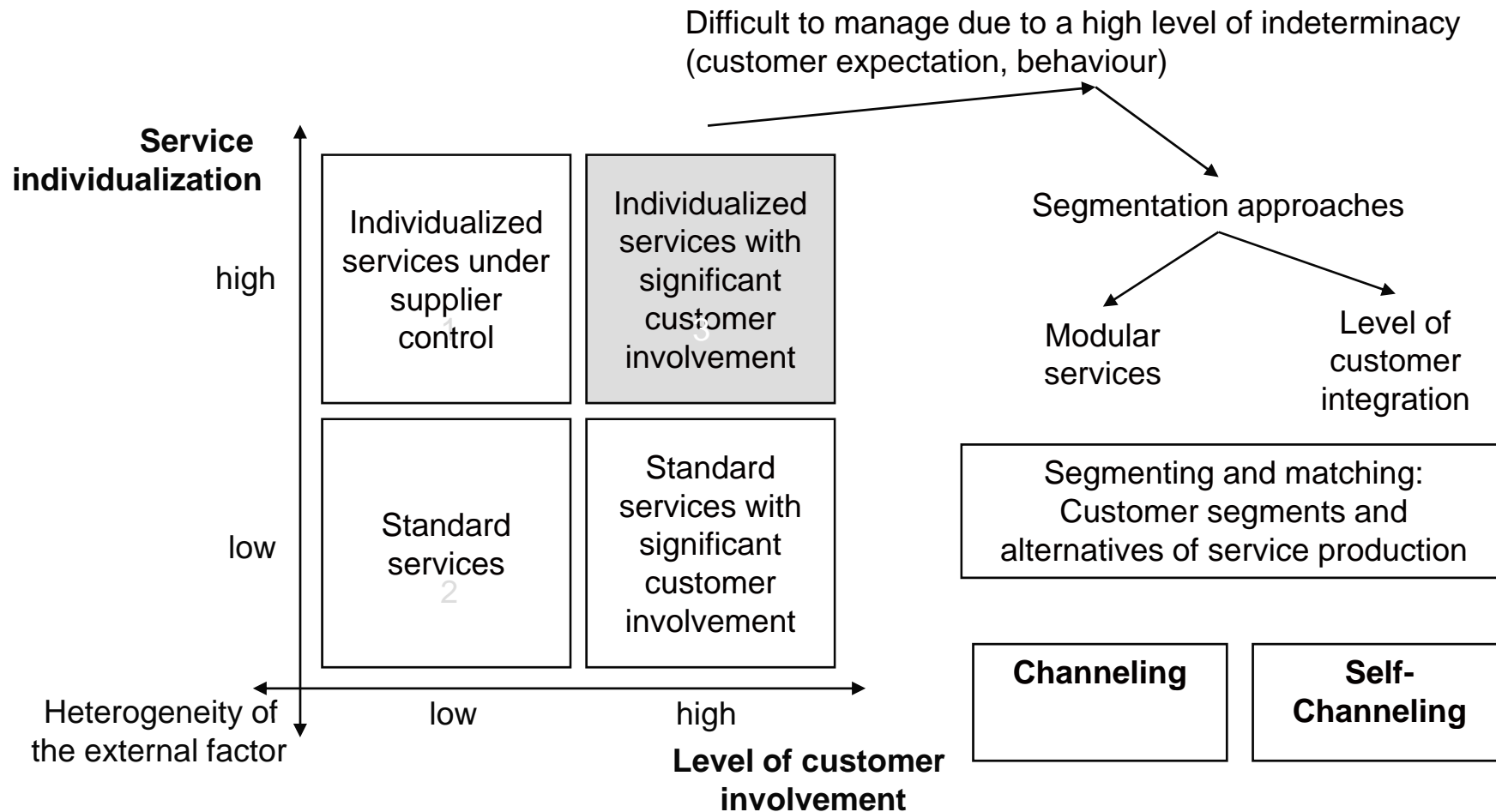
- Relationship management:
  - Relationship characteristics
  - Prosuming mode
- Service and innovation design
  - Dynamic configuration
  - Configuration environment
- Multi-channel management

## One size does not fit all ...

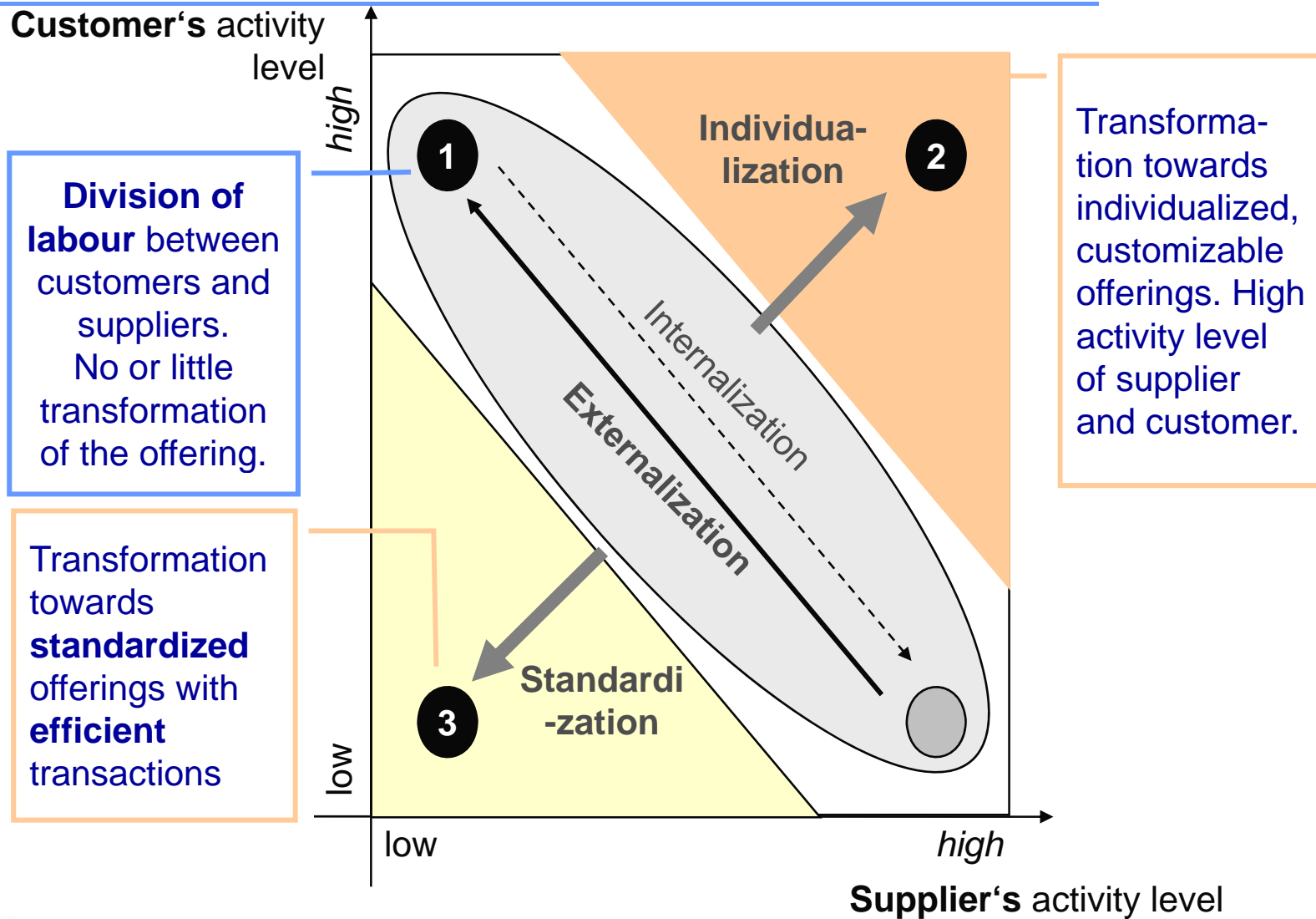
Triangulation  
between product,  
process and  
relationship  
characteristics



# Service individualization and level of customer involvement



# Strategic options in service design



## Dynamic configuration

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"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
<b>High</b>	<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>
<b>Low</b>	<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>

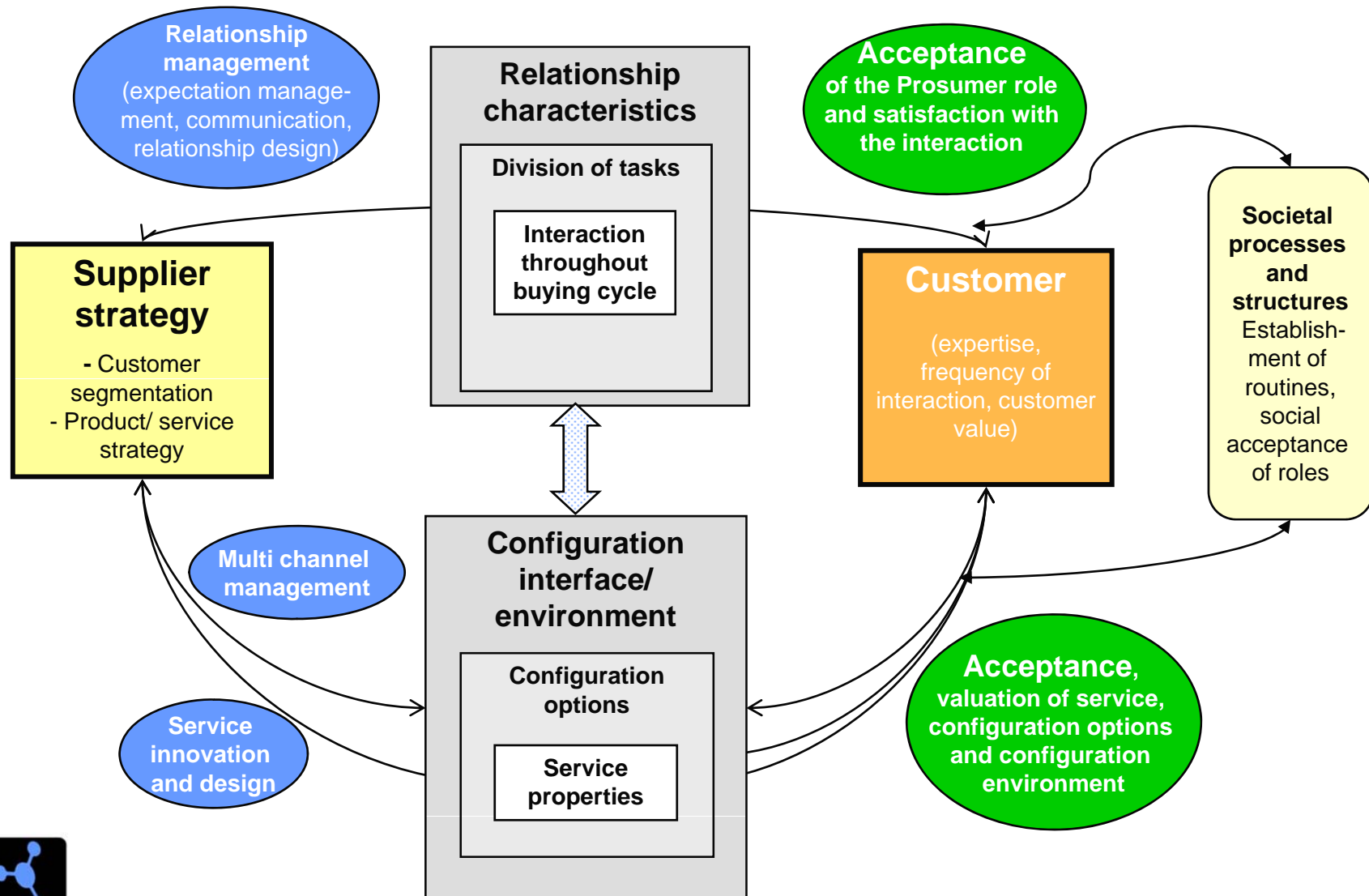
# Multi-channel management

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## 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.

# Framework

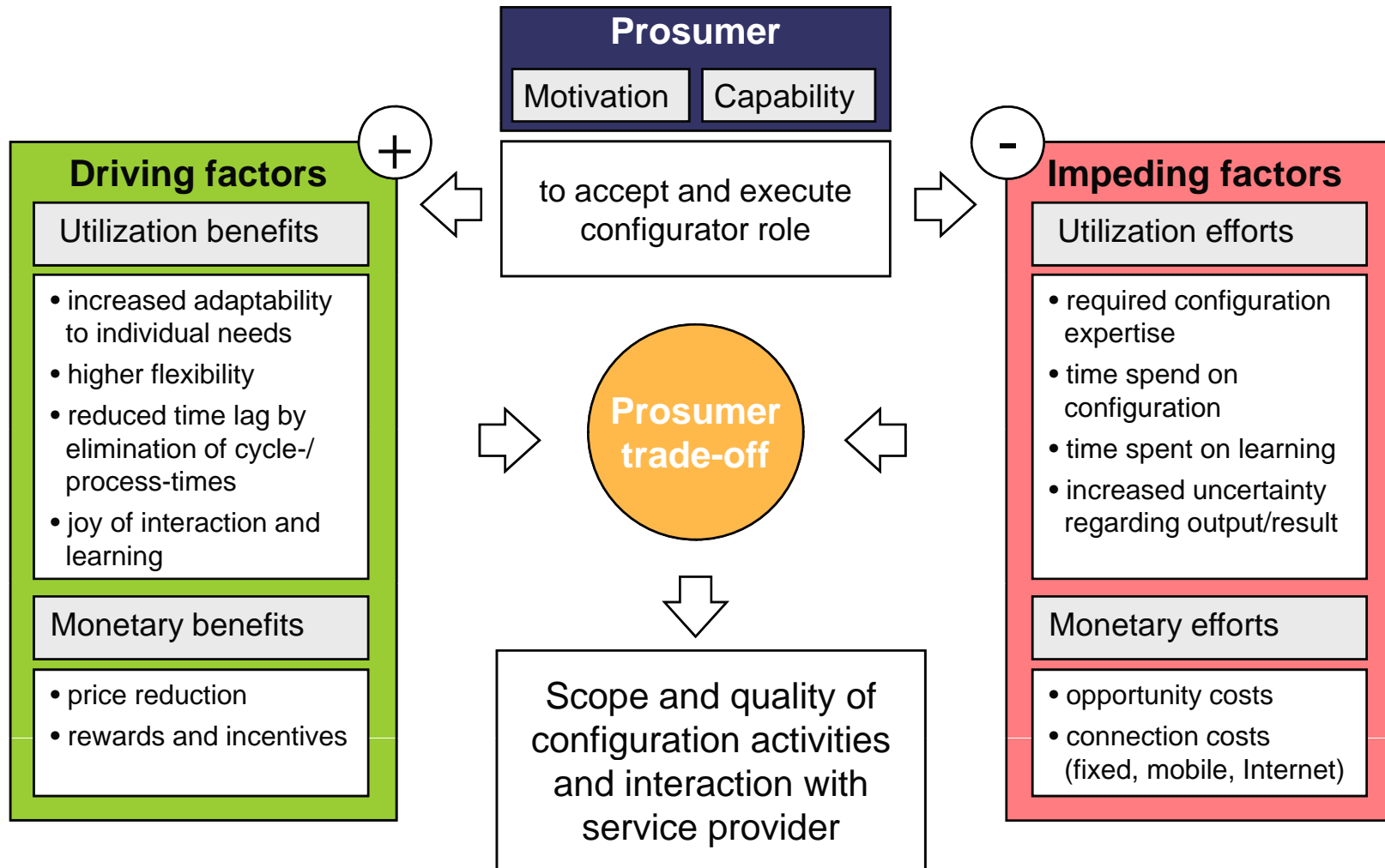


## The caveat ...

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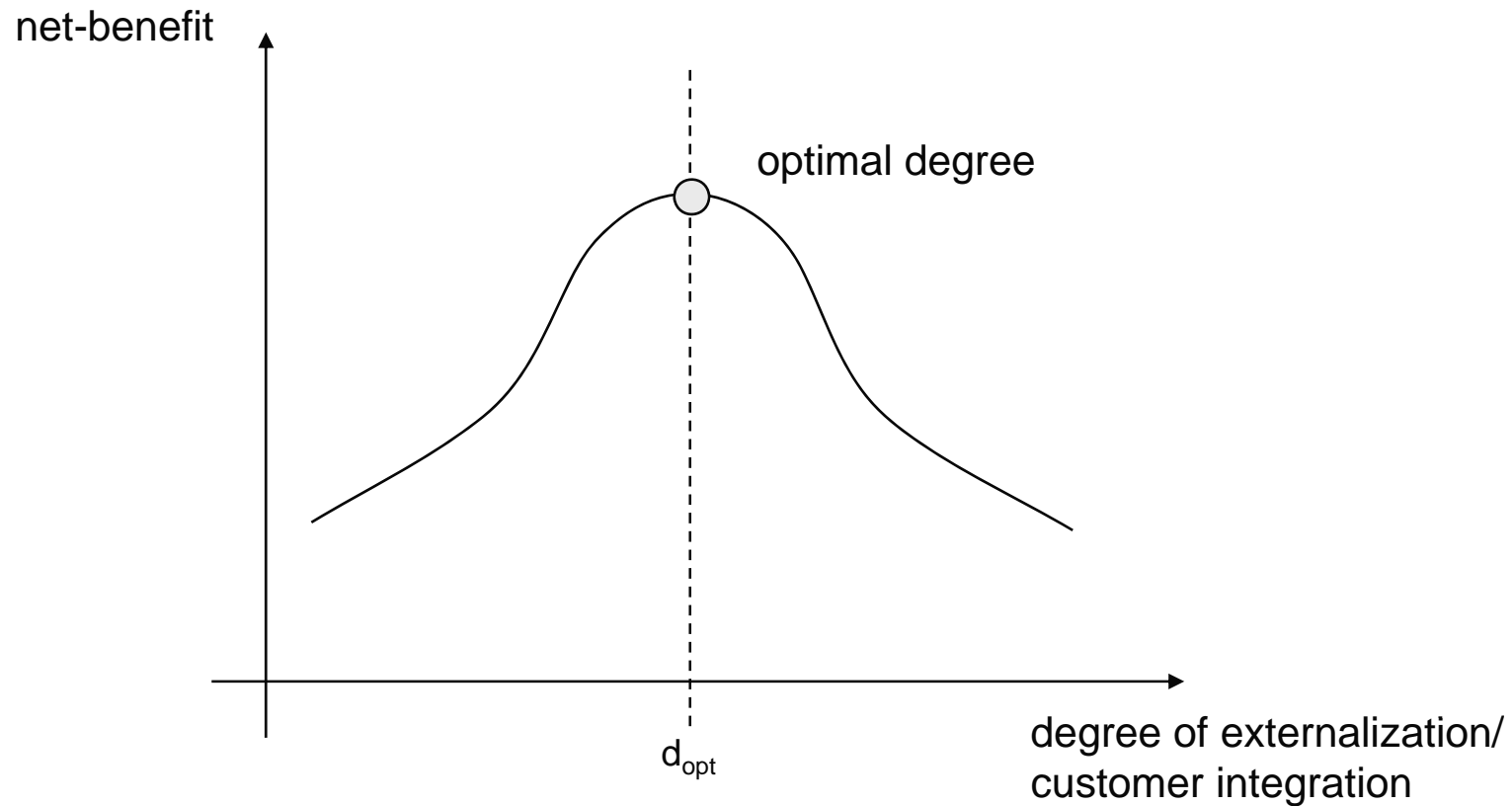
- Customer involvement is a precondition for service configuration, (active) customization and individualization.
- The service providers' success e.g. in a location-based service scenario depends on the mobilization of customers.

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

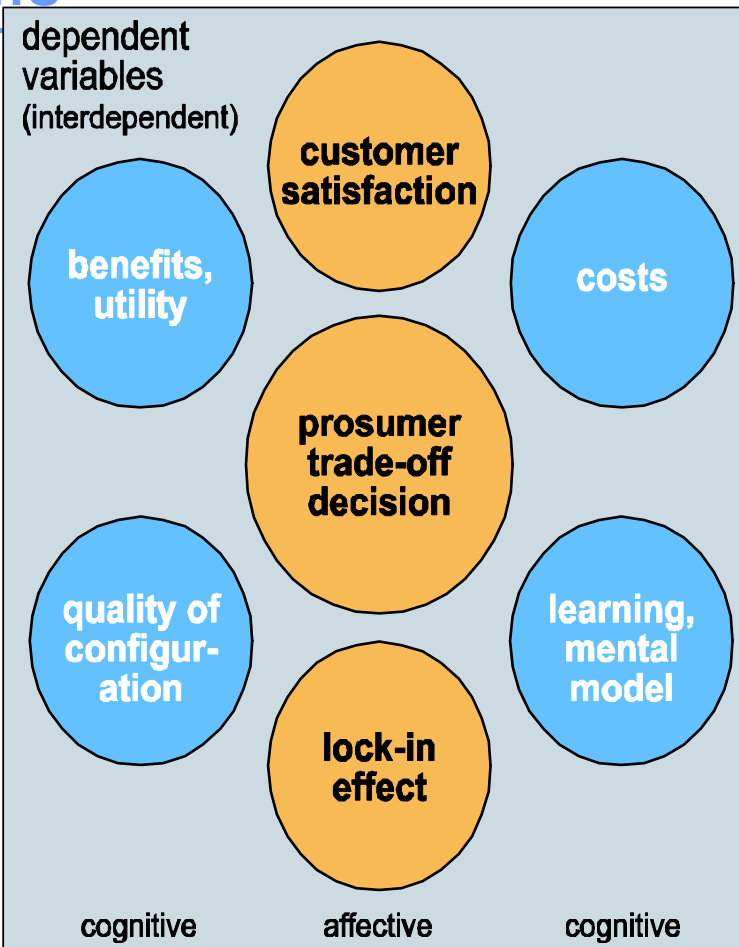


# Customer net-benefit as a function of the degree of externalization

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## Consumer trade-offs



## Conclusions

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Customers' transaction costs are low

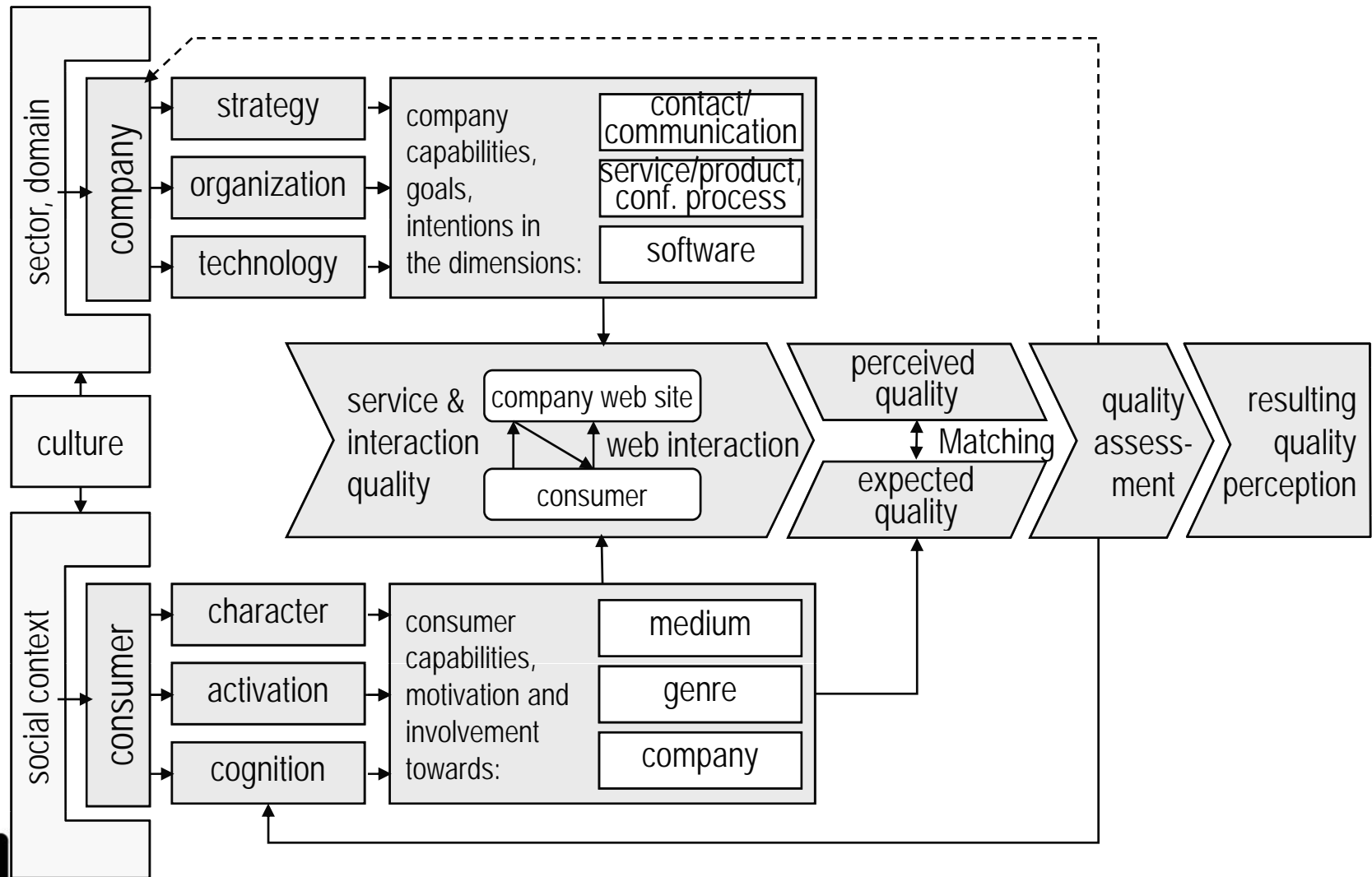
- if transactions take place frequently – hence the focus on the respective customer segment,
- if no or small partner specific investments (asset specificity) are required. By using standard equipment and standardized interfaces, suppliers can keep these costs low. Partner specific investments include 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.

## Implications for Web design

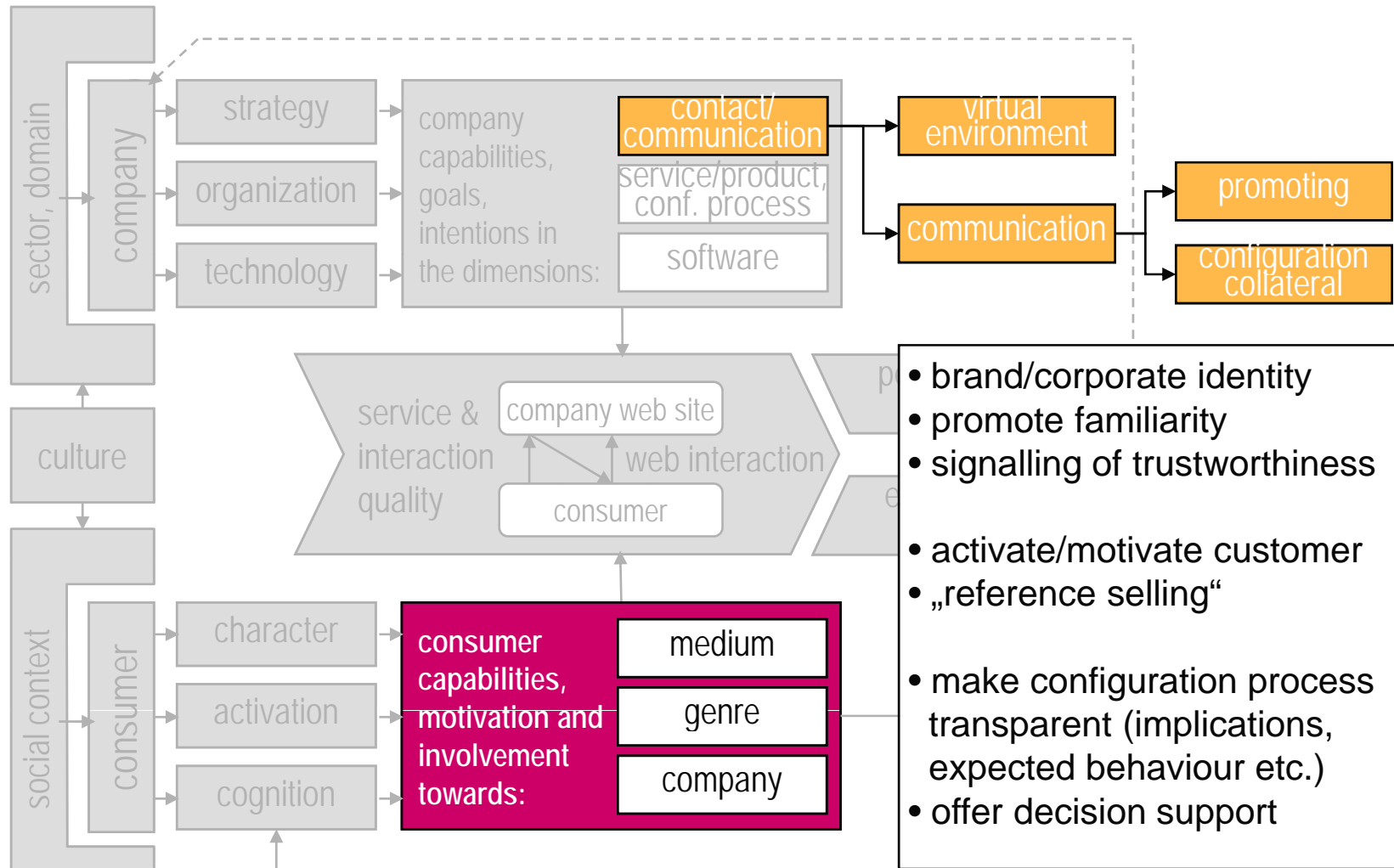
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- Configuration interfaces

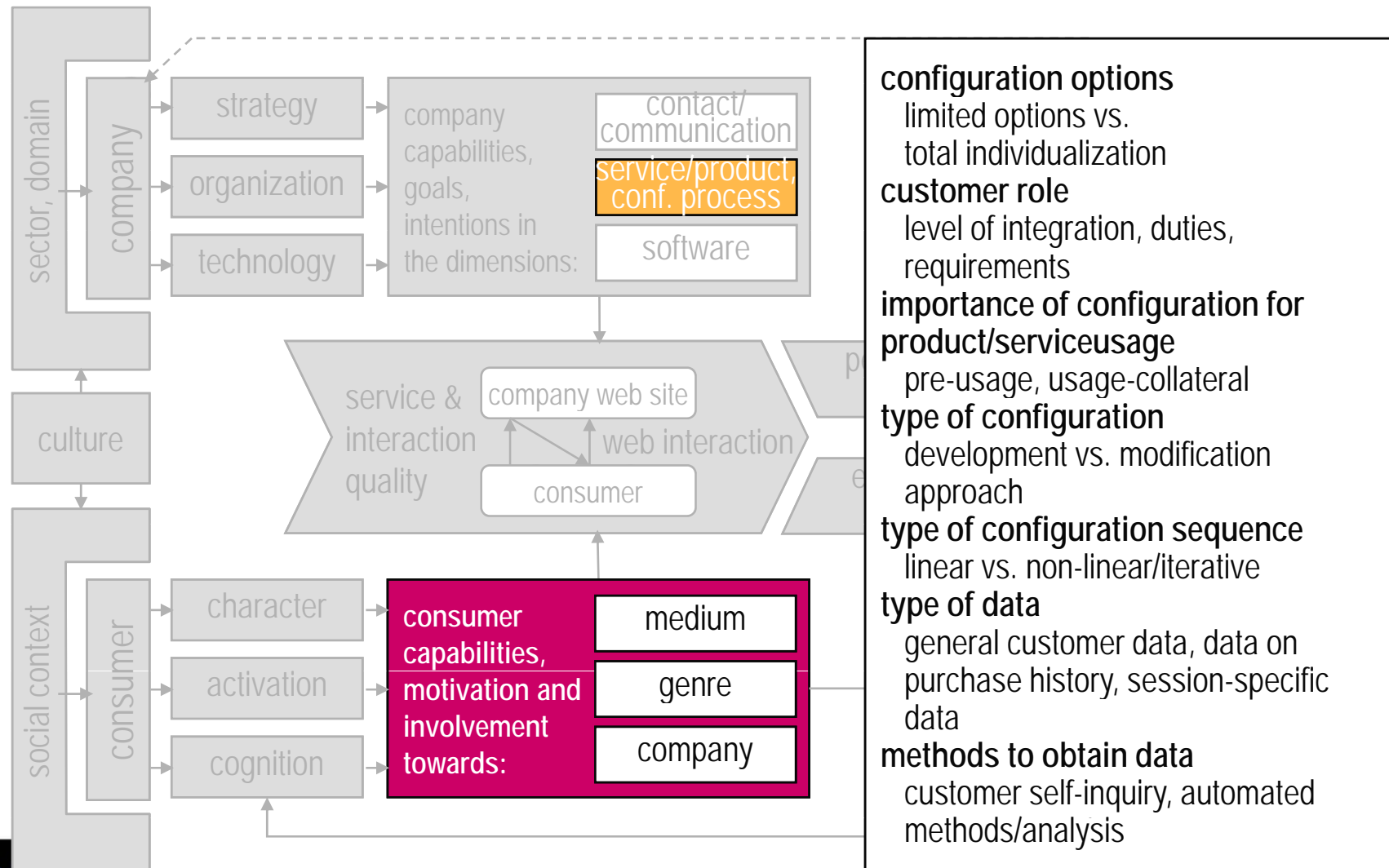
# Design and management framework for Web-based configuration interfaces



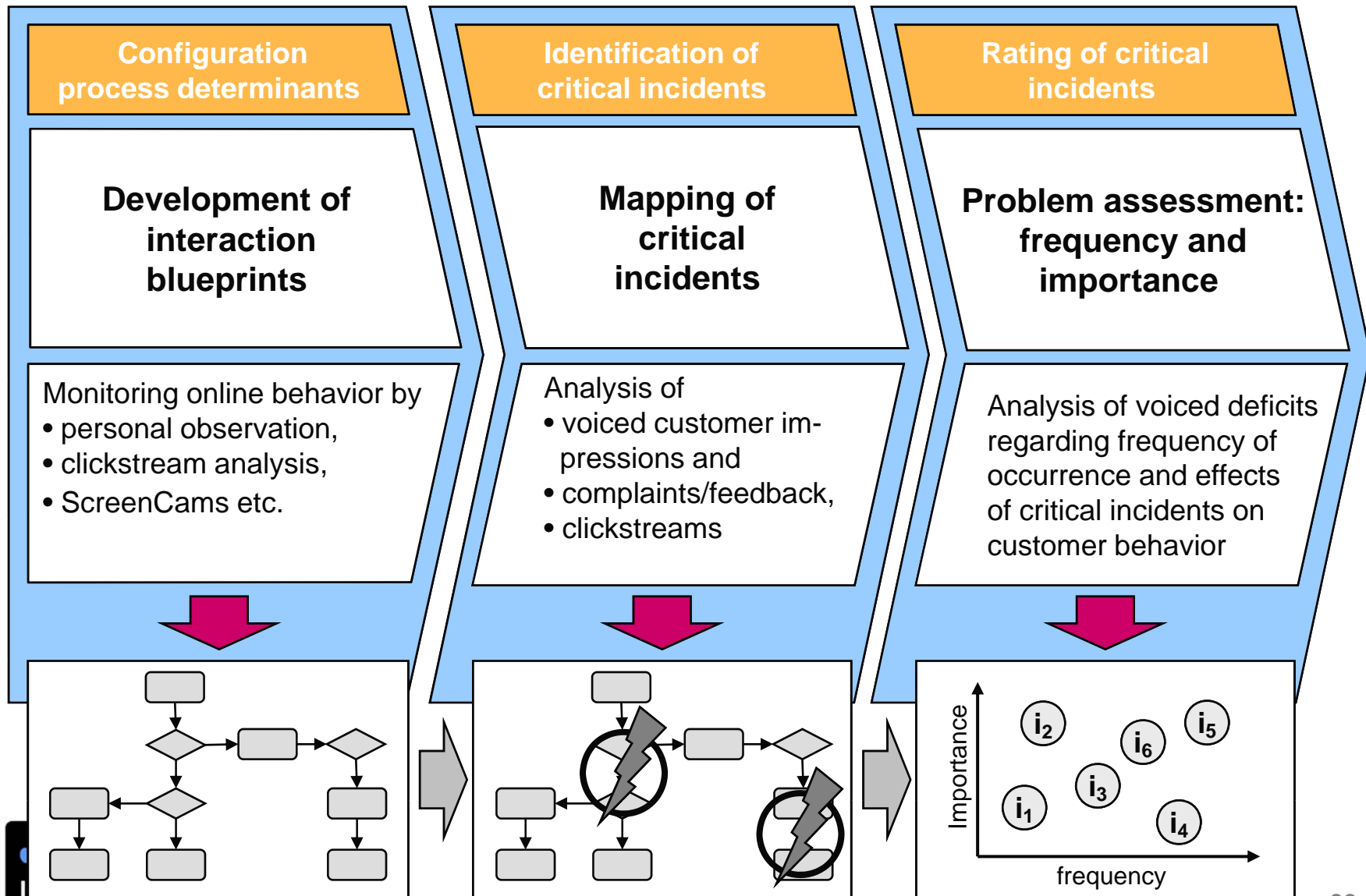
# Design and management framework for Web-based configuration interfaces



# Design and management framework for Web-based configuration interfaces



# Evaluation of Website quality: Methods



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- Totz, Carsten: Interaktionsorientierte Markenführung – Bedeutung internetbasierter Formen der Kundeninteraktion für die Markenführung. Cubillier 2005.
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