

# Marketing in the 21st century

[Business](#), [Marketing](#)



Personalization is modifying a product according to taste and preference. Method of personalization varies from business to business. Modern personalization has different faces. It can be segment marketing, adaptive personalization, cosmetic personalization, transparent personalization, collaborative customization. Customization and personalization can be used interchangeably but according to researchers they are a bit different. With the rise of internet, marketers are optimistic about the future of personalization. The database technology has improved and increase of two way communication has made it easier for companies to offer personalized products. The value customer gain from personalization is far greater as it is tailored according to customer taste and preference. And for that value companies can charge extra price which customer must be willing to pay. The customers are also the co-creator in personalization, so it makes it easier for companies to match their needs and there is a lesser chance of failure. The loyalty of customer increases with personalization as customer feels that company cares about his values and preferences. (Vesänen, 2007)

Nowadays it all depends on how well the company can understand its customer and the better it knows its customer the better product and services it can provide to its customers. It's not necessary to make everything customizable for the user. It depends on multiple factors that what to customize and what not to customize? Companies should see where they can capture maximum value from the customer. If customer value is higher for personalized message then company should go with personalized messages, if customer value is higher for personalized product then it should offer personalized product. The company needs to do cost benefit analysis

before deciding what to customize and the degree of customization.

Individual level price discrimination is a good idea to maximize profit, but the implementation of this strategy by internet retail stores has shown some resistance by customer towards these stores. The customer thinks company is exploiting its need which results in negative publicity for the company.

With the ease of technology companies have got a better idea about the customers' ability to pay, but at the same time customers are more informed. Internet has no boundaries and consumers are more aware of prices offered at different places. Comparison on the bases of price has become easy for consumers. (Ellen & Olivia, 2003) I think second degree price discrimination is most appropriate as different packages are offered by a company and customer selects these packages on their ability to pay. Most common form of second degree price discrimination is volume discounts.

Volume discounts results in higher volume. Customers may buy higher quantity of product to get a lower per unit price. Differentiation can also be on the bases of product differentiation like airline where there are different classes, economy class, business class etc. Marketers should not follow consistent pricing policy for all consumers. They should try to capture as much of consumer surplus as possible without hurting the customer trust.

Customer trust level decreases when the price is differentiated on the basis of individual ability to pay. But companies can also discriminate price on the basis of quantity. The companies can use cost base excuses for different prices and capture consumer surplus. These efforts mitigate the risk of hurting consumer trust. Consumer trust is surely the important factor while planning price discrimination. The segmentation (special group) price

discrimination has worked quite well in retail, but customer doesn't feel good towards individual level price discrimination. The information sharing is priceless because of internet which has made it difficult to charge dynamic prices. I think with the help of Customer Relationship Management (CRM) systems companies can focus on two most important parts of marketing mix: price and product. With the help of CRM systems, companies can easily differentiate between higher value and lower value customers; and offer specialized product to higher value customers from whom it can charge premium price for specialized service. Companies can use acquisition or retention strategy to gain competitive advantage (Syam, 2006) Personalized marketing message can be used to build customer loyalty. With the help of Internet companies can build a feeling of two-way communication through personalized messages. Companies can use digitization and networking to send message relevant to the consumer. In this clutter environment where customer is exposed to too many messages, customized communication and customized product can help in break through the clutter and increase customer loyalty. Companies can charge higher prices on the basis of this customer loyalty (Asim, 2003) Bibliography Asim, A. a. (2003). E-Customization. *Journal of Marketing Research*, 131-145. Ellen, G., & Olivia, F. L. (2003). Dynamic Pricing in Internet Retail: Effects on Consumer Trust. *Psychology & Marketing*, 495-513. Syam, N. (2006). Acquisition versus Retention. Vesanen, J. (2007). What is personalization? *European Journal of Marketing*, 409-416.