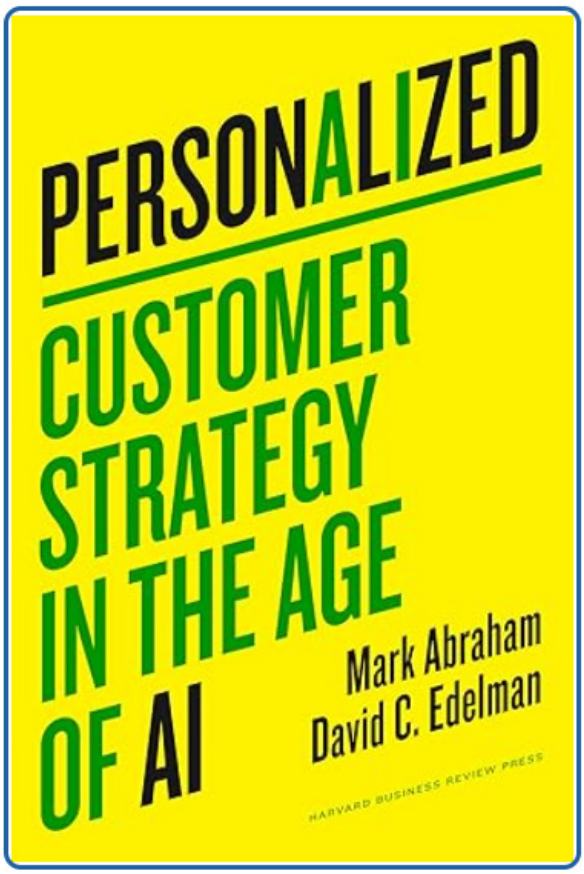
Book Review

Personalized Customer Strategy in the Age of AI

By Mark Abraham & David C. Edelman

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About the Authors

Mark Abraham is a senior partner in Boston Consulting Group (BCG) and has created the personalization business for the firm. He is involved with more than a hundred brand leaders and is instrumental in in creating some of the largest BCG's personalization ventures and AI platform especially Fabriq.

David C Edelman is a senior lecturer at Harvard Business School. He is also an advisor to various brands, BCG, technology providers and serves as a board member to many of them. In the past he was associated with Aetna as Chief Marketing Officer. He has also worked with various companies on personalization, AI, and agile marketing at BCG and Digitas.

Appreciation and Critique

The book introduces personalization as a customer strategy and presents it as a competitive advantage. The first chapter presents the trajectory of the organizations that have embraced personalization in entirety across the spectrum of activities as an umbrella strategy. The chapter defines "Personalization as creating experiences at scale that get fine-tuned with each successive interaction, empowering customers to get what they want-better, faster, cheaper, or more easily". The competitive advantage derived from personalization depends on the scale and the speed. This is further represented in the following equation

$$P = n \times v^2$$

P = Personalization as competitive advantage
N = volume of interactions
V = speed of learning

The authors build the case for personalization by showing that companies that score high on personalization metrics grow revenue faster than the average performance of the sectors.

The book is then divided into two sections the part one discusses about the promises of personalization using different industry examples. The promises are *empower me*, *know me*, *reach me*, *show me* and *delight me*. Each chapter in the first part explains each promise using examples from the industry. Empower me is conceptualized as the means to assist customers to achieve their goals. It is aimed at empowering customers by giving them the driver's seat to design their journey than enforcing the existing solutions. Thereby creating individualized solutions and not for a typical customer or a segment. This requires using the customer data, instilling trust that the data is utilized positively to support their actions and finally creating an experience that is simple, tailored and fast. Thus, "know me" involves securely organizing, analyzing and synthesizing the gathered customer data. The next aspect is to connect to the customer through right channel, at right time. This the book terms as "*reach me*" the third promise of personalization. The next phase involves creating and conveying the right content- more of a problem-solving approach, that entails giving relevant guidance for achievement of customers' goals. This the authors term as "*show*

me" the fourth promise of personalization. The fifth aspect "*delight me*" is to create a seamless customer experience that captivates the customers.

The book explains these promises using real life examples of companies that have implemented personalization tools successfully at different stages of customer journey. The book emphasizes that customers' goal should take the precedence of the tools and techniques. Personalization is often confused with technology rather than being a consumer-centric approach. The authors take the example of Starbuck and Mariott to empower the customer. They explain the process where the head of CRM Aimee Johnson and her team flipped the story around by creating hyper-personalization by studying the customer journey extensively by creating a one-to-one offer for the customers. Mariott, as the other used case, created a multi-pronged customer data strategy and integrated into a centralized data platform. Customer data is the fundamental requirement of the personalization strategy. The authors have discussed how the source of data becomes imperative in the analysis. While the firsthand customer data obtained through direct engagement can lead to authentic customer profiles, the authenticity of third-party data first needs to be evaluated. This involves clearly defining the data strategy, the source of the data and identifying the right people and processes. The authors take the example of financial services firm, Fidelity and Voya to explain of spinning out a personalized investment plan for the customers. However, reaching the right customers becomes complex with the volume and veracity of data. The authors took the example of Icario, a health insurer and Home Depot to demonstrate the planning involved to reach out and reapproach the right customers. The next step is to showcase the personalized options which are relevant and tailored to customer needs. The book takes the example of Pandora-a jewelry brand and Lululemon to show how the customer journey has been digitized, tailored and personalized creative content. However, this is not the end of personalization process, it is continuous and through feedback and improvement loops to create captivating experience. This is explained through the examples of Noom and SonderMind.

The second part emphasizes the involvement of the entire C-suite of an organization. The authors reiterate the fact that personalization is no longer the responsibility of just the Chief Marketing Officers but also the other executives of the company. It is a company-wide customer strategy. The next chapter discusses measuring the impact of personalization on company performance. Asking the relevant question regarding the incremental revenue, margin, operating cost of personalization, capital expenditure to achieve personalization and finally the personalization ROI. The authors have presented the Profit and Loss account of personalization. The promises of personalization also demand the companies to safeguard customers against the risk of privacy. The authors give the roadmap of how to plug the holes in data leaks and remove biases in the AI models. Finally, the authors discuss about creating competitive advantage using personalization as a strategy and align the corporate agenda. Lastly the twelfth chapter discusses about the future of personalization.

The book is written in simple English, using a very lucid style which makes it easier to follow and understand for all kinds of readers. The best quality of the book is every point in the book is explained using real-life examples of companies that can help the managers to understand and implement. Though the book is written from a managerial perspective, there are multiple inflection points for future personalization researchers. Especially the fact that though personalization as a practice is prominent in the industry, the expected return on investment is still a distant dream for a few organizations. It is ironical inspite of benefits demonstrated by pioneers of personalization, it is still seen as a tactic and not as a strategy. The only drawback is that though it mentions the BCG Personalization Index, it divulges limited insight as to how it is measured.

Shobhana Chandra,
Assistant Professor,
Department of Business Analytics
RV Institute of Management (RVIM),
#CA-17, 36th Cross, 26th Main
4th "T" Block, Jayanagar
Bengaluru – 560041, India
E-mail: shobhanac.rvim@rvei.edu.in