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Concepts of Customer Orientation –

Internet Business Model for Customer Driven Output

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Customer Orientation in the Electronic Commerce
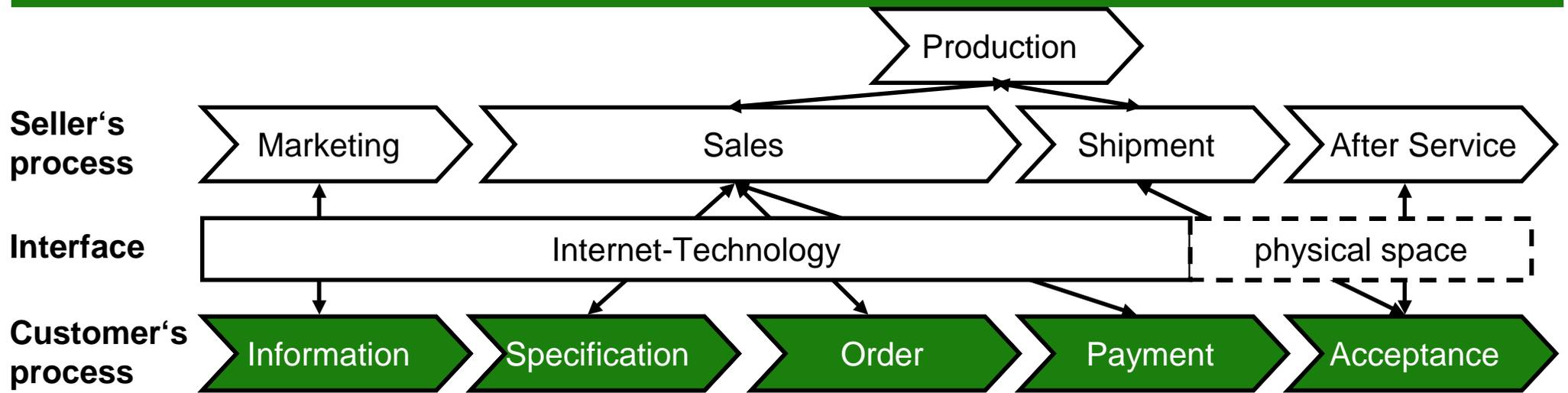
- **Possibilities for the customer**

  - Customer process can be executed anytime and anyplace

  - Multimedial support of the customer process

  - Handling of almost all tasks in the customer process (without payment and delivery of physical products) based on internet technology

  - Self configuration of products and services

  - Preview of preferred products and services

- **Possibilities for the seller**

  - Personalized interaction with the customer

  - Technical linkage with the suppliers in the seller's process

Customer Orientation in the Electronic Commerce

Production

| Seller's process | Marketing | Sales | Shipment | After Service |

Interface: Internet-Technology | physical space

| Customer's process | Information | Specification | Order | Payment | Acceptance |

Customer Orientation in the View of the Customer

- **Comprehensive and individual needs are not covered**

  - Products and services are either individual or comprehensive (integrated)

  - E.g. individual journey, health care, redecoration, moving house services

- **Measurement of the customer orientation in the customer's view**

  - Parameters in the view of the seller only focus on production issues

  - Parameters to describe the customer's felt adaptation could be:

    - Individuality

      - Depicts the orientation of the output (feature) to the personal situation of the customer

    - Complexity

      - Depicts the variety of different features of an output

Customer Orientation in the View of the Customer

- **Relation between customer's need, output, feature and value and it's instance**
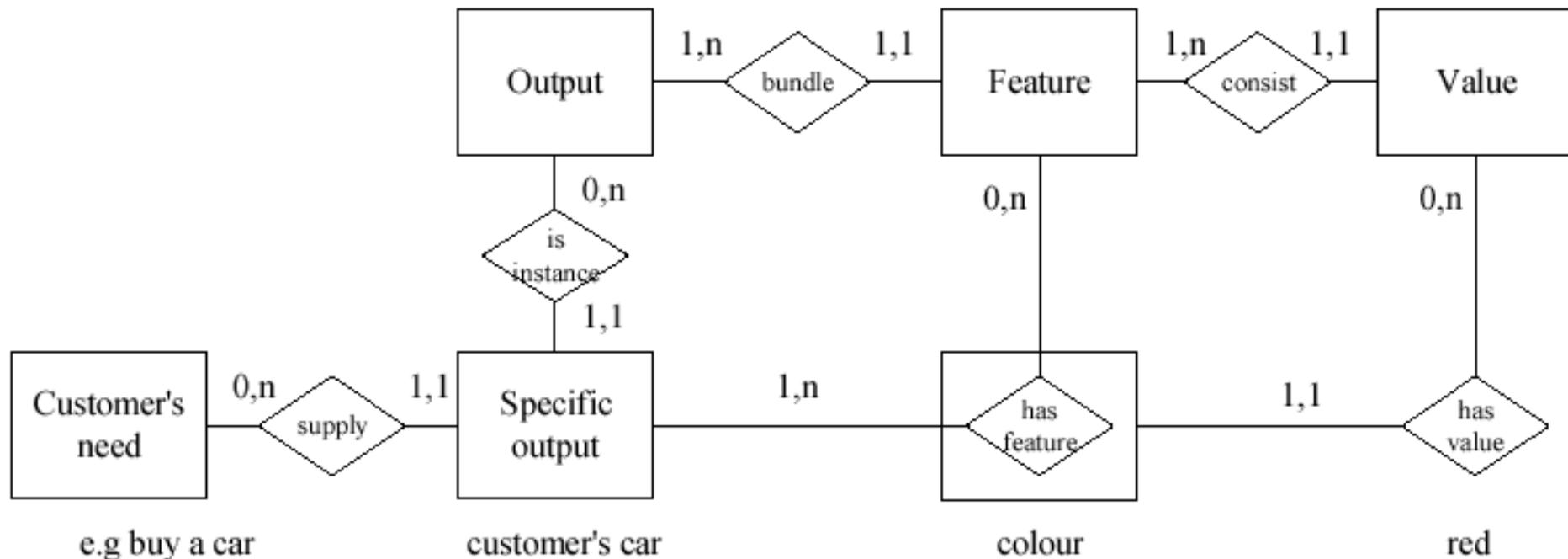
Customer Orientation in the View of the Customer

- **Break down of the parameters individuality and complexity:**

  - Individuality

    - No individuality (value of the feature is fixed)

    - Limited individuality (value can be chosen from a pre-defined selection of values)

    - High individuality (no restrictions for the value)

  - Complexity

    - No complexity (no feature can be assigned)

    - Limited complexity (feature can be chosen from a pre-defined selection of features)

    - High complexity (no restrictions for the design of features)

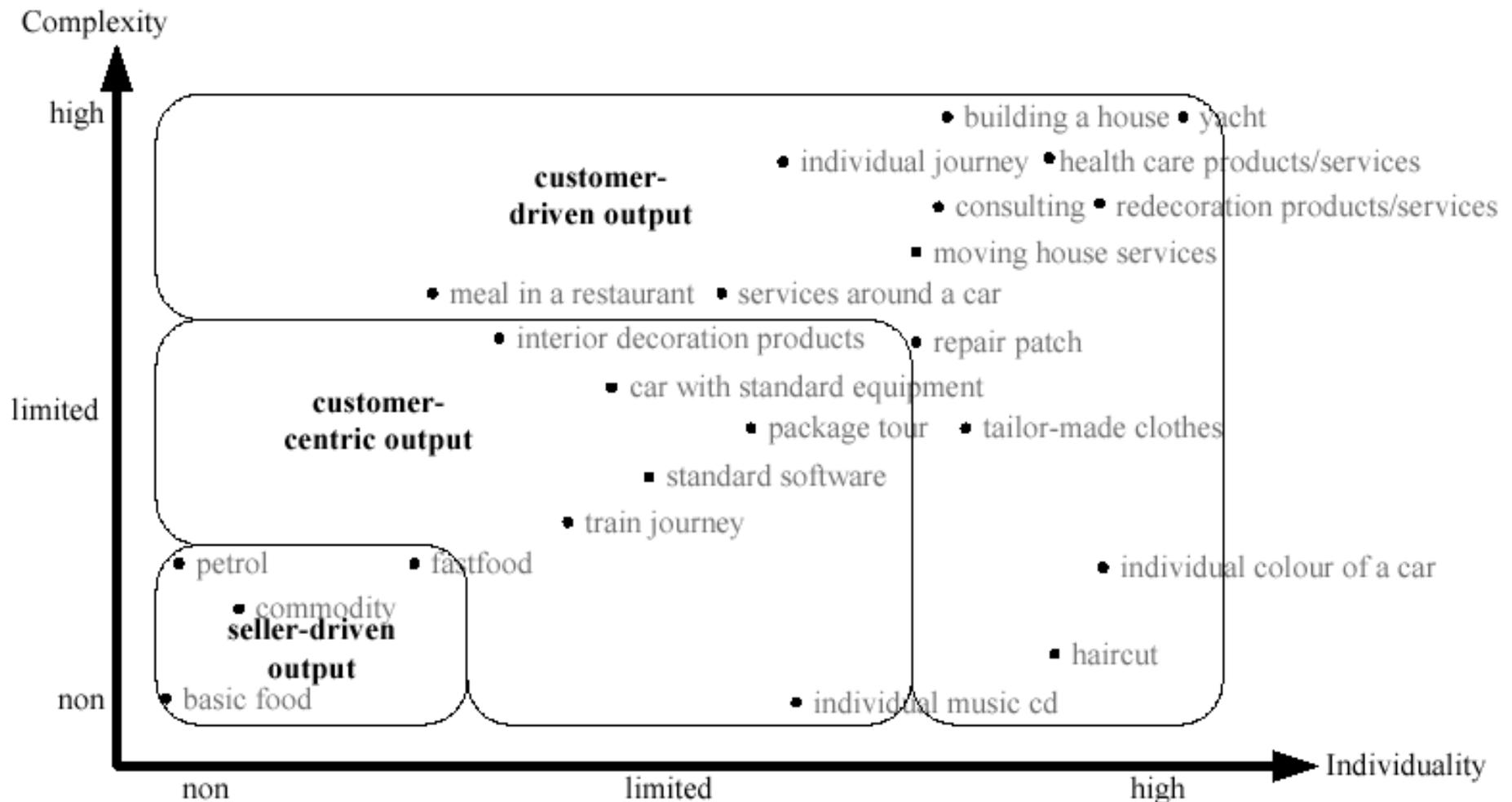# Customer Orientation in the View of the Customer

- **Classification of outputs to depict the degree of individuality and complexity in the view of the customer**

    - Seller-driven output
        - Standardized independently from the customer
        - Production process is seller-driven

    - Customer-centric output
        - Customization within pre-defined options by the customer
        - Production process is both seller and customer-driven

    - Customer-driven output
        - Individual design of the product and service
        - Production process is customer-driven

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Customer Orientation in the View of the Customer

- **Complied classification of outputs to depict the degree of individuality and complexity in the view of the customer**

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Organizational Implementation of Customer Orientation

■ **Seller-driven output**

– Can completely be controlled by the seller

– Independent from the customer's needs

– Mass Production Concept

▪ Leads to standardized outputs concerning design and distribution

▪ „You can have any color car you want as long it's black"

– Production of Variants Concept

▪ Leads to variants (variations of features and values which are set)

▪ Covers average individual needs

Organizational Implementation of Customer Orientation

- **Customer-centric output**

  - Seller process is seller and customer oriented

  - At freeze point integration of customer's specifications in the seller process

  - Mass Customization Concept
    - Offers a number of pre-defined values and features
    - Customer himself chooses the options
    - Adds additional services, special delivery service and product image
   - „enough variety and customization that nearly everyone finds exactly what they want"

Organizational Implementation of Customer Orientation

■ **Customer-driven output**

– Seller process is customer-oriented

– Degree of individuality and/or complexity determined by the customer

– Crafted Customization Concept

▪ Handmade individuality of the values

▪ Uses order-specific production processes

▪ Lack of resources to manage products with an additional complexity

Organizational Implementation of Customer Orientation

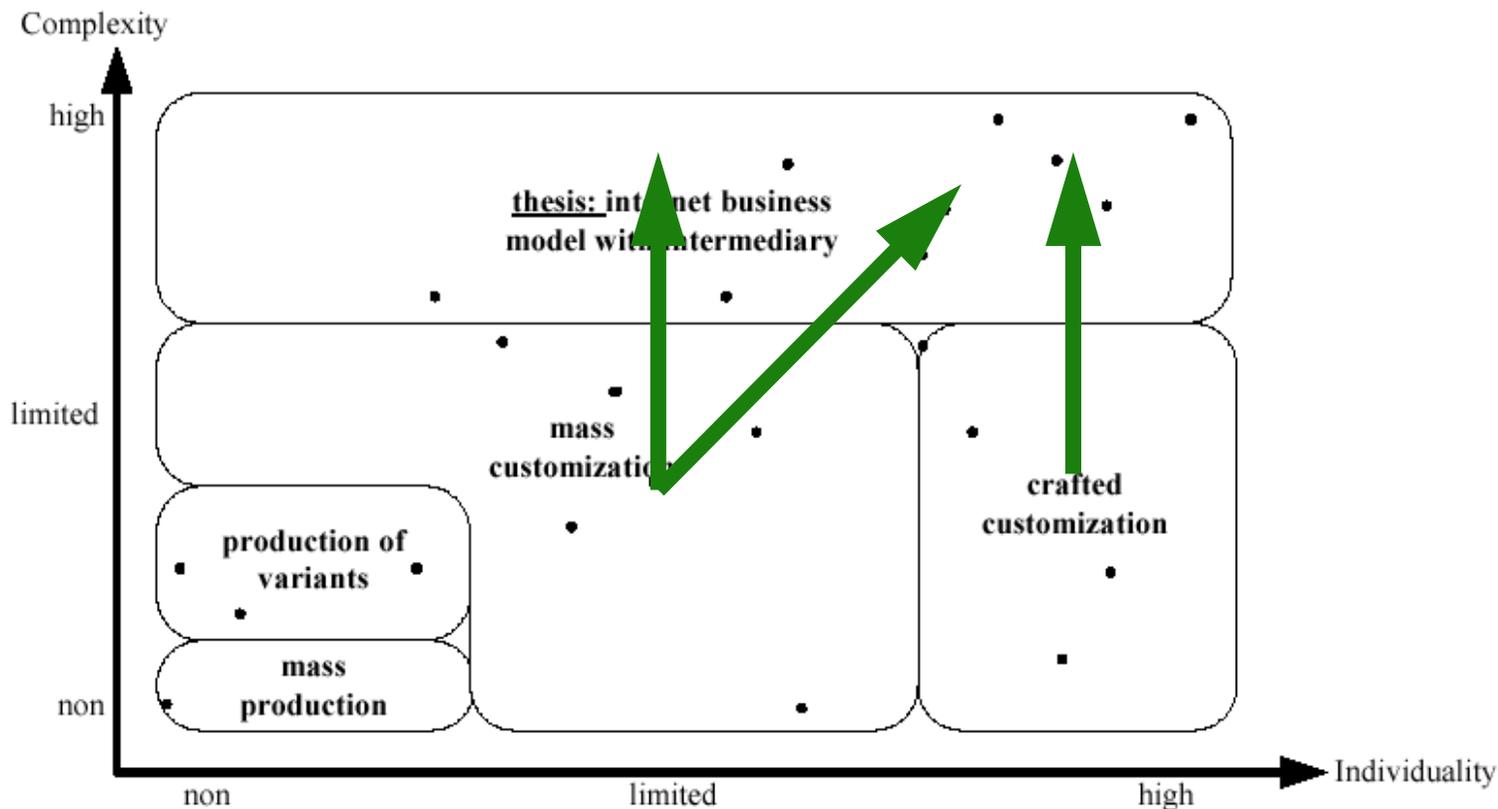■ **Output with customer-driven individuality and/or complexity**
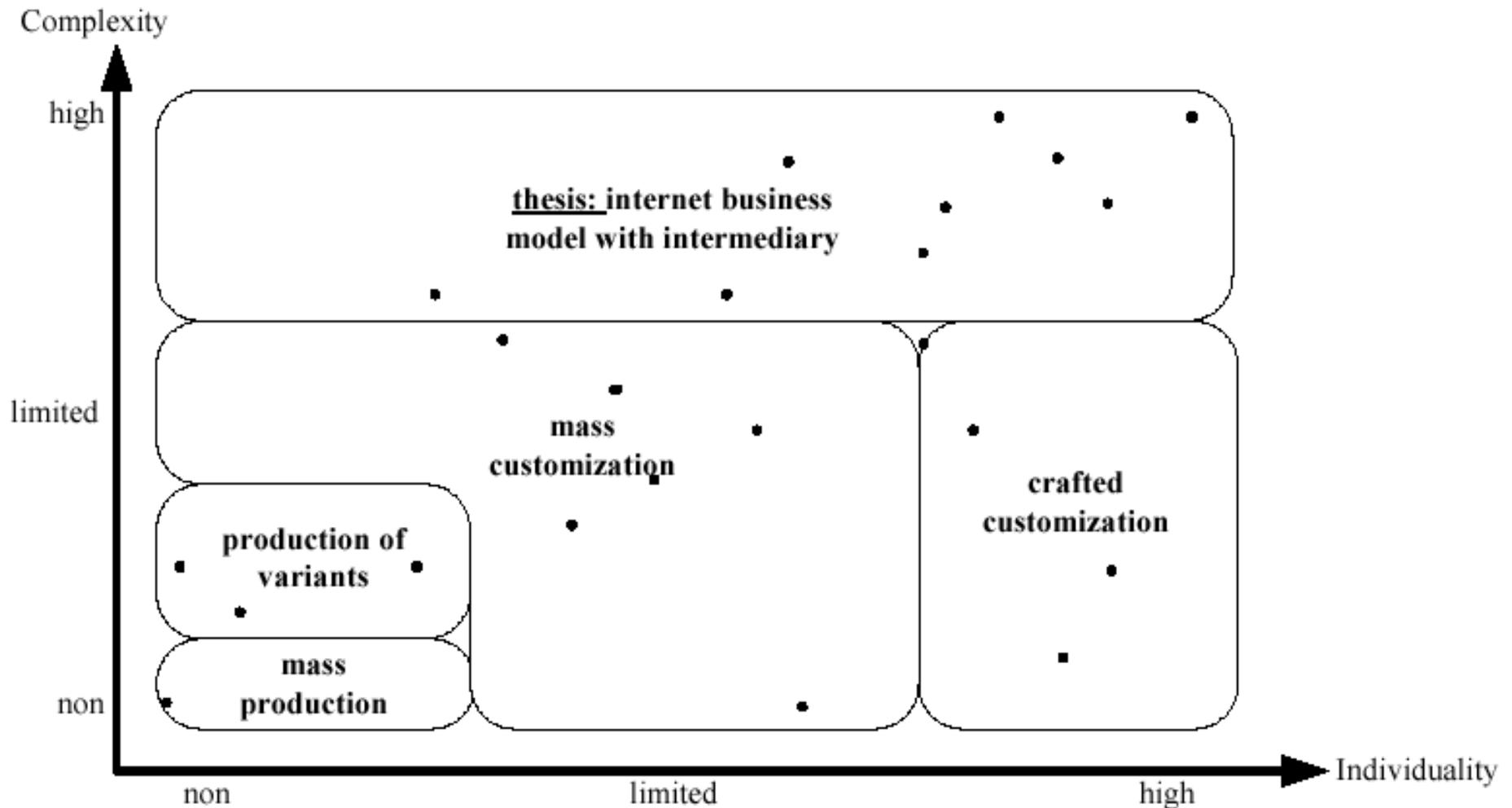
Internet Business Model for Customer-Driven Output

- **Suggestion of an Internet Business Model to achieve a customer-driven output**

  - Usage of the mass customization concept or crafted customization concept

  - Enhancement if the customer asks for

    - High individuality → Customer can specify the value of the feature by himself

    - High complexity → Customer can add features by himself

  - Intermediary coordinates an interorganizational network

    - Request for high individuality → New partner in the network

    - Request for high complexity → New partner in the network

  - Usage of the internet technology to realize the value and supply chain activities and flows

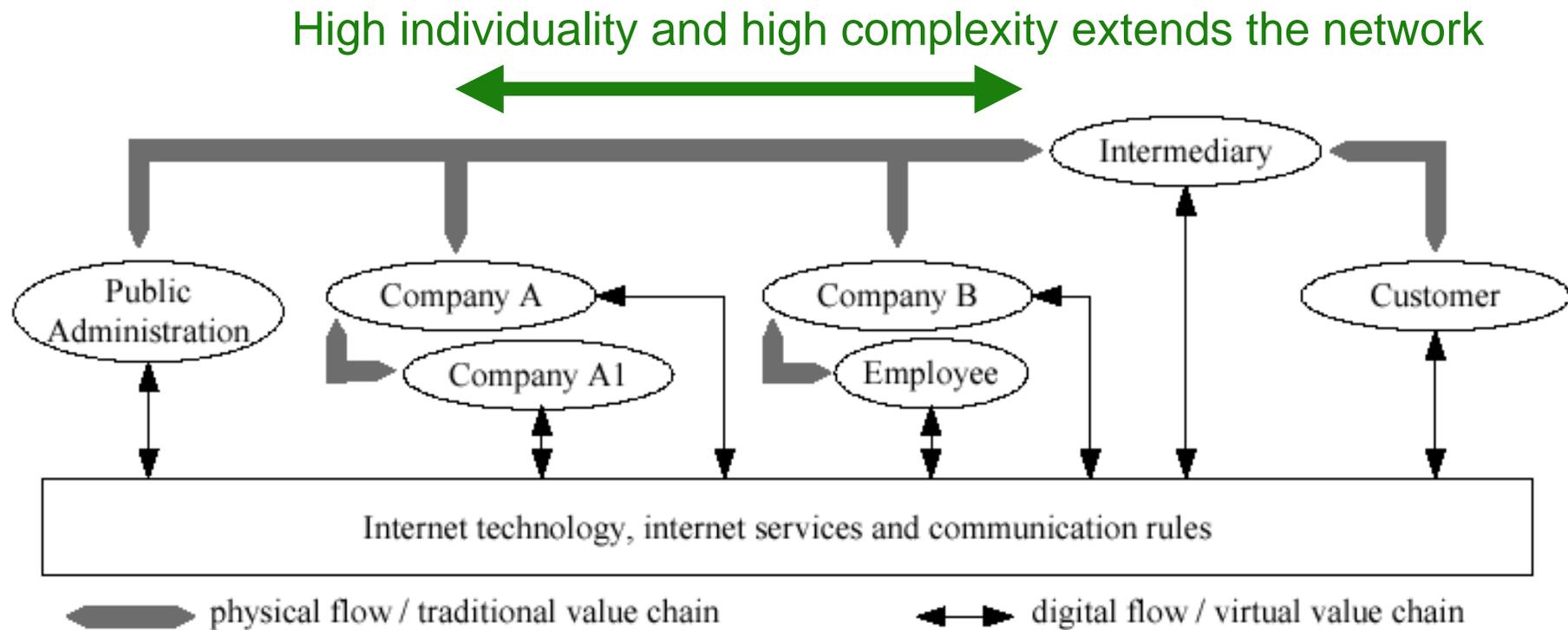# Internet Business Model for Customer-Driven Output

■ **Suggestion of an Internet Business Model to achieve a customer-driven output**

The customer demand for high individuality and/or high complexity leads to an network of companies

Internet Business Model for Customer-Driven Output

- **Suggestion of an Internet Business Model to achieve a customer-driven output**

High individuality and high complexity extends the network

As a result we suggest an interorganizational network of companies besides an intermediary and with the usage of the internet technology for the digital activities and flows

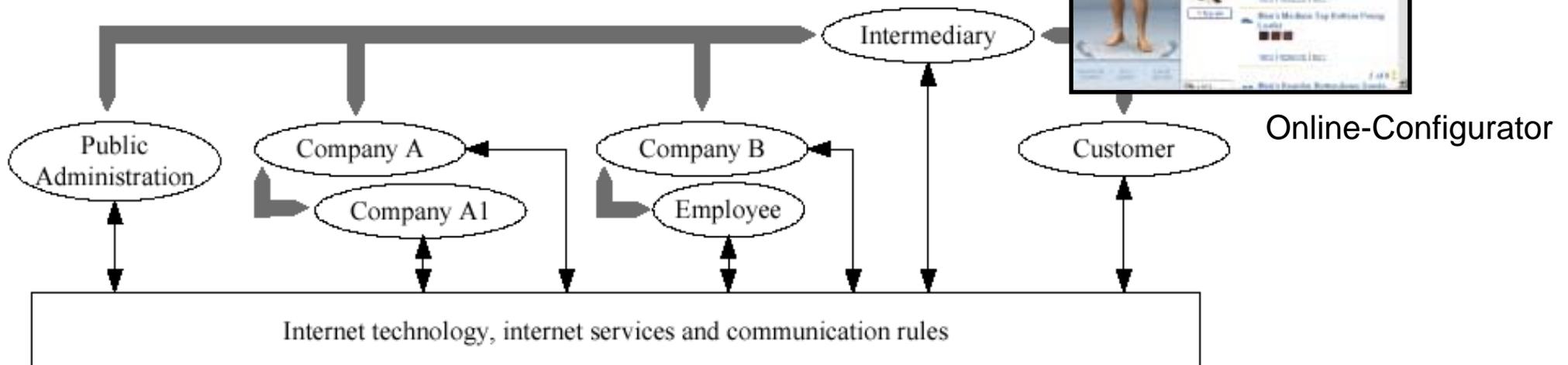# Internet Business Model for Customer-Driven Output

- **Necessity of the internet technology in the business model**

    - Planning and Management of an order-specific network and a different number of actors

    - Plug-and-Play connectivity to add new actors

    - Handling of the individuality and complexity

        - Customer can specify his needs using multimedial techniques

        - Interchange of the specifications within the network

    - Advantages concerning transaction costs and speed of interorganizational interchange

    - It is possible to manage the complexity and individuality needed to offer a customer-driven output

Further research

- **Focus on the specification task in the customer process**

  – Customer uses online-configurator to customize his products and services

  – Study of the product model to realize additional high individuality and complexity

  – Study of the configurator to support the product model

Online-Configurator

Intermediary

Public Administration

Company A

Company A1

Company B

Employee

Customer

Internet technology, internet services and communication rules

Thank you for your audience.