

## Great Expectations

### You can make demanding customers work for you without their knowing it.

*By Richard W. Oliver  
for Office.com*

March 21, 2001- Ever think about the fact that the root of the word customer is custom? In fact, that's where the idea of customer comes from. In ancient times, every product was built uniquely by craftsmen for a specific individual.

Costly, but the sandals fit pretty well!

Then came the Industrial Revolution, followed by mass production. (Remember Henry Ford's comment: "You can have a Model T in any color as long as it's black.") Products weren't unique, but the prices got significantly better.

During the 1990s, big companies started using a host of new technologies to "mass-customize" — that is, produce customized products at mass-produced prices.

Wouldn't you think we had reached nirvana, and that would be the end of it?

Not really. What is customized today may not be what is needed tomorrow. After all, customers change. So products and services need to change, as well.

Today's kids know this and accept nothing less.

They're used to products just for them, possessions that change with their whims, and services that appear to be self-designed. They snap different covers on their Nokia phone and change the ring to a favorite song, only to change the play list every couple of days. They burn custom CDs or mix new combinations on an MP3 player. They buy gadgets that change the function of their Visor handheld PDA, use a customized portal on their computer, and dial up TellMe (1-800-555-TELL) to get custom information while on the move.

For teens and twentysomethings, what I call real-time products have become the norm. Now the rest of us are catching on.

A 1990s mass-customized product was still a static product, unable to be made to adapt to a customer's changing needs. If the customer needed something more, he or she upgraded, added on or junked the old version and bought a new one.

The computer chip is changing all this in a fundamental way. Ever cheaper chips now make it possible to imbed intelligence in the product or service — objects or service offerings that adapt dynamically to both the specific consumer and the constantly evolving needs of that person. These real-time products are not only individualized, but they are also empowered to adapt themselves to changing wants or needs.

This morphing ability is easiest to see in Internet offers. Web sites often adapt to individual users, either by customer preferences (such as MyYahoo, MyExcite) or by intelligent selection.

### But I want it now.

For example, online investors get real-time streaming quotes, up-to-the minute news on companies in their portfolio and get e-mailed alerts about conference calls and price spikes. Yahoo even offers to consolidate all financial accounts on one page and relay a constant net-worth calculation to the user.

Another example: Enterprising companies are offering travel-booking portals that can continually change according to a customer's parameters. The service recognizes each customer's changing needs, storing travel preferences, frequent-flyer numbers and credit cards.

But it's not just Web companies that are using new technology to provide real-time products and services. American Airlines' AAdvantage members can get flight changes or delays via cell phone, pager, e-mail or wireless PDA — bundling traditional plane tickets with a real-time service.

An important consequence is that the line between products and services is blurred. The product is "hard," but the service is malleable. Video camcorders adjust to shaky hands. A car's seating or suspension changes with the driver. A washing machine adjusts to the kind and amount of dirt on clothing.

Most of the examples cited above are real-time products currently produced by the largest corporations or the sawiest Web sites. But don't expect that to last. Small business owners should start looking now at how they can make their services respond to real-time customer needs.

Today's consumers operate with what I call the "expectation ratio": Customers' expectations for the cost and functionality of information products and services are transferred in a one-to-one ratio to every other product or service they consume. So

they expect flawless long-distance service at almost no cost, cheaper and more functional PCs, smaller and smaller handheld devices with unbelievable functionality.

In other words, if the computer and telecom folks can constantly provide better products at a cheaper price, what's wrong with the rest of you?

Here are some suggestions to get you started:

1. Determine where, when and why customers discontinue using your products.
2. Figure out what the customer is looking for in substitutes and upgrades.
3. Examine the whole product - not just the physical product but the instructions, installation guides and collateral materials - to see where a chip or Web service could replace it.
4. Talk to your information-service supplier (or your teen-ager) and see if you can't develop a real-time offering that will bring you more customers and increase the loyalty of those you already have. Talking to current customers wouldn't hurt either.

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