Chapter 9

Mass Customisation Models for Travel and Tourism Information e-Services: Interrelationships Between Systems Design and Customer Value

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ABSTRACT

Online travel firms exploit current ICT advances for developing mass customization (MC) capabilities and addressing the needs of the sophisticated travellers. However, studies investigating MC in services and specifically in tourism are limited. By adopting a customer-focused approach, this paper addresses this gap by analysing the following issues: a) the ICT and product dimensions that online firms can customise for developing and implementing different MC models; and b) the customer value and benefits provided by the different MC models. After reviewing and illustrating the interrelationships of studies coming from the fields of customer value, MC and IS design, the author proposes a customer value based framework for developing MC models. The applicability and practical implications of this framework are demonstrated by analysing the MC practices of three online travel cyberintermediaries. Finally, the paper summarises the formulation of research propositions investigating the influence of users’ characteristics on the customer value and benefits sought by MC practices and on the design of the IS platforms supporting MC services.

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INTRODUCTION

During the 19th century the industrial revolution took place and mass production was the common manufacturing term used; i.e., products were produced in large quantities at low and affordable prices. The success of mass production was undeniable as products were manufactured on massive levels, in direct response to consumer demands. In the 21st century, however, consumers became more sophisticated and demanding regarding issues pertaining to the design, quality and functionality of their products and services (Clemons, Gao, & Hitt, 2006; Clemons, Gu, & Spitler, 2003). The tourism industry does not constitute an exception from such developments. In particular, the following factors have increased tourists’ demand for affordable and reliable services that correspond exactly to their specific individual needs (Sigala, 2005): increased online price and product transparency; the use of customer recommendation and information personalisation systems by online firms that allow customers to participate in and customise processes such as product development, design and production (e.g., Dell, Travelocity.com dynamic package possibilities). Moreover, as the disposable income, the time and flexibility of travellers’ increases, demand for pre-packaged and static packaged tours decreases. Moreover, an increasing number of travellers are nowadays willing: to afford little more money for buying personalised tourism services; to spend some time to plan and organise their own vacations by assembling and selecting their own tour package components; and to create their own flexible trip itineraries.

For addressing individuals’ requests, travel information service companies have traditionally followed a niche marketing strategy by focusing on specific travellers and offering them differentiating travel products-services at premium prices (e.g., specialised travel agents). However, current competition prevents firms from charging for product customisation, while ICT advances and tools (e.g., collaborative filtering) enable firms to adopt flexible operating procedures that reduce the cost of product customisation at mass production output levels, i.e., mass customisation operating models (MC). Indeed, recent research provides evidence of a positive relationship between increased ICT investments and a firms’ capability to produce a large product variety (Gao & Hitt, 2004).

In e-tourism, MC practices are mainly reflected on the wide adoption and development of personalised travel services and dynamic packaging (Anite, 2002; Sigala & Christou, 2005). However, despite the business necessity of MC in tourism, research in MC in tourism, as well as in services in general, is scarce (Peters & Saidin, 2000). Indeed, most of the MC studies have primarily focused on investigating the operational and technological capabilities of mass customisers specifically within the manufacturing sector (Papathanasiou, 2004). Thus, limited academic debate and evidence are currently provided identifying the MC models and analysing how the latter can be designed for delivering enhanced customer value. This is because previous studies on MC typologies have adopted a business value chain and process centric approach for categorising MC models (e.g., Spira, 1996), as MC implementation demands the integration and participation of customers in value chains. However, when MC implementation is centred around value chains rather than customer value, customer adoption of MC is not guaranteed (Piller et al., 2004). Previous MC typologies also implicitly assume that the success of MC increases as customer involvement in the value chain increases. Nevertheless, this assumption does not consider whether customers are also willing, have the competencies and/or perceive and get any value by participating in value chains and becoming co-producers of personalised services. Therefore, there is a need to adopt a customer value centric approach for identifying and analysing how to develop MC models that can deliver customer value and benefits.
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