

STAGING PERSONALIZATION: A SERVICE DESIGN PERSPECTIVE

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The importance of personalization has been widely recognized in hospitality industry for its impact on customer satisfaction and product differentiation. Studies have been conducted to understand the practice of personalization and the consequences such as customer acceptance, satisfaction, and loyalty. However, little is known about the design process of personalization in hotels while service providers are recognized as a key stakeholder in customer personalization. This study approached hoteliers to explore how a service environment is staged for customers to experience personalized service in hotels. Our findings reveal that personalization practices in hotels are staged based on senior management's understanding of customer segments, and implementation difficulties at front-lines, and corporate culture, while on-site improvisation by frontline staff determine the effectiveness of the staging efforts. The originality of this study rests on the perspective it takes to understand personalization and developing insights that are grounded in the hospitality context. Studying personalization from a service design perspective (rather than a customer's or employee's perspective as most previous studies did) enables us to unearth new aspects of personalization.

Key words: Hotel; Hospitality; Personalization; Personalized customer service; Service design

Introduction

The transformation of consumer behaviors and preferences has forced businesses to innovate on a continuous basis to stay competitive. Differentiation has become particularly important for tourism and hospitality products and services that are often substitutable and easy to imitate (Shaw et al., 2011). Personalization has long been acknowledged as

a powerful differentiation strategy. By recognizing customers at the individual level, research has shown positive impact of personalization on customer perceived service quality and satisfaction (Ball et al., 2006; Mittal & Lassar, 1996). The provision of personalized and context-based services is likely to remain a key future trend in the travel industry (Buhalis & Amaranggana, 2015; Whitaker, 2019).

Despite the particular relevance of personalization to industries that emphasize personal touch and high-quality customer experience, research on personalization in the tourism and hospitality literature has been limited. Additionally, prior research efforts have mostly focused on testing the consequences of personalization on outcome variables such as customer acceptance, satisfaction, and loyalty (e.g., Kang & Namkung, 2019; Lei et al., 2022; Li, 2016; Nyheim et al., 2015; Piccoli et al., 2017). Insights into what constitutes effective personalization strategy and how it could be formulated have been limited.

This study explores the mechanism underlying the design of personalized customer service in a hotel context. While personalization might not be applicable to all types of businesses, it is more important for services delivered in interactive encounters than those that are performed on a physical possession (Mittal & Lassar, 1996; Shamdasani & Balakrishnan, 2000). Personalization is thus particularly relevant to the hotel industry, which has been relying on personalizing guest experience to differentiate its highly substitutable and easy to imitate products and services (Chathoth et al., 2013; Shaw et al., 2011). Such higher reliance on and greater amount of resources invested in strategies for differentiation purposes set hotels apart from other service industries (Oliveira, 2020) and provides a unique context for studying personalization.

Through an exploratory qualitative research approach, this study investigates hoteliers' value propositions and strategic considerations when designing personalized customer service. Data were collected through in-depth interviews with senior hotel managers whose role in determining the components of a service design is critical. The findings present a conceptual framework that explains how a service environment is staged for customers to experience personalized service in hotels. Managerial implications based on industry best practices are provided to inform how practitioners can differentiate through personalization.

Theoretical Background

The Concept of Personalization

Early definitions of personalization recognized the concept as a value-adding element that

distinguishes “good service” from the standardized, routine, and “one-size-fits-all” ones. As various business sectors started applying personalization, the forms in which personalization could be implemented have become wide ranging (Kramer et al., 2000). For example, inviting a professor to design the structure of a textbook in the way he/she wants or tailoring loan packages for bank customers are examples of personalization (Ball et al., 2006). With the advancement of technology in the recent decades, personalization has gradually been considered a web-based phenomenon that is closely related to technologies and use of big data. In the service literature, personalization has been defined from a relationship perspective with emphasis on its social component such as employee–customer interaction, employee quality, and social dialogue (Mittal & Lassar, 1996; Surprenant & Solomon, 1987). Such multifaceted nature of personalization has caused confusions about what the term actually means (Sunikka & Bragge, 2008). Clarifying the concept and identifying its dimensions thus require context-specific investigation (Kwon & Kim, 2012).

Existing definitions of personalization in tourism and hospitality research emphasize tailoring products and services based on customer needs and wants, recognizing customers as an individual, and making customers feel they are important (Kokko & Moilanen, 1997; Piccoli et al., 2017; Pizam, 2015). Among the business sectors in the travel industry, personalization appears to be more common in the hospitality industry and has been recognized as an important dimension of hospitality service quality. In the hospitality literature, personalization has been defined as “changing the qualities of a service so that they fit into the customers' personal values and including personally planned details into service processes” (Kokko & Moilanen, 1997, p. 300). Personalization was initially introduced into hospitality as scholars suggested that customers in a hospitality context prefer to be treated more personally (Kokko & Moilanen, 1997). Personalization in a hospitality context is generally referred to treating customers individually through different tactics, such as addressing customers by names and giving customers a warm welcoming (Ariffin & Maghzi, 2012). These tactics are especially important for luxurious high-end hotels that rely less on pricing

strategies but more on exceeding customer expectations and cultivating long-term customer relationships as sources of competitive advantage. Recent research has documented hotels' efforts in utilizing innovative tools such as mobile apps and social media platforms to facilitate customers' creation of their own unique personalized experiences (e.g., Chathoth et al., 2013; Jarvenpaa & Tuunainen, 2013; Lei et al., 2019a).

The Design of Personalized Service

The process of designing and delivering personalized customer experiences has been suggested as one of the most dynamic areas of innovation in the travel industry (Shaw et al., 2011). The concept is in line with the ground-breaking service-dominant (S-D) logic (Vargo & Lusch, 2004), which suggests that value for the customer should not be embedded in goods or predetermined by price but should be determined by the extent to which a service offering is perceived useful in a certain context. This new way of thinking has shifted focus from the traditional production-oriented philosophy to the cocreation of value and delivering value-in-use (Gallarza & Saura, 2006). Different from the traditional "backward-looking" techniques (e.g., collecting customer feedback after a product trial), personalization involves proactively discovering customers' latent and contextual needs and incorporating them in service delivery (Trott, 2001; Witell et al., 2011). The service provider no longer concentrates merely on its resources and capabilities, but also on the opportunities to developing continuous dialogue and learning relationship with the customers (Matthing et al., 2004; Vargo et al., 2008).

The process of service personalization involves learning and matching (Murthi & Sarkar, 2003). Learning customer needs is normally not straightforward, as customers might not always have well-defined or clear preferences (Bettman et al., 1998; Coupey et al., 1998). Such learning process might thus involve both direct learning (i.e., collecting information from customers who are well experienced and have clear preferences) and indirect learning (i.e., observing customer when preferences could not be easily communicated) (Huang & Lin, 2005). The second stage (i.e., matching

process) involves modifying certain components of existing product or service to match customer needs (Huang & Lin, 2005). Technology advancement has enabled personalization to be implemented in new forms. Specific terms such as "technology-mediated personalization" (Shen & Dwayne Ball, 2009) and "user-driven personalization" (Tam & Ho, 2006) have emerged as scholars began to investigate personalization in e-commerce. Online personalization has made reaching individual customers and collecting customer data possible at a reasonable cost. Common examples of online personalization practices include displaying usernames on a web page/email/e-newsletter, customizing web contents based on browsing behaviors, and tailoring advertisements using machine-learning algorithms and data mining techniques (e.g., Cingil et al., 2000; Kramer et al., 2000). Smart technologies have also increased the number of service options and enabled service requests to be specified more precisely (Piccoli et al., 2017). The personalization of experience is no longer restricted to, for example, the pretrip stage, but could be achieved through multiple touch points made possible by mobile technologies (Neuhofer et al., 2015).

Applying Personalization in Experience-Centric Service Design in Travel

Personalization could be easily associated with tourism as the field has started embracing notable concepts such as experience economy (Pine & Gilmore, 1998) and value cocreation (Vargo & Lusch, 2004), which "requires tourism businesses to connect to tourists in a personal way to not only ensure customer satisfaction, but to create a deeper emotional attachment that results in customer loyalty" (Tussyadiah, 2014, p. 543). As tourism experiences are dynamic and involve a series of "microevents" before, during, and after trip (Kim & Fesenmaier, 2017), personalization features or elements could be embedded into the various interaction points and service encounters throughout a trip. Identifying these features and elements based on which future practices could be further developed is critical.

However, a review of relevant literature reveals that the components of personalization or implications regarding how personalized services should

be formulated are relatively rare to find. Research on personalization in the tourism and hospitality literature tends to be exploratory and conceptual in nature, which aim to conceptualize personalization and discuss its relevance to the tourism and hospitality context (Buhalis & Amaranggana, 2015; Neuhofer et al., 2014). The employee–customer interaction process and the role of technology in personalizing such process have also been explored (e.g., Jarvenpaa & Tuunainen, 2013; Lei et al., 2019b; Neuhofer et al., 2015). Some attempts have been made to empirically investigate customer reaction to personalization. For example, Shih et al. (2019) observed positive effects of personalized hand-written greeting cards on hotel guest tipping behaviors. Personalization may also enhance customers' perceived importance and perceived service quality (Ariffin & Maghzi, 2012). In food service context, scholars also acknowledge impact of personalization on enhancing effectiveness of such marketing initiatives as advertising and mobile services (Kang & Namkung, 2019; Nyheim et al., 2015). Another popular area of research is identifying what drives customer acceptance or avoidance of personalization. Morosan and DeFranco (2016) investigated what influences customer intention to use hotel mobile apps to access personalization and identified involvement, app-related privacy concerns, and perceived personalization as antecedents. Lei et al. (2022) examined what drives tourists' intention to follow personalized mobile travel recommendations and found positive effects of self-reference, content relevance, and privacy concern.

Based on the current literature, it is still unclear how personalized service is formulated. Most relevant studies were conducted in online retail and advertising contexts, with research findings related to technologies, employee behaviors, and customer characteristics. Most studies approached employees, consumers, and students as study subjects. Furthermore, as previous studies often investigated personalization solely from a customer's perspective, little is known about the service personalization process. What influence customer perception of certain service aspects have mostly been associated with factors (e.g., personality, emotion, demographics) that are unrelated to the components and mechanisms of service design. Findings from previous studies thus

do not necessarily generate implications that help improve the fundamental service design as they remain concentrating on the means to personalization (e.g., correcting employee behaviors, utilizing technologies) rather than higher-level strategic planning and considerations. Lastly, personalization has often been studied as a web-based phenomenon, which has limited the scope and applicability of previous research implications.

Research Design and Methodology

To better understand how a personalized service environment is shaped, the integration of contextual service elements and resources from a service provider's perspective was explored. Specifically, hoteliers who have been the pioneers in bringing personalization innovation at the forefront of the travel industry were approached. A constructivist research paradigm was applied to guide the research design and methodology. Constructivists believe that "reality is a product of one's own creation" (Savin-Baden & Major, 2013, p. 63), and that knowledge is created in the minds of individuals based on their subjective interpretations and experiences (Bodner, 1986; Guba & Lincoln, 1994). With such belief, constructivist research methodologies are designed to collect data that explain how individuals create meanings (Jonassen, 1991). Exploratory qualitative studies are typical research approaches in constructivist research to address "how," "why," and "what" research questions (Ritchie & Lewis, 2003).

Senior managers from upscale hotel brands were invited to contribute. Data were collected through semistructured in-depth interviews that focused on the strategic considerations and thoughts underlying hoteliers' planning and execution of personalized service delivery. A total of 27 senior managers, whom were based at three leading international hotel companies (US and UK based) and six large scale Chinese-based hotel companies, participated in the interviews (Table 1). The interviews were conducted through face-to-face, telephone, and video conversations. Based on the definition of service design, the interview questions were developed to examine the connection among hoteliers' intention, design object, goals, resources, and constraints. Participants included senior management

Table 1
Profile of Participants

Informant #/Position	Management Level	Responsible Area/Location	Years of Service (Approximate)
1. Director, Housekeeping	Property	Shenzhen, China	6
2. Vice President	Corporate	Greater China	2
3. Manager, Resident	Property	Shenzhen, China	15
4. Chief Executive Officer	Corporate	Shenzhen, China	21
5. Area General Manager	Corporate	Jiangxi Province, China	16
6. General Manager	Corporate	Guangzhou, China	5
7. Vice President	Corporate	Changsha, China	20
8. Director, Food & Beverage	Property	Guangzhou, China	3
9. Manager, Resident	Property	Guangzhou, China	8
10. General Manager	Corporate	Wuhan, China	5
11. General Manager	Corporate	Nanjing, China	13
12. Manager, Front Office	Property	Greater China	2
13. General Manager	Corporate	Greater China	7
14. Vice General Manager	Corporate	Shenzhen, China	3
15. Manager, Operations	Property	Hong Kong SAR China	5
16. Manager, Operations	Property	Hong Kong SAR China	10
17. Director, Digital	Corporate	United States	21
18. Department Head, Operations	Property	Hong Kong SAR China	3
19. Manager, Operations	Property	Hong Kong SAR China	27
20. Manager, Operations	Property	Hong Kong SAR China	7
21. Senior Manager, Marketing	Property	Hong Kong SAR China	5
22. Vice President, IT	Corporate	United States	10
23. Vice President, Operations	Corporate	United States	11
24. Director, Operations	Corporate	United States	24
25. Manager, Operations	Property	Hong Kong SAR China	22
26. Senior Director, Branding	Corporate	United States	8
27. Senior Director, Digital Marketing	Corporate	United States	12

at both the property and corporate levels to ensure our data were able to explain experience as both a metaconcept (that relies on strategic value propositions) and operational concept (that involves the orchestration of design elements) (Tussyadiah, 2014). Main interview questions included: 1) What is your interpretation of implementing personalization in hotels and why is it important to do so? 2) What personalized services are available in your hotel? 3) How were these services developed? 4) What are customers' reactions to these services? 5) What are the challenges behind designing and implementing these services? All interviews were transcribed and recorded in Nvivo 11 for further analysis. Data collection finished in June 2021.

The data analysis procedure follows the typical process underlying the generation of a grounded theory (i.e., initial coding, axial coding, theoretical coding). The researchers started walking through the data once the first interview was completed. Concurrent data collection and data analysis is

typical in grounded theory studies, which guides the rest of the data collection and helps theory to evolve. The entire process is iterative and dynamic, with the goal to move up the "abstraction ladder" by collapsing descriptive codes into conceptual explanations (Ritchie & Lewis, 2003). All ideas and thoughts emerged throughout the process were documented in memos. The reliability and validity of qualitative research lies in the rigorousness of the researchers' interaction with the data and ability to clarify uncertainties throughout the process, and coding frames are provided in the following sections to enhance the transparency of data analysis.

Results

Hoteliers' Understanding of Personalization (Table 2)

Most examples of personalized service involve anticipating customer needs to enhance customer

Table 2
Hoteliers' Interpretation of Personalization:
Coding Frame

Themes	No. of Informants
Nature of personalization	
Anticipating customer needs	15
Special	8
Not standardization	7
Abstract	6
Effort	6
Human touch	5
Not money	3
Atmosphere	1
Value propositions	
Convenience and efficiency	13
Consistency	13
Trouble free	6
Exclusiveness	5
Feel like home	5
Comfort	4
Caring	3
Customers feel you know them	3
Emotional connection	3
Benefits of personalization (for the business)	
Positive image	15
Loyalty	14
Word of mouth	7
Financial return	7
Relationship	3
Customer engagement	2
Memorable	2
Customer satisfaction	1

satisfaction. This can be interpreted in a simpler way as giving customers what they want before they ask for it. Examples include checking guest preferences in daily arrival reports to prepare their stay (Informant #3); checking with a guest whose flight has been delayed if a pick-up service should be arranged (Informant #5); and providing recommendations to guest who hesitated to order a meal (Informant #8). Personalization has also been associated with something "special." For example, Informant #9 recalled how a group of business guests were impressed after seeing their company's logo printed on the welcome amenities. It has become common for hotels to prepare special gifts, such as a birthday cake, to impress customers on special occasions such as wedding anniversary and birthday celebration. Several managers particularly contrasted personalization with standardization, compared personalized services with traditional practices, and highlighted personalization as a

service innovation. Personalization is also about showing customers how the company has gone extra mile to take care of them, despite customers might not always see personalized services valuable:

Personalization is about taking customers to heart. You can't satisfy a customer need without having deliberate consideration and planning of how to do it. Personalization shows customers you have put their problems in your heart, you have put yourself into their positions to come up with a final solution, and this is how you can exceed customer expectation. (Informant #3)

Personalization is thus not simply about the tangibles or facilities but human touch. The physical goods, for example, putting guests' names on amenities, are means through which the service provider could demonstrate their thoughtfulness to the customers. According to the managers, there are normally no specific rules regarding what should be personalized. Thus, another interesting point noted from the interviews is the detachment of personalization from cost and price:

Personalization does not have to be something big. Even though you have done something small, or solved a small issue, it could really get to the customer. (Informant #3)

Hoteliers hope to deliver a range of customer value including functional (e.g., convenience and efficiency), emotional (e.g., comfort), and social (e.g., exclusiveness, feel important) values through personalization. Managers rarely associated personalization with cost, revenue, and tangibles, but human touch, relationships, and emotional connections. Cost is normally not a concern, and what personalization could bring to the customer—convenience, flexibility, efficiency, happiness, comfort—seems difficult to be measured financially. Managers have learned that the best way to personalize guest experience was not to rely on physical goods but to create a service atmosphere in which customers could feel they were special and unique:

Personalization is not embodied in a certain item or event. It should be considered an atmosphere. Everyone is close to the guests, friend with them, and everyone helps them like a family member.

Our customers could choose other hotels but they kept coming back because they are not receiving special care occasionally, they are always surrounded by such a caring atmosphere. (Informant #14)

Strategic Development of Personalized Experience (Table 3)

Knowing the Customers. An important first step to developing a personalized service environment is understanding the customers. Common practices include collecting customer preferences before arrival, reviewing customer data on a regular basis, and sharing customer data among sister properties. Technology innovations such as mobile apps and mobile communication tools have provided hoteliers extra channels to interact with and collect information from customers. Hotel employees play a critical role in knowing the customers. Informant #7 described their team work as “secret weapon,” and several informants called their employees “buddies” to emphasize the importance role of the employees:

If our “buddies” heard something from our guests, even though they were just casually saying something like, for example, wanted to change a new smartphone case, we would try to make it happen. Our guests thought they were saying something out of the blue but then we took it seriously. Although these things might cost us but we are still willing to make it happen, we didn’t ask our guests to pay for this, they felt very touched. (Informant #12)

Managers emphasized employees’ observation skills and attention to detail in daily operations. Informant #10 explained how employees were trained to observe the “cues” in guestrooms, such as guests’ beddings, clothing and toiletries, to check what else should be provided to enhance guest experience. Employees were also trained to respond to “cues”:

Once our bellboys see the guest’s name on the luggage tag, they greet the guest by name immediately, then call front desk and inform them the name of the guest who is coming down now to check-in. Once our guests arrive at the front desk, we already have the reservation ready in the opera system and address the guest by name. This is very basic indeed, but our guests feel very surprised,

Table 3

Strategic Development of Personalized Experience: Coding Frame

Themes	No. of Informants
Knowing the customers	
Collect feedback	18
New communication channels	15
Human interaction	13
Data sharing	12
Review customer data on regular basis	10
Big data/technology innovation	9
Pearrival attachment	6
Attention to details	3
Ask the right questions	3
Research	2
Respond to cue	2
Observation	1
Put yourself in customers’ shoes	1
Identify true needs	1
Corporate culture	
Standard operating procedures	12
Employee quality	12
Employee empowerment	6
Manpower	5
Team work	3
Understanding of personalization	2
Regional management	2
Hotel branding/positioning	2
Employee relationship	1
Top-down approach	1
Customer segments	
Individual level	10
Customer levels	6
Demographic	3
Trip purpose	2
Improvise on-site	
React to immediate needs	4
Flexibility	4
Unpredictable needs	1
Continuous development	
Review and adjust current practices	9
Time cycle	4
Younger generations	2
Challenges and difficulties	
Resources	13
Homogenization and competition	11
Actual versus perceived personalization	9
Investment on employees	4
Spoiled customers	4
Privacy concern	2

because they didn’t know our luggage tags and our bellboy helped us. (Informant #3)

In addition to observation skills, employees were also trained to ask the right questions:

Would you call your customers and ask if they have bundled up? You wouldn't. (Informant #5).

Asking the right questions means focusing on what customers need from the service provider. However, knowing the customers goes beyond collecting explicit needs. Relying on customers' articulated needs is rather passive as they might not always know what they want. Practitioners should be the one making suggestions as they are professional.

Corporate Culture. Personalizing guest experience not only relies on employees to play on the spot, but also the standard operating procedures (SOPs) developed based on research and development efforts. Informant #6 shared how his company narrowed down 56 personalized service items at the beginning to 28 after several rounds of testing. Requiring employees to follow these SOPs is not easy, which heavily relies on hiring the right people, employee empowerment, sufficient manpower, team work, and good relationship between management and employee. As stated by Informant 8:

you can't empower people when they can't even follow SOPs.

Informant #10 also shared similar difficulty:

You want your employees to play on the spot? Sometimes that's too much for them. To do this you need to nurture a team with high loyalty, low turnover rate, and enough manpower to run your daily operations.

Several informants shared their attempts to foster an atmosphere in which employees care about each other. The purpose is to pass such caring culture on to the customers. Crafting a caring work environment requires a top-down approach led by upper management. Informant #1 explained how her senior management team members would take shift every weekend to interact with customers at the hotel lobby to collect customer feedback. Implementing personalization also requires collaborations among departments:

You can't do this on your own. You need to work with everyone to impress the customers, you will

face challenges and problems during the process. (Informant #8)

This explains why innovative communication channels and technology systems such as data sharing platforms that enable efficient information exchange at both the property and corporate levels have been highlighted.

Hoteliers' practices differ based on their understanding of what personalization means and how personalized service should look like. Their branding and positioning strategies influence how they execute personalization. As stated by Informant #4:

every hotel has its own character, and I think good personalized service should combine both the hotel character and customer character.

Informant #7 characterized his company as a lifestyle luxury hotel wherein services were developed to reflect the personality of the hotel while fitting the characteristics of the targeted customers:

Some hotels give customers knives and forks or a whole set of bathrobes with customers' names, in luxury hotels these have been implemented for many years. But for normal hotels, they still thought this is personalized service. Things like birthday songs and birthday cakes, to us these are outdated types of standardized services. Our customers don't expect these services, they don't see these as personalized services, they take these for granted and believe these are what you should do. So these types of service won't achieve the purpose of personalization.

Senior management at the property level seems to have certain level of flexibility to adjust their practices. Informants associated with Chinese-based hotel companies believed that hotel services should incorporate the Chinese history and culture:

We believe personalization is a culture and way of thinking. What's behind the way we want to satisfy our customers is our culture. We have set up a management position called Chief Cultural Officer, whose job is to study our culture and decide the cultural signals we want to deliver to our customers. Behind our entire service culture is our corporate culture. We deliver our culture and perspective through every single service. (Informant #4)

The ability for hotels to incorporate the local culture and specialties in their service designs is thus considered a competitive advantage. Informant #5 used a similar term “DNA” to emphasize the important role of corporate culture in service design. He believed that a company’s vision, goal, and core value are what differentiate it from competitors. Similar philosophy applies on the design of personalized service. Informant #12 went on to supplement how some of the SOPs were created by employees who have been well-trained and understood clearly about the corporate culture.

Customer Segments. Personalized services were not designed only for VIPs. Smart technology has been particularly useful for personalizing individual guest experience. Informant #17 shared how mobile apps have empowered customers to personalize a number of aspects of their stays such as room type and check-in time. Customers were given the options to choose how they want to get things done through self-service functions such as self-check-in and mobile payment functions. Customers were also able to receive relevant information about their stays such as booking reminders, hotel facilities, and promotion information. Informants #22 and #23 shared similar views and agreed with the potential of mobile functions in creating more seamless and personalized travel experiences. Mobile communication channels, especially those that allow one-to-one instant communication, have been suggested as particularly useful for customers to inform their needs to hotels almost at anytime and anywhere.

How services were designed and delivered might vary among sister properties located at different geographical regions wherein the customers demonstrate different characteristics. It has become normal for hotels to research a customer’s particulars such as origin, gender, mother language, identity, and stay records before deciding how to personalize a stay. Other considerations include length of stay (long vs. short), family size, and occupation. Informant #3 has a team of personal butlers who could speak 40 different languages. She recalled how her team would sing a Korean birthday song to a Korean guest; send a princess style birthday cake to a young female guest; and decorate family guests’ rooms. Informant #14 mentioned the provision of

different types of services during weekdays and weekends, as more business customers would normally arrive during the week while weekends are normally filled with leisure customers. Informant #8 shared similar view, suggesting that leisure customers might want more human interactions while business customers might prefer less. Informant #7 shared a service list for the “top 50 expensive guests” created based on company research. Informant #14 further explained their consideration of customer characteristics in their service design:

Our customers are mostly in their 30s who just started their career and came to the city to make a living. But gradually, your customer groups will change, and you have to keep studying your customer group. Maybe they are young, they like art, or something else, you will need to change many things based on your customer groups.

On-Site Improvisation. It is not always possible to predict the exact customer needs and wants. Personalization thus requires certain level of employee empowerment through which the employees have greater flexibility to satisfy customer needs. Informant #10 mentioned how customers were “traced” throughout the entire hotel stay. Customer feedback collected from online platforms provides another information sources for employees to make corrections for service recovery purposes before customers left the hotel property. As personalization is normally associated with something “special,” it requires creativity and sensitivity. Observing customers and delivering sense of human touch highly rely on the moment of truth and employees’ “on-stage” performance that is difficult to prepare ahead. As mentioned by Informant #6:

If you treat service as a standardized procedure, it’s hard to touch customers’ heart.

Informant #7 shared similar view:

If you follow a standardized operating procedure, you can’t achieve the purpose of personalization.

Continuous Development. The young generations have their own habits and preferences. Several informants shared how young employees have

been involved in brainstorming service ideas that fit young customers. Informant #7 agreed that young talents have their own ways to build relationship with customers. Informant #10 emphasized that personalized service has “a life cycle.” Customers might no longer see something as special if it has been done for a long-time:

We observed that personalization is actually time-sensitive. It is bounded by a certain area, environment, and time. Once the life cycle has ended or once the environment has changed, personalization becomes commonality. (Informant #4)

Personalized practices have thus been continuously reviewed and upgraded:

While you keep upgrading your personalization strategies, other hotels learn from you. (Informant #4)

This somehow connects to managers’ emphasis on the culture factor:

they can learn from us but they can only learn the superficial parts. It’s difficult to learn the quintessence. (Informant #6)

Hotels are thus focusing more on services on-the-spot, where employees have greater room to showcase their talents.

Challenges and Difficulties. Human resources have been a key concern, as it is difficult to personalize every customer’s experience. Another challenge relates to homogenization and competition (i.e., personalized service is no longer special when they have been copied by competitors). As Informant #7 stated, many normal practices in some of the best hotels were regarded as personalized services years ago. This raises concerns regarding the difference between personalization practices and customer perceived personalization (i.e., customers might not perceive a personalized service as personalized). For example, Informant #14 recalled how the petals placed on guest room beddings have unexpectedly raised customer’s hygiene concern. How to provide more appropriate personalized services but not simply “painting feet on a snake” will continue to be an important question

to be explored. Hotels have to be careful not to cross the line and threaten customer privacy. Some customers might take advantage from personalized service (e.g., making unreasonable requests). Lastly, although successful personalization relies on quality employees, hotels may hesitate to invest on training and development when employee turnover is high.

Discussion

Consistent with extant literature, practitioners have different understanding of what personalization means (Fan & Poole, 2006; Shen & Dwayne Ball, 2009), which in turn influences their service design philosophy and results in different forms of personalization practices (Adomavicius & Tuzhilin, 2005). Personalization is thus not simply about giving customers what they want but is largely shaped by the service provider’s character and interpretation of personalization. Previous studies have mostly emphasized customer and employee characteristics as important ingredients of crafting personalized service, ignoring that a business’s character, management philosophy, tradition, culture, understanding of its targeted customers, and interpretation of what personalization actually means also influence the experiences customers received.

While personalization could be customer or firm initiated (Kwon & Kim, 2012; Peppers & Rogers, 1997), it seems to be dominated by the service provider (i.e., hotelier) in this study context. The numerous examples in this study demonstrate how hoteliers use their professionalism to design services they believe are best for their customers. Informants described personalization as the “quintessence” of a company, which is supposed to be difficult to learn and imitated. The viewpoint that personalized services evolve as time goes by further implies the importance for the service providers to review and innovate current practices. Understanding customer needs and wants is paramount, but the service provider decides in what forms these customer needs and wants will be satisfied.

While personalization should help businesses to add value and differentiate, a concept “standardized personalization” emerged from our results. “Standardized” personalization reflects the fact

that personalization practices could actually be copied or imitated, which somehow contradicts the original idea of differentiating through personalization. The many examples from this study illustrate how a personalized service could become common practice and gradually loses its attractiveness and uniqueness. As stated by Informant #5:

I think hotels nowadays are facing serious problem of homogenization. Everybody is pretty much doing the same thing. If a hotel's logo is replaced with another one's logo, will you notice the difference?

Often, customer needs are not explicit but implicit. Customers might not always know what they need, especially in an unfamiliar environment. Articulate needs (e.g., a softer pillow) might not necessarily be true needs (e.g., a good night sleep). Personalization is thus a creative process. The evidence from our interviews demonstrates how hoteliers collect the ingredients (customer characteristics and articulate needs) and then apply their professionalism and creativity to decide what to offer. This implies that in a hospitality context, personalization is a long-term concept which is time and space sensitive. It is a continuous learning and creative process.

As hospitality businesses continue to learn and introduce new types of services, measuring the effects of various types of personalization practices remain challenging. Our findings suggest that compare with "lower-level" personalization practices that are easier to be copied, the "higher-level" ones that are difficult to imitate should produce greater positive impact. The future direction seems to be distinguishing personalization from homogenization by developing services that are unique and sustainable. This echoes research that suggests continuous personalization based on long-term customer relationship as one of the most effective forms of personalization (Shen & Dwayne Ball, 2009). Implementing effective personalization requires certain specific ingredients, and personalization will not be a competitive advantage on its own.

Conclusion

This study explores how a personalized service environment is staged in a hotel context. The

findings highlight the design principles that are essential to accomplish the goal of personalization. Through best-practice examples and understanding the underlying logic behind hoteliers' strategies and service design, it is concluded that personalization is firm dominant, time and space sensitive, evolves over time, and requires constant review and adjustment for its purposes to be materialized. The findings shed lights on hoteliers' considerations and resources based on which their ideas and strategies were executed, responding to the call for research to acknowledge the role of human considerations and logical reasoning behind service innovation (Lei et al., 2019a). The factors that influence how a personalized service environment is shaped include the service provider's interpretation of personalization, understanding of customer needs, corporate culture, on-site improvisation, customer segments, and challenges and difficulties. As a type of service innovation, personalization practices evolve and require human creativity to sustain in the long-run (see Fig. 1). The effects of "lower-level," easy-to-imitate personalization strategies should be different from the effects of those "higher-level," difficult-to-imitate ones.

This study focuses on how service designers (i.e., hotel managers) think about management problems based on which their service ideas in relation to personalization were developed. Studying personalization from a service design perspective, rather than a customer's or employee's perspective, enables us to discover new aspects of personalization. Through incorporating decision makers' strategic considerations, daily operations, resources, and concerns, this study enriches the literature by supplementing the service provider's perspective to expand our understanding of personalization. Our findings imply that personalization goes beyond employee-customer interaction at the service encounter to higher-level strategic planning such as consideration of corporate culture, analysis of competitors' move, and sustainability of personalization strategies. Specifically, studying personalization from a service designer's point of view contributes to personalization as a concept and service design in several ways. First, customers, employees, and the service designer/provider are cocreators of personalization practices. Management provides the strategic direction for employees to follow; hence,

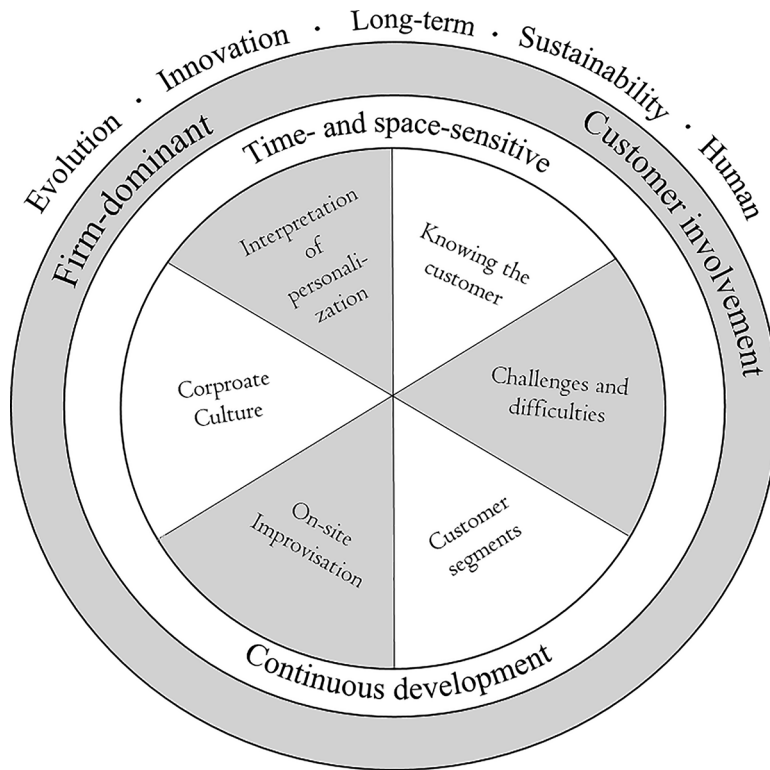


Figure 1. Conceptualization and dimensions of personalization from a hospitality service design perspective.

understanding how these service design logics and thoughts were developed helps further explain why employees might behave in certain ways. Second, taking a management's perspectives helps us realize why potential gaps might exist between practitioners' and customers' expectations of personalization. Practitioners develop service based on their beliefs on customers' needs and preferences, yet the truth is that customers do not necessarily perceive such service as personalized (Li, 2016). Our findings draw attention to the potential gap between different stakeholder's thoughts and perceptions, which could be a potential reason why personalization tactics are not always successful. Third, studying personalization from a service design perspective contributes knowledge in relation to the personalization process, rather than the outcomes of personalization, which has dominated existing literature. Personalization has been defined as a process yet our understanding of such process has been extremely limited, and thus what aspects

of the service design process would lead to what type of outcomes is still unclear. Last, the decomposition of the personalization process documented in this study provides more concrete examples of the actual operationalization of personalization.

Practical implications based on industry best practices are provided for companies seeking to personalize customer experience. The rich insights explain in detail how hoteliers can better prepare themselves to innovate and differentiate through pursuing personalization. Practitioners should review their current resources and capacities and evaluate the extent to which they can confront potential uncertainties and challenges. Our findings suggest two key takeaways for hoteliers. First, they should proactively initiate opportunities for personalizing customer experiences, rather than waiting for the customers to initiate such request. Rather than passively waiting for the customers to initiate service requests or conversations, innovative hotel apps that embed interactive or communication

functions such as live chat and instant messaging may proactively encourage customers to share their thoughts and needs. AI-based technologies such as voice assistant and service robots have also been increasingly adopted to initiate personal interaction with customers. Second, hoteliers should go after “higher-level” personalization rather than the “lower-level” ones. One way to do so, as illustrated by our interviewees, is to incorporate organizational culture into the service design. As illustrated by Informant #7, a luxury lifestyle hotel that targets young travelers may hire younger employees to develop creative service ideas so as to match customer needs and desires. Informant #2 also suggested that personalization services could be varied by hotel types and customer segments. For instance, a birthday celebration at Disney resort hotel can be unique by having the presence of Disney characters. Simply following SOPs (e.g., giving birthday cards or birthday discounts) and copying what other competitors are doing will not maximize the benefits of personalization. Innovation and creativity is key and a systemic procedure for reviewing and revising current practices on a regular basis is necessary. Our findings also stress the value and importance of high-quality frontline employees. On-site improvisation requires well-trained and well-educated personnel with excellent observation and people skills. Businesses should continue value employee training and empower outstanding employees.

Limitations and Future Research

This study investigated personalization from a service provider’s perspective and collected data from hotel managers. Integrating employee and customer perspectives will provide more completed explanation of personalization. This study sheds light on management decisions at the strategic level. Future studies may investigate the influence of different top management decisions on employee behaviors and customer reactions. Future studies may also explore how “high-level” personalization strategies that are unique and difficult to be imitated can be developed. The data used in this study were collected from luxury hotel brands located in specific areas. Future studies may explore if similar practices are executed in hotels located in different

geographical regions. It will also be interesting to examine how hotel types (e.g., lower-tier hotels) and cultures might influence the development of personalization strategies.

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