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AI-DRIVEN HYPER-PERSONALIZATION IN DIGITAL B2C CUSTOMER JOURNEYS

Case Study in the Life Insurance Sector

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ABSTRACT

Väinö Rantanen: AI-Driven Hyper-Personalization in Digital B2C Customer Journeys – Case Study in the Life Insurance Sector
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Recent developments in AI and digital technologies have accelerated firms' efforts to integrate AI into their operations and growth strategies. At the same time, customers increasingly expect firms to provide personalized digital services. One of the key contributions of AI is hyper-personalization which enables firms to tailor services for customers at the individual level. However, firms struggle to utilize and implement hyper-personalization not only because of technical challenges, but also because of difficulties related to balancing risks and benefits. Therefore, there is a need to understand the impacts of hyper-personalization and to identify where and how it should be applied in practice. Furthermore, as the concept of hyper-personalization is new for both academics and practitioners, there is a need to define its scope, boundaries and practical applications.

The objective of this thesis is to understand how hyper-personalization should be utilized in digital B2C customer journeys to enable increased sales and customer satisfaction, while balancing benefits with potential risks. The objective combines three needs: to understand the utilization of hyper-personalization in practice, to understand the impacts of hyper-personalization in the customer journey and to further conceptualize hyper-personalization.

The literature review explores the concepts of customer journey, hyper-personalization and AI. The literature review starts by examining the concepts of customer journey and customer experience, especially in the digital B2C context. Next, the literature review explores the concept of hyper-personalization and outlines its differences compared to traditional personalization and related terms such as customization. Finally, the literature review explores the concept of AI and analyzes how hyper-personalization influences the customer journey. Based on this theoretical background, a framework for a hyper-personalized customer journey is built.

The utilization and impacts of hyper-personalization in digital B2C customer journeys were researched with an interventionist research approach, conducted as a case study within the life insurance sector. The main data collection method was semi-structured interviews with personnel of the case company. In total, six interviews were conducted. The interviews examined four themes that were aligned with the research objective and questions: examining challenges that hyper-personalization could address, identifying hyper-personalization applications, distinguishing between suitable and unsuitable touchpoints for personalization and exploring the impacts of hyper-personalization. The results reveal multiple opportunities and applications for hyper-personalization across the customer journey. The results highlight that hyper-personalization should be applied selectively across the customer journey, focusing on touchpoints in which it supports understanding, simplifies decision-making and increases relevance. The study shows that hyper-personalization has the biggest impact on sales and conversion in the prepurchase and purchase stages, while the postpurchase stage impacts customer satisfaction and trust. In addition, the results identify the characteristics that make touchpoints suitable or unsuitable for personalization.

The empirical findings both support and extend the findings of the literature review. Hyper-personalization plays important roles across the customer journey, from supporting decision-making to enabling value co-creation. The framework built in this thesis supports understanding the concept and process of hyper-personalization, particularly in digital customer journeys. Furthermore, future research avenues are proposed based on the results of the thesis.

Keywords: Artificial intelligence, Hyper-personalization, Digital sales, Customer experience, Customer journey

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TIIVISTELMÄ

Väinö Rantanen: AI-pohjainen hyperpersonointi digitaalisissa B2C-asiakaspoluissa –
tapaustutkimus henkivakuutusosalalla
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Viimeisimmät kehitykset tekoälyssä ja digitaalisissa teknologioissa ovat kiihdyttäneet yritysten pyrkimyksiä hyödyntää tekoälyä liiketoiminnassaan ja kasvustrategioissaan. Samalla asiakkaat odottavat yhä enemmän yritysten tarjoavan personoituja digitaalisia palveluita. Yksi tekoälyn merkittävistä kontribuutioista on hyperpersonointi, joka mahdollistaa yrityksille palveluiden personoinnin yksilötasolla. Yritykset kuitenkin kamppailevat hyperpersonoinnin hyödyntämisen ja implementoinnin kanssa sekä teknisten haasteiden että hyötyjen ja riskien tasapainottamisen takia. Tämän vuoksi lisää ymmärrystä tarvitaan hyperpersonoinnin vaikutuksista ja siitä, missä ja miten hyperpersonointia tulisi käytännössä hyödyntää. Lisäksi, koska hyperpersonoinnin konsepti on uusi sekä akateemisessa tutkimuksessa että käytännön työssä, sen laajuus, rajat ja sovelluskohdeet vaativat tarkennuksia.

Tämän työn tavoitteena on ymmärtää, miten hyperpersonointia tulisi hyödyntää digitaalisissa B2C-asiakaspoluissa myynnin ja asiakastytyvyyden kasvattamiseksi samalla tasapainottaen hyödyt ja riskit. Työn tavoite yhdistää kolme tarvetta: ymmärtää hyperpersonoinnin käytännön hyödyntämistä, ymmärtää hyperpersonoinnin vaikutukset asiakaspolussa ja jatkokehittää hyperpersonoinnin konseptia.

Työn kirjallisuuskatsaus tarkastelee asiakaspolun, hyperpersonoinnin ja tekoälyn konsepteja. Kirjallisuuskatsaus alkaa asiakaspolun ja asiakaskokemuksen konseptien tarkastelulla erityisesti digitaalisten B2C-asiakaspolkujen kontekstissa. Seuraavaksi kirjallisuuskatsaus käsittelee hyperpersonoinnin konseptia ja erottaa sen tavallisesta personoinnista sekä siihen liittyvistä käsitteistä, kuten kustomoinnista. Lopuksi kirjallisuuskatsaus käsittelee tekoälyn konseptia ja analysoi, miten hyperpersonointi vaikuttaa asiakaspolkuun. Tämän teoreettisen taustan avulla rakennetaan viitekehys hyperpersonoiduille asiakaspoluille.

Hyperpersonoinnin hyödyntämistä ja vaikutuksia digitaalisiin B2C-asiakaspolkuihin tutkittiin interventionistisella tutkimusotteella. Tutkimus toteutettiin tapaustutkimuksena henkivakuutusosalalla. Merkittävimpänä tiedonlähteenä toimivat puolistrukturoidut haastattelut kohdeyrityksen työntekijöiden kanssa. Yhteensä kuusi haastattelua toteutettiin. Haastattelut käsitelivät neljää teemaa, jotka vastasivat työn tavoitteeseen ja tutkimuskysymyksiin: ongelmia hyperpersonoinnin ratkaisutavaksi, hyperpersonoinnin sovelluskohteita, personoinnille soveltuvia ja soveltumattomia kosketuspisteitä ja hyperpersonoinnin vaikutuksia. Tulokset osoittavat, että hyperpersonoinnilla on useita mahdollisuuksia ja sovelluskohteita asiakaspolun eri vaiheissa. Tulosten mukaan hyperpersonointia tulisi hyödyntää valikoivasti asiakaspolussa keskittyen niihin kosketuspisteisiin, joissa se tukee ymmärrystä, helpottaa päätöksentekoa ja lisää relevanttiutta. Tulokset osoittavat, että hyperpersonointi vaikuttaa myyntiin ja konversioon eniten ostoja edeltävissä ja oston aikaisissa vaiheissa, kun taas oston jälkeinen vaihe vaikuttaa etenkin asiakastytyvyyteen ja luottamukseen. Lisäksi tulokset tuovat esiin tyypilliset kosketuspisteiden piirteet, jotka tekevät niistä soveltuvia tai soveltumattomia personoinnille.

Empiiriset havainnot sekä tukevat että laajentavat kirjallisuuskatsauksen tuloksia. Hyperpersonoinnilla on tärkeitä rooleja asiakaspolun eri vaiheissa päätöksenteon tukemisesta arvon yhteisluonnin mahdollistamiseen. Työssä kehitetty viitekehys auttaa ymmärtämään hyperpersonoinnin konseptin ja prosessin etenkin digitaalisten asiakaspolkujen tapauksessa. Lisäksi työn tulosten perusteella esitetään ehdotuksia jatkotutkimukselle.

Avainsanat: Tekoäly, hyperpersonointi, digitaalinen myynti, asiakaskokemus, asiakaspolku

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USE OF AI IN THESIS

I have utilised AI tools in my thesis:

- No
- Yes

The AI tools utilised in my thesis and their purposes are described below:

Names and versions of AI tools:

- Scopus AI
- Microsoft 365 Copilot (GPT-4, GPT-5)
- ChatGPT (GPT-4, GPT-5)
- Case company's internal AI assistant (GPT-4.1)

Purpose of using AI tools:

- Searching for academic papers and generating ideas for search queries
- Exploring and summarizing articles
- Planning and generating ideas for paragraph and section structures
- Improving text clarity, such as refining sentences and paragraphs
- Condensing sentences and paragraphs
- Finding synonyms
- Planning and generating ideas for the interview structure
- Checking grammar and correcting language errors
- Translating interview content from Finnish to English
- Summarizing anonymized and edited research data

Sections where AI tools were used:

- Planning
- Abstract
- Introduction
- Research approach and methodology
- Theoretical background
- The case company
- Results
- Discussion
- Conclusions
- Appendix A

I acknowledge that I am fully responsible for the entire content of my thesis, including the parts generated by AI, and accept accountability for any violations of ethical standards in publications.

PREFACE

This thesis concludes my five-year journey in Tampere University, and it has been an incredible ride. It has truly been an unforgettable period of my life. Tons of friends have been made, fun student events have taken place, and great memories have been made. It's now time to open a new chapter and head towards the future.

But before I do that, I want to thank all my friends, family and colleagues who have supported me throughout my university journey and especially during this master's thesis project. Special thanks to my thesis supervisor Dr. Jouni Lyly-Yrjänäinen whose guidance, support and feedback have been incredible throughout this process. Special thanks also to the case company and all my colleagues there for their invaluable collaboration and encouragement, working with you has been truly exceptional.

Helsinki, 9.4.2026

Kind regards,

Väinö Rantanen

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LIST OF SYMBOLS AND ABBREVIATIONS

AES	Affective Experiential State
AI	Artificial Intelligence
AIP	AI-enabled Personalization
B2B	Business to Business
B2C	Business to Consumer
CES	Cognitive Experiential State
CIC	Customer-Initiated Contact
CTA	Call-to-Action
D2C	Direct to Consumer
FIC	Firm-Initiated Contact
IoT	Internet of Things
OCE	Online Customer Experience
SJQ	Service Journey Quality

1. INTRODUCTION

1.1 Background

Digital transformation is changing the financial services industry, with insurance companies facing increasing pressure to adapt to new customer expectations, technological opportunities and regulatory demands. Consumers are becoming accustomed to seamless digital experiences provided by technology leaders in other industries such as retail, and, as a result, they expect similar quality of customer experience in the insurance industry (Eckert et al., 2022). At the same time, digital technology is revolutionizing the insurance distribution and customer journeys (Alt et al., 2021). This shift has been accelerated by the rise of InsurTechs and the growing role of artificial intelligence (AI), both of which enable insurance companies to leverage vast amounts customer data for efficiency gains, personalization and automation (Riikkinen et al., 2018). For insurance companies, this trend poses both a challenge and an opportunity. While insurance products are often considered complex, digital platforms now enable the possibility of reaching new customer segments and simplifying the purchasing process (Alt et al., 2021).

A central concept in this transformation is the customer journey. Rather than viewing sales as a single transaction, the customer journey perspective emphasizes the sequence of interactions, also known as touchpoints, that a consumer experiences when engaging with a brand (Lemon & Verhoef, 2016). In the digital business-to-consumer (B2C) environment, these touchpoints range from initial awareness and information search to purchase transaction and postpurchase engagement. Research indicates that the quality of this journey, meaning how seamless, coherent and personalized it is, strongly influences customer satisfaction, loyalty and conversion rates in service-intensive contexts like insurance (Jaakkola & Terho, 2021). Therefore, managing the customer journey effectively is important from both customer and business perspectives.

AI is increasingly seen as a key enabler for more effective digital customer journeys. AI-based technologies such as recommendation engines, conversational agents and predictive analytics can reduce complexity, provide timely and relevant information and personalize customer experience (Huang & Rust, 2018). In the past few years, AI and its use in customer journeys have been increasingly researched in a wide range of business contexts such as retail and e-commerce (Arce-Urriza et al., 2025; Chen & Prentice, 2025; Mittameedi et al., 2025). In marketing and sales contexts, AI has already been shown to

improve targeting, enhance customer engagement and increase conversion rates (Kumar et al., 2024). Within the insurance context, AI is applied in areas such as underwriting, risk assessment, claims management, financial search engines and fraud detection (Riikinen et al., 2018). However, AI's applications in digital B2C customer journeys in the insurance industry remain underexplored.

Hyper-personalization represents one of the most advanced applications of AI in customer interaction. Contrary to traditional segmentation, which groups customers into large categories, hyper-personalization is capable of utilizing real-time data, behavioral patterns and predictive models to personalize offerings at an individual level (Hardcastle et al., 2025; Wessel et al., 2025; Mehmood et al., 2023). According to Hardcastle et al. (2025), the digital customer journey is shaped by AI and data-driven technologies that utilize personalization during customer-firm interactions in selected touchpoints. Gao & Liu (2023) reveal that AI-enabled personalization (AIP) appears in the customer journey as profiling, navigation support, nudges and retention across its stages. Recent studies show that hyper-personalization enables firms to scale personalization with the help of AI and automation, thereby strengthening customer engagement and loyalty (Hardcastle et al., 2025; Wessel et al., 2025). Digitalization has a big impact on sales because it helps companies to better understand customer behavior and create more personalized products and services (Syam & Sharma, 2018). For digital insurance sales, this may involve dynamically adapting website content, recommending suitable products or simplifying digital customer journeys to better align with customer needs. However, the potential of hyper-personalization for improving the digital sales funnel in the context of life insurance remains underexplored.

Despite the potential of hyper-personalization, its implementation contains challenges. Several studies highlight concerns about data privacy, ethics and regulatory compliance as significant barriers to deploying AI in sales and marketing (Hardcastle et al., 2025; Wessel et al., 2025; Davenport et al., 2020; Aguirre et al., 2015). In addition, Alt et al. (2021) highlight that trust is a major challenge for the insurance industry. Thus, companies must balance the commercial advantages of hyper-personalization with ethical and legal considerations.

In the context of insurance, these developments are particularly timely. The insurance market is characterized by high trust requirements and complex decision-making processes (Alt et al., 2021). Traditional sales channels, such as brokers and in-branch advisors, still play a dominant role, but digital direct-to-consumer (D2C) channels are becoming increasingly relevant (Alt et al., 2021). This means that digital B2C customer journeys play an increasingly important role in the sales process. The strategic question

for insurance companies is how to design digital sales channels that both attract new customers and support their decision-making in a way that builds trust and reduces perceived complexity. AI-driven hyper-personalization offers one potential avenue to address this challenge, which enables insurance companies to move from standardized digital customer journeys towards more personalized and adaptive sales journeys.

1.2 Objective of the Thesis

The concept of the customer journey is relatively new in academic research but it has increasingly gained interest in the past decade along with the shift from transactional views to holistic perspectives of customer-firm interactions (Lemon & Verhoef, 2016; Følstad & Kvale, 2018). While there has been an increase in the research on customer journeys in recent years, academic understating on how customer journeys should be optimized, especially in digital contexts, remains limited. This creates an opportunity for research that examines not only the stages of the journey but also how advanced technologies like AI can improve them.

Similarly, hyper-personalization is an emerging concept for both academics and practitioners. Hyper-personalization, enabled by AI and real-time data, can transform the customer journey by tailoring experiences at the individual level (Hardcastle et al., 2025, Wessel et al., 2025). Despite the potential of hyper-personalization, firms struggle to make personalization efforts pay off (Mehmood et al., 2023). While personalization is a top strategic priority and customers increasingly expect it, many organizations fail to achieve measurable returns from it (Mehmood et al., 2023). This paradox highlights a critical gap: what makes personalization effective in practice, and how should it be integrated into the customer journey?

Existing literature also highlights that there is still uncertainty about how personalization should work across the customer journey stages and individual touchpoints. While personalization can occur at various stages, research shows that its desirability and impact differ by context (Mehmood et al., 2023, Hardcastle et al., 2025). In fact, Mehmood et al. (2023) note that further research is needed to determine where in the customer journey personalization has the greatest impact on customers. These findings suggest that personalization is not universally beneficial across all touchpoints, and more research is needed to identify where it creates value versus where it risks harming customer experience.

Building on existing research in customer journeys and hyper-personalization, significant gaps remain that need further research. The focus of this thesis is on investigating how

AI-driven hyper-personalization should be applied across different touchpoints to improve digital customer journeys, particularly from the sales perspective. Thus, the objective of the thesis is ...

... to understand how hyper-personalization should be utilized in digital B2C customer journeys to enable increased sales and customer satisfaction, while balancing benefits with potential risks.

To achieve the objective of this thesis, the following research questions are answered:

- What problems in customer journeys could be solved by utilizing hyper-personalization?
- What types of hyper-personalization applications could be implemented at different stages of the customer journey?
- Which touchpoints should be personalized, and which should not?
- Where along the customer journey does personalization have the strongest impact on customers?

Each research question addresses a specific aspect of hyper-personalization in customer journeys. The first question seeks to identify current pain points and inefficiencies in customer journeys that hyper-personalization could solve, providing a foundation for value creation. The second question explores how hyper-personalization should be implemented at different touchpoints, focusing on the practical applications and nature of personalized interactions. The third question examines which touchpoints are suitable for personalization and which are not, aiming to balance effectiveness with customer experience and privacy concerns. Finally, the fourth question, proposed by Mehmood et al. (2023), investigates where personalization has the greatest impact on customer behavior and decision-making, helping prioritize efforts to optimize conversion and satisfaction.

1.3 Structure of the Thesis

This chapter briefly introduces the background, goals and motivation for this thesis. The background provides an introduction of the phenomena examined in this thesis, highlights the relevance of hyper-personalization in digital customer journeys and positions the research within existing literature. In addition, this chapter outlines the main research objective and research questions and defines the scope of the thesis.

Chapter 2 presents the research approach and methodology. The chapter outlines the chosen research methodology, describes the research process and explains the data

gathering methods used in this thesis. The chapter also provides transparency into how the research objective is reached and explains the methodological choices made.

Chapters 3, 4 and 5 form the theoretical part of the thesis. Chapter 3 focuses on customer journey literature, conceptualizes the customer journey and introduces key concepts such as touchpoints, customer experience and digital B2C customer journeys. Chapter 3 provides a conceptual basis for understanding how customers interact with firms across different customer journey stages. Chapter 4 explores the concepts of personalization and hyper-personalization, explains the personalization process and discusses how hyper-personalization differs from traditional personalization. Chapter 5 introduces the concept of artificial intelligence and ultimately combines chapters 3 and 4 to provide a comprehensive understanding of AI and hyper-personalization in the customer journey. Chapter 5 also explores AI technologies and discusses the roles of AI and hyper-personalization in customer journey touchpoints and their impacts from both customer and business perspectives.

Following the theoretical framework, Chapter 6 provides an introduction of the case company and describes the case context. The chapter provides an overview of the company, its offering and current digital customer journey. The purpose of this chapter is to support understanding of the context in which the research takes place. Furthermore, the chapter links the theoretical concepts into a real-world context.

Chapter 7 presents the findings of the research. In other words, the chapter presents the data that was collected during the research. The chapter presents the interview data gathered during the research process and describes how the intervention contributed to understanding hyper-personalization in the digital customer journey.

Chapter 8 discusses the findings of the research and links them to existing literature. The chapter analyzes the role of hyper-personalization in sales, highlights the applications and opportunities of hyper-personalization in the customer journey, reflects on which touchpoints should be personalized and addresses the different impacts of hyper-personalization in the customer journey.

Finally, Chapter 9 contains the conclusions of the thesis. The chapter summarizes the key findings, evaluates how the research objectives were achieved, highlights theoretical contributions, notes the limitations of the research and proposes avenues for future research.

2. RESEARCH APPROACH AND METHODOLOGY

2.1 Research Methodology

A case study is a research approach that aims to explore and understand the dynamics that occur within one particular setting (Eisenhardt, 1989). According to Baxter & Jack (2008), this approach enables the investigation of a phenomenon within its context through the use of multiple data sources. They further highlight that case studies do not examine the phenomena from a single perspective but rather through multiple perspectives, allowing multiple dimensions of the phenomenon to be understood. Benbasat et al. (1987) and Meredith (1998) note that there are three key strengths of the case study approach. First, the case study method allows researchers to study phenomena in their natural environment and develop relevant theories based on observations of actual practice. Second, the case study method addresses the question “why,” in addition to “what” and “how,” providing a deeper understanding of the phenomenon. Third, case studies are particularly suitable for exploratory research where variables are unknown, and the phenomenon is poorly understood. The aim of a case study can vary between providing description, testing theory and generating theory (Eisenhardt, 1989).

Despite the multiple strengths of a case study, there are challenges as well. Meredith (1998) identifies the following challenges in case studies: access and time, the need for multiple methods, triangulation requirements, lack of controls and unfamiliarity with procedures. Especially the requirements of direct observation such as finding and accessing a case company can cause difficulties. Baxter & Jack (2008) further note that researchers may attempt to address overly broad questions or topics with too many objectives. In addition, some perceive qualitative and case research as containing poor validation and questionable generalizability (Flyvbjerg, 2006; Meredith, 1998). Case studies can involve single or multiple cases (Baxter & Jack, 2008; Meredith, 1998; Eisenhardt, 1989). When several cases are examined to improve generalizability of the results, the study is referred to as a multiple case study, and if many cases are selected according to a specific research design, it becomes a field study (Eisenhardt, 1989). This thesis involves only a single case and therefore considers the generalizability of the results.

A case study usually utilizes a variety of methods and tools for data collection (Meredith, 1998; Baxter & Jack, 2008; Eisenhardt, 1989). According to Meredith (1998) and Eisenhardt (1989), data collection methods in a case study include financial data, business

plans, internal documents, interviews, questionnaires and overall observations of actions and interactions of employees and managers. In a case study, the goal is to achieve a comprehensive understanding of the phenomenon by using multiple sources of information, ensuring accuracy and reliability of the research (Meredith, 1998). Furthermore, utilization of multiple information sources also supports building a comprehensive picture of the research topic (Baxter & Jack, 2008).

Both qualitative and quantitative techniques can be applied in case studies (Meredith, 1998; Eisenhardt, 1989). On one hand, qualitative case studies facilitate the examination of a phenomenon in its context by utilizing several sources of data (Baxter & Jack, 2008). On the other hand, quantitative case studies concentrate on gathering numerical data and analyzing it to recognize themes, relationships and connections (Saunders et al., 2019, p. 175). As described in these definitions, one way of differentiating quantitative research from qualitative research is by the type of data used. Quantitative research utilizes numerical data and techniques such as questionnaires and statistical analysis, whereas qualitative research utilizes non-numerical data, including audio, words and images, analyzed through methods such as categorization and thematic interpretation (Saunders et al., 2019, p. 175). This thesis takes the qualitative research approach because the data collected is non-numerical.

Interventionist research is one form of case study (Jönsson & Lukka, 2006). Interventionist case research is a methodological approach in which the researcher actively participates in the organization under study to facilitate change, rather than only observing the phenomena (Jönsson & Lukka, 2006; Lyly-Yrjänäinen et al., 2017, p. 11–12). Unlike traditional case studies that primarily rely on interviews and observations for data collection, interventionist research positions the researcher as an active member in the organization under study (Jönsson & Lukka, 2006; Lyly-Yrjänäinen et al., 2017, p. 11–12). This way the researcher influences organizational processes and uses this engagement as a basis for theoretical contribution (Lyly-Yrjänäinen et al., 2017, p. 31–33). Interventionist research intentionally uses active participant observation as a research asset to acquire access to valuable research data (Suomala et al., 2014; Lyly-Yrjänäinen et al., 2017, p. 11–12). Therefore, the key distinguishing feature of interventionist research, compared to traditional case studies, is that the researcher knowingly impacts the organization under study to gain knowledge (Jönsson & Lukka, 2006). In this thesis, the researcher actively participated in the operations of the case organization. Therefore, the interventionist research approach is applied in this thesis.

Jönsson & Lukka (2006) highlight the key strengths of interventionist research. First, interventionist research creates the possibility to gather more valuable research data

what can be accessed through more traditional research methods. Second, interventionist research often addresses practically relevant issues by participating in real-time change processes, which reduces recollection problems. Finally, the researcher's involvement also facilitates the construction of new organizational realities in collaboration with practitioners, bridging academic knowledge with practical reasoning. As the researcher in this thesis is an active participant in the case organization and the research aims to address practically relevant issues, the above-mentioned strengths further support the selection of the interventionist research approach.

2.2 Research Process

Before starting the research process, the researcher had been working at the case company for approximately 1,5 years. Therefore, the selection and formulation of the research topic were strongly influenced by close interaction with the case company and observations made during the early stages of the research process. The research process began in September 2025 by choosing the research topic. The research and this thesis were also a big part of setting personal development goals at the case company. The growing interest in AI and hyper-personalization led to the interest of examining the utilization of these technologies to improve digital customer journeys. Once the topic was identified as relevant for the case company, it became possible to examine the phenomenon more systematically. The close connection between practical implications and the theoretical phenomenon justified the selection of an interventionist research strategy. Because the researcher was an active participant in the case company's operations during the research process, it enabled gaining deeper insights into the phenomenon, further supporting the selection of an interventionist research approach.

Interventionist research consists of five stages: starting the research collaboration, pre-intervention, intervention, post-intervention and reporting (Jönsson & Lukka, 2006; Lyly-Yrjänäinen et al., 2017, p. 14). This thesis follows these stages. The research process from working at the case company and starting the research process to analyzing and reporting the results is illustrated in Figure 1.

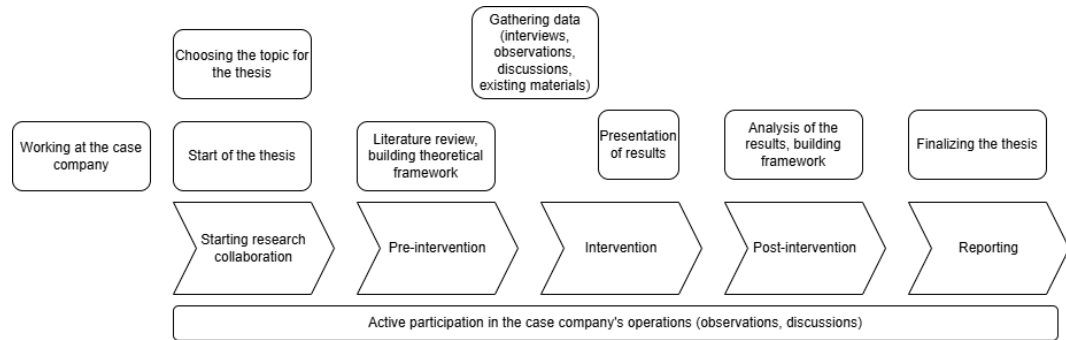


Figure 1. Research process.

First, the research collaboration stage starts by capturing and analyzing the case company's current situation (Jönsson & Lukka, 2006; Lyly-Yrjänäinen et al. 2017, p. 14). In this research, this stage also included agreeing on the research goals with the case company. The research collaboration was initiated by defining the research objectives with the case company. From the case company's perspective, the objectives focused on examining how the digital customer journey could benefit from hyper-personalization to increase conversion and sales. This objective covers the practical side of the interventionist research. However, in addition to practical implications, interventionist research also aims to produce theoretically meaningful insights (Lyly-Yrjänäinen et al. 2017, p. 25). To address this, the objective of the thesis was modified to better account for theoretical implications as well. As a result, the objective was modified from only examining the opportunities for the case company's customer journey to address a common problem underscored by existing literature of how hyper-personalization should be implemented in customer journeys.

Second, the pre-intervention stage focuses on outlining the ideas for change or designing a solution concept (Jönsson & Lukka, 2006; Lyly-Yrjänäinen et al. 2017, p. 14). In this research, this stage focused on building a strong theoretical foundation. A comprehensive literature review was conducted to examine prior research on customer journeys, hyper-personalization and ultimately hyper-personalization in digital B2C customer journeys. This phase supported the conceptualization of the research problem and helped position the study with existing research. This stage played an important role in shaping the research objective because the above-mentioned modification of the research objective was made after examining existing literature and building the theoretical foundation. In addition, at this stage, preliminary ideas and analytical perspectives were formed to guide the research.

During the research process, data was collected mainly through interviews with key personnel from the case company but also through observations and discussions within the case company. In addition to these data gathering methods, existing documents and

reports were used to gain insights into the phenomenon. Interviews were chosen as the main data gathering method because they enabled a deep exploration of organizational practices, perceptions and experiences related to hyper-personalization. As illustrated in Figure 1, the interviews were conducted after building the theoretical foundation whereas observations and discussions took place consistently throughout the whole research process. The researcher's familiarity with the research context supported deeper interpretation of the research data and facilitated meaningful discussions with the participants. During this stage, theory and empirical observations interacted which supported the researcher to better understand the results.

Third, the intervention stage involves actively applying and evaluating the proposed ideas or solution concepts by engaging in their practical implementation within the organizational context (Jönsson & Lukka, 2006; Lyly-Yrjänäinen et al. 2017, p. 14). In this research, this stage consisted of presenting the results of the research for the case company. The results helped understand how hyper-personalization should be implemented in digital customer journeys and come up with improvement ideas regarding digital customer journeys within the life insurance sector to increase conversion, sales and customer experience.

Fourth, the post-intervention stage focuses on evaluating the change initiatives on their nature, elements, implementation and effects (Jönsson & Lukka, 2006; Lyly-Yrjänäinen et al. 2017, p. 14). In this research, this stage consisted of a systematic analysis of the research results. The findings were compared with insights from the literature review to identify similarities, differences and potential contributions to existing theory. Based on this analysis, a conceptual framework was developed to illustrate how hyper-personalization should be utilized in digital B2C customer journeys to increase conversion and sales, and to balance the benefits with potential risks. This stage represented a change from the concrete organizational context toward a more analytical and general level.

Finally, the last stage of the interventionist research process is reporting (Jönsson & Lukka, 2006; Lyly-Yrjänäinen et al. 2017, p. 14). In this thesis, reporting involved combining the research findings into a clear summary because reporting had already taken place iteratively throughout the research process. In other words, this stage mainly focused on writing the concluding sections of the thesis. These concluding sections reflect on the research findings, their theoretical relevance and the overall scientific contribution of the study, while also addressing the study's limitations and suggestions for future research. The research process was completed by finalizing the thesis.

2.3 Data Gathering Methods

To address the research questions and achieve the objectives of the thesis, empirical data was collected within the case company. The main data gathering method was interviews with company personnel. The aim of the interviews was to develop a deep understanding of how hyper-personalization should be utilized across digital customer journeys. The interviews focused on identifying challenges in digital customer journeys, exploring opportunities for AI-driven hyper-personalization and assessing where personalization has the greatest impact on customers. Because of the characteristics of interventionist research, the researcher's participation and close cooperation in the case company's operations enabled access to contextual knowledge beyond what would typically be available through interviews alone. In addition to interviews, insights were formed during the research process by internal discussions, observations and documents. However, interviews formed the central source of empirical data in this study.

In total, six interviews were conducted with employees of the case company. According to Saunders et al. (2019, p. 321), purposive sampling is particularly suitable for small samples and when the selected cases need to be especially informative, such as in case studies and in qualitative research. In addition, they note that purposive sampling should be used when there is a clear focus for selecting the participants. Therefore, the selection of interviewees in this thesis followed a purposive sampling approach, as it is suitable for qualitative case research in which participants are chosen based on their expertise and relevance to the research topic. Interviewees were selected to ensure a complete understanding of the digital B2C customer journey from multiple organizational perspectives.

The selection criteria emphasized the interviewees' roles, professional experience and involvement in areas closely linked to customer journeys and personalization. Participants represented functions such as digital sales, business, marketing, product development and service design. This ensured that the data was gathered from multiple viewpoints on the research topics. The final group of interviewees was chosen to balance different responsibilities and levels of seniority, also considering suggestions made by other interviewees. All selected participants agreed to take part in the study and contributed valuable insights into the research. Table 1 provides an overview of the interviewees.

Table 1. Overview of the interviewees.

Interviewee	Position	Experience	Interview duration
1	Officer	5 years	1 h 8 min
2	Senior Officer	9 years	59 min
3	Senior Officer	22 years	1 h 17 min
4	Officer	17 years	1 h 4 min
5	Senior Officer	12 years	1 h 5 min
6	Senior Officer	13 years	1 h 10 min

The interviews were conducted as semi-structured interviews. Semi-structured interviews allow the researcher to follow a set of predetermined questions linked to the main themes of the study while also leaving room for open discussion and flexibility (Saunders et al., 2019, p. 437–438). This approach was considered particularly suitable for exploring hyper-personalization, as it is a complex and evolving phenomenon. The purpose of using semi-structured interviews is to ensure that interviews are consistent while enabling rich qualitative insights that support abductive theory development (Saunders et al., 2019, p. 437–438). This approach allows the researcher to gather valid and comparable data while also leaving room for new ideas that emerge during the discussion (Saunders et al., 2019, p. 437–438). The possibility for discussion during the interview was important as the interview questions were designed to build on top of each other, meaning that ideas emerged at various points in the interview.

Before the interviews, the four main research questions were shared with the interviewees to provide transparency regarding the study's focus. In addition, as the research topic is rather complex and evolving rapidly, giving the main research questions in advance helped the interviewees to mentally prepare for the interview's big picture. According to Saunders et al. (2019, p. 437–438) interview themes should be derived from the theoretical framework established during the research process. In this thesis, the theoretical foundation focuses on the customer journey and hyper-personalization, which also were at the center of the interview themes. The interview themes were derived from the research questions and therefore the four core themes of the interviews were:

- Current customer journey and customer challenges
- Applications of hyper-personalization in the customer journey

- Touchpoints that should and should not be personalized
- Impact of hyper-personalization at different stages of the customer journey

While these themes were communicated in advance, the specific interview questions were not disclosed before the interview. This approach encouraged more natural answers reflection and reduced the risk of overly rehearsed responses. Each of the themes contained 4–7 interview questions that together aimed to answer the research question related to the theme. The interview structure and questions are described in Appendix A. Each interviewee was asked the same questions but due to the flexible nature of semi-structured interviews, some interviews contained different conversations and follow-up questions. Overall, these conversations and clarifying questions did not affect the interview results.

All interviews were conducted remotely using Microsoft Teams. With the consent of the interviewees, each session was recorded to ensure accuracy and completeness of the data. The recordings also made it possible to watch the interviews afterwards. In addition to the recordings, notes were taken during the interviews to document and highlight key points and initial interpretations. The combination of recordings and notes enabled a thorough and reliable analysis of the interview material.

3. CUSTOMER JOURNEY

This chapter focuses on explaining and defining the concepts of customer journey and customer experience outlined in existing literature. The chapter starts by explaining the transition from traditional sales processes to inbound sales. Then the chapter explores the concept of customer journey and its components, known as touchpoints. Then the chapter proceeds to explain current literature on customer experience. Finally, customer journeys are explored in digital B2C context.

3.1 From Traditional Sales to Inbound Sales

The concept of the sales process, often referred to as the sales funnel, provides a structured framework for understanding how organizations guide potential customers from initial contact to final purchase (Syam & Sharma, 2018; Paschen et al., 2020b). One commonly recognized model is the seven-step sales process which is originally outlined by Dubinsky (1981) and applies to most sales situations. This model includes seven stages: prospecting, pre-approach, approach, presentation, overcoming objections, closing and follow-up. The seven-step sales process and its stages are illustrated in Figure 2. This model continues to serve as a foundation for modern research, including recent studies examining sales processes from the perspective of new technologies (Syam & Sharma, 2018; Paschen et al., 2020b).

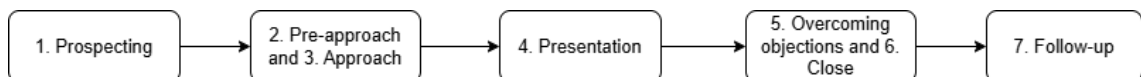


Figure 2. Traditional seven-step sales process (adapted from Dubinsky, 1981; Syam & Sharma, 2018; Paschen et al., 2020b).

According to Dubinsky (1981), Syam & Sharma (2018) and Paschen et al. (2020b), the process begins with prospecting, which involves identifying and generating potential customer leads, followed by assessing their likelihood to purchase. They further point out that once suitable leads are identified, the pre-approach and approach stages focus on gathering relevant information about prospects, fostering relationships and initiating direct contact to establish trust. The presentation stage centers on demonstrating how the product or service addresses customer needs, often through examples such as prototypes or simulations that illustrate its problem-solving capabilities (Dubinsky, 1981; Paschen et al., 2020b). Next, the overcoming objections and closing stages involve responding to customer concerns, negotiating the sale and overcoming objections (Dubin-

sky, 1981; Paschen et al., 2020b). Finally, the follow-up stage includes fulfilling the current order and maintaining contact after the sale to ensure customer satisfaction and strengthen long-term relationships (Syam & Sharma, 2018; Paschen et al., 2020b). According to Paschen et al. (2020b), this step also includes opportunities for upselling and cross-selling. According to them, upselling is defined as motivating the purchase of higher value or premium versions of the main product, whereas cross-selling refers to promoting complementary or related products in addition to the main purchase. In conclusion, sales representatives play an active role in this framework by identifying prospects, delivering presentations, addressing objections and securing commitments. While the traditional sales process is effective in structured and relationship-based environments, it assumes that salespeople mainly control the flow of information and decision-making throughout the buying journey.

However, the rise of inbound marketing and sales reflects a fundamental transformation in how firms engage with customers in the digital era. As Meslem & Abbaci (2025) explain, the increasing availability of online information and the proliferation of digital platforms have shifted customer engagement online, turning the conversion process into a continuous, dynamic cycle rather than a linear process. According to them, inbound marketing is defined as a strategy that attracts customers organically through valuable and relevant content instead of relying on traditional outbound solicitation. They note that inbound marketing has emerged as a central approach in the new digital environment. Building on the foundations of inbound marketing, inbound sales shift the focus from pushing products through outbound solicitation to guiding customers through a self-directed buying journey. Meslem & Abbaci (2025) also note that inbound methods are effective for improving visibility, engagement and conversion rates, and they rely heavily on digital tools such as social media, analytics and search engines. Overall, inbound sales represent a shift from transactional selling to a more customer-centered and technology-driven way of selling and building customer relationships.

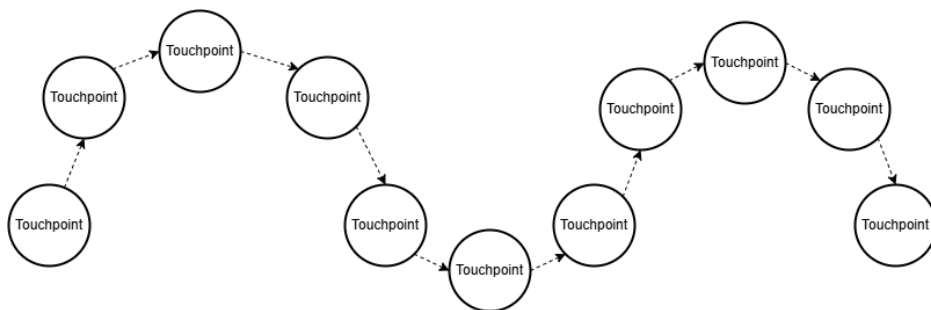
3.2 Defining Customer Journey

In recent years, the concept of customer journey has gained increasingly more attention by both academics and practitioners because of the rise of interest in customer-centric philosophy and the importance of customer journey design in value creation, especially in digitalizing environments (Tueanrat et al., 2021; Kuehnl et al., 2019). However, multiple definitions for the term “customer journey” exist, as illustrated in Table 2.

Table 2. Definitions of customer journey.

Article	Definition
Lemon & Verhoef, 2016	A series of touchpoints that customers encounter and interact with during their purchase process, forming the overall customer experience
Følstad & Kvale, 2018	Process or sequence that a customer goes through to access or use an offering of a company
Becker & Jaakkola, 2020	Series of touchpoints that customers encounter and interact with during their purchase process

The term customer journey is usually referred to as a sequence of touchpoints that customers interact with during the buying process, that make up the total customer experience (Becker & Jaakkola, 2020, Lemon & Verhoef, 2016; Jaakkola & Terho, 2021). This is illustrated in Figure 3. In addition, Følstad & Kvale (2018) highlight the importance of understanding the customer journey from the customer's perspective, emphasizing its experiential nature. As seen in the definitions described in Table 2, three key dimensions of customer journey arise. First, it consists of a sequence of touchpoints that together create the customer experience. Second, it must be understood from the customer's perspective, focusing on how individuals perceive and experience these interactions rather than viewing them only as firm-managed processes. Third, the customer journey has a defined goal which can be, for example, a purchase transaction or access to a company's offering.

**Figure 3. Customer journey as a series of touchpoints.**

However, as the concept of customer journey is relatively new, it still lacks an established definition. While the term customer journey is commonly used, Følstad & Kvale (2018)

highlight that the current literature on customer journey consists of a wide variety of related perspectives rather than one widely recognized definition. In current literature, customer journey can be seen in multiple different ways: As service processes with clearly determined startpoints and endpoints, more open-ended processes or touchpoints as the key components (Følstad & Kvale, 2018). In this thesis, touchpoints are considered to be the key components of the customer journey, in line with the definition of customer journey suggested by Lemon & Verhoef (2016).

The progression of a customer throughout the customer journey can be divided into three stages: prepurchase, purchase and postpurchase (Lemon & Verhoef, 2016; Lundin & Kindström, 2023). Similarly, Puccinelli et al. (2009) divide the customer's decision-making process to need recognition, information search, evaluation, purchase and postpurchase stages. Each of these stages represents a different phase of interaction between a customer and a company. These stages together describe how customer interactions and experiences evolve across the buying process. Figure 4 illustrates the three customer journey stages suggested by Lemon & Verhoef (2016).

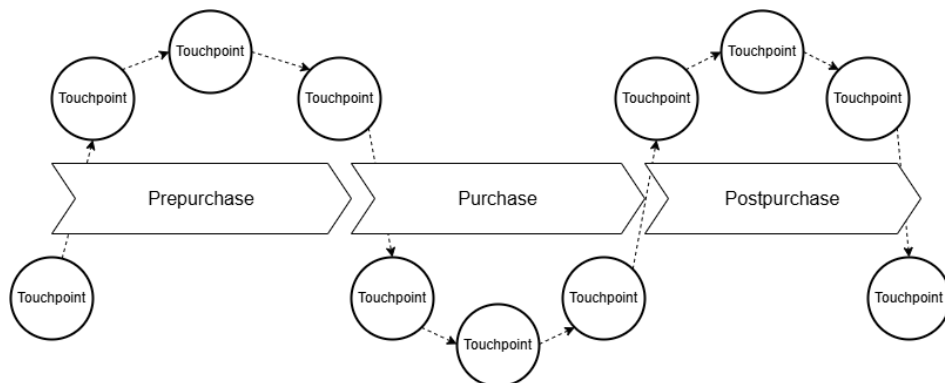


Figure 4. Customer journey stages (Lemon & Verhoef, 2016).

The prepurchase stage covers all customer interactions with a company, product category or broader environment that occurs before any purchase takes place (Lemon & Verhoef, 2016). This process involves recognizing the need, gathering information and considering the decision (Puccinelli et al., 2009). This stage typically begins once a need, goal or impulse is recognized and continues until the customer considers options for fulfilling it (Lemon & Verhoef, 2016). During this stage, customers become aware of a need or desire and start exploring ways to fulfill it. Therefore, the brand's visibility and ability to provide relevant information at this stage play a critical role in influencing customers' purchasing decisions.

The purchase stage covers all customer interactions with the company and its surrounding environment during the actual transaction process, including actions such as selection, ordering and payment (Lemon & Verhoef, 2016). In other words, this stage is where the customer transitions from evaluation to action and engages directly with the brand to make and complete the buying decision. Factors such as convenience, perceived value, surrounding purchase environment and attitudes significantly influence this process (Puccinelli et al., 2009). In fact, Lemon & Verhoef (2016) highlight that the ease of the purchase experience can determine whether a customer follows through with their decision or abandons it altogether.

The postpurchase stage includes all customer interactions with the company and its environment after the transaction has been completed, including activities such as product use, service inquiries and engagement after the purchase (Lemon & Verhoef, 2016). While theoretically it could extend across the customer's entire lifetime, in practice it focuses on experiences directly connected to the brand, product or service itself (Lemon & Verhoef, 2016). According to Puccinelli et al. (2009), this stage has a major impact on how customers assess the product, their satisfaction with the buying experience and their likelihood of making repeat purchases. This stage plays a central role in forming long-term customer relationships and overall brand perception because it reflects how well the brand fulfills its promises and supports postpurchase needs from the perspective of the customer. However, interactions during the postpurchase stage are typically complex and resource-intensive (Lundin & Kindström, 2023). Lemon & Verhoef (2016) underscore the importance of this stage because positive experiences and responsive service interactions can improve satisfaction and foster loyalty, whereas unmet expectations may lead to disengagement or switching the brand.

The quality of the customer journey strongly influences customer satisfaction, loyalty and conversion performance, especially in service contexts (Jaakkola & Terho, 2021). When customer journeys are managed effectively, they can lead to long-term benefits such as recurring purchases (Lemon & Verhoef, 2016). This can bring more sales for the company as the customer enters the customer journey again. According to Jaakkola & Terho (2021), service journey quality (SJQ) can be conceptualized through three main dimensions: seamlessness, personalization and coherence. Seamlessness describes how well touchpoints are connected to enable a smooth flow throughout the service process. Personalization refers to how effectively the touchpoints are adapted to the customer's individual preferences and contextual situation. Coherence refers to the extent to which these touchpoints deliver a consistent and unified experience. These dimensions together determine how smoothly customers transition between touchpoints, how well the

experience aligns with individual needs, and how consistent the overall journey feels. High SJQ not only improves perceived service quality but also strengthens customer loyalty, as it explains loyalty outcomes beyond traditional service quality measures.

In summary, customer journey describes the series of touchpoints that form a customer's overall experience with a company. The journey consists of prepurchase, purchase and postpurchase stages, each involving different interactions and decisions. Effective management of the customer journey through seamless, coherent and personalized experiences strengthens customer satisfaction and loyalty.

3.3 Touchpoints

As described in the previous section, customer journeys consist of a sequence of touchpoints. Similarly to the definition of customer journeys, Følstad & Kvale (2018) highlight that the term touchpoint is widely used but in various definitions. For example, Patrício et al. (2011) describe touchpoints as interactions or communication between a customer and a company. However, Clatworthy (2011) defines touchpoints as the channel or location moderating interactions or communication. Tueanrat et al. (2021) refer to touchpoints as service encounters in which the customer participates, directly or indirectly linked to a brand, influencing how they perceive and evaluate both the brand itself and the customer journey. According to Alt et al. (2021), touchpoints may involve brief one-way or two-way interactions between customers and firm as well as customer-to-customer exchanges, such as those occurring via social media or peer discussions, which may affect how customers evaluate and consider a brand.

Touchpoints can be either physical or digital (Lundin & Kindström, 2023; Alt et al., 2021). Physical touchpoints involve in-person or tangible interactions with a brand, whereas digital touchpoints occur through online or technology-mediated channels (Lundin & Kindström, 2023). In this thesis, the definition by Patrício et al. (2011) is followed, in which touchpoints are described as interactions or communication between a customer and a firm. However, this thesis only focuses on digital touchpoints. Therefore, any digital interaction or communication between a customer and a firm is considered a touchpoint in this thesis.

Touchpoints are commonly categorized into direct and indirect touchpoints (Lemon & Verhoef, 2016; Stein & Ramaseshan, 2016; Lundin & Kindström, 2023). On one hand, direct touchpoints refer to interactions in which customers engage directly with a firm, product or service (Lemon & Verhoef, 2016). Thus, the firm can be seen to have control

over these direct interactions. On the other hand, interactions in indirect touchpoints occur outside the firm's control, for instance, through peer discussions between customers or customer reviews (Stein & Ramaseshan, 2016).

Lemon & Verhoef (2016) identify four main types of touchpoints within the customer journey: brand-owned, partner-owned, customer-owned and social/external. Table 3 summarizes the core characteristics of each type with practical examples.

Table 3. Touchpoint types in customer journey (Lemon & Verhoef, 2016).

Touchpoint type	Description	Examples
Brand-owned	Designed and managed directly by the firm	Advertising, website, loyalty programs, product design
Partner-owned	Jointly managed by the firm and external partners	Distribution channels, co-branded loyalty programs, platform collaborations
Customer-owned	Controlled by the customer and not influenced directly by the firm	Product usage, payment choices, customer-created content
Social/external	Arising from the broader environment or other actors	Word-of-mouth, reviews, social media discussions, peer influence

According to Lemon & Verhoef (2016), these four touchpoint types play different roles across different stages of the customer journey. Brand-owned and partner-owned touchpoints are typically linked to the prepurchase phase in which firms seek to attract attention, build awareness and facilitate access through marketing communications, digital platforms and partner networks. As the journey progresses toward purchase, these touchpoints often interact with customer-initiated and partner-mediated channels that influence evaluation and choice. In the postpurchase phase, customer-owned touchpoints become increasingly central as individuals engage in product use, service interactions and personal reflections. Throughout all stages, social and external touchpoints continuously influence perceptions and behavior. Together, these touchpoint types form a connected system in which the influence of the firm and the external environment changes depending on the customer's stage in the journey.

Touchpoints can also be categorized based on which party initiates the interaction, the firm or the customer. De Haan et al. (2016) divide these interactions into firm-initiated contacts (FICs) and customer-initiated contacts (CICs). FICs are defined as any contact initiated by the company, for example marketing campaigns, that aim to communicate the brand message to the customer. These touchpoints often target consumers at earlier stages of the purchase journey such as need recognition or information search. In contrast, CICs occur when customers themselves take the initiative to engage with the brand, for instance through searching and visiting websites. CICs are typically more effective at later stages of the purchase journey, as they are driven by customers' own interest and decision-making processes.

According to Lemon & Verhoef (2016), firm-initiated touchpoints often correspond to brand-owned and partner-owned interactions, while customer-initiated ones are related to customer-owned and social or external touchpoints. Combining this idea with Stein & Ramaseshan's (2016) categorization of touchpoints into direct and indirect types, and linking them to customer journey progression across stages as suggested by de Haan et al. (2016), Figure 5 can be presented.

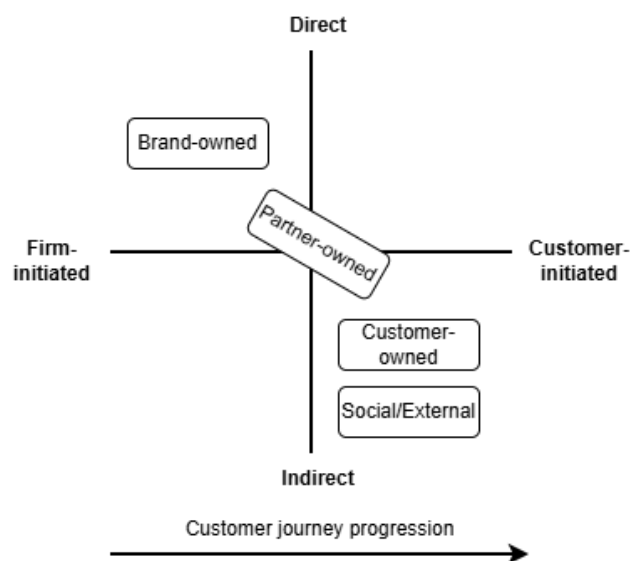


Figure 5. *Categorization of touchpoints.*

As illustrated in Figure 5, brand-owned touchpoints are the only types which are both direct and firm-initiated, whereas customer-owned and social/external types are indirect and customer-initiated. However, partner-owned touchpoints fall between these categories because they involve shared control and indirect interactions. As illustrated in Figure

5, none of the touchpoint types are either indirect and firm-initiated or direct and customer-initiated. In addition, customer-initiated indirect touchpoints play a significant role in the later stages of the journey as this is when the customer makes the final decision.

Customer satisfaction and response are continuously affected by experiences across individual touchpoints throughout the journey (Meyer & Schwager, 2007; Tueanrat et al., 2021). According to Tueanrat et al. (2021), customers evaluate their satisfaction at every interaction by comparing their expectations to the actual experience. According to them, positive interactions at touchpoints improve satisfaction whereas negative ones decrease it. Evaluations accumulate across the journey, meaning that satisfaction is formed by the collective effect of multiple interactions rather than from any single touchpoint (Baxendale et al., 2015). Lemon & Verhoef (2016) also emphasize that customers engage with multiple channels and interactions that influence one another across the different stages of the customer journey, and therefore touchpoints cannot be assessed individually. Similarly, Tueanrat et al. (2021) highlight that understanding the customer journey requires recognizing how individual touchpoints together form the holistic customer experience. Therefore, effective management of touchpoints and understanding the customer journey as a sequence of multiple touchpoints is essential, as it determines both immediate responses and long-term success of the customer journey. The effect of individual touchpoints as part of the overall customer journey is illustrated in Figure 6.

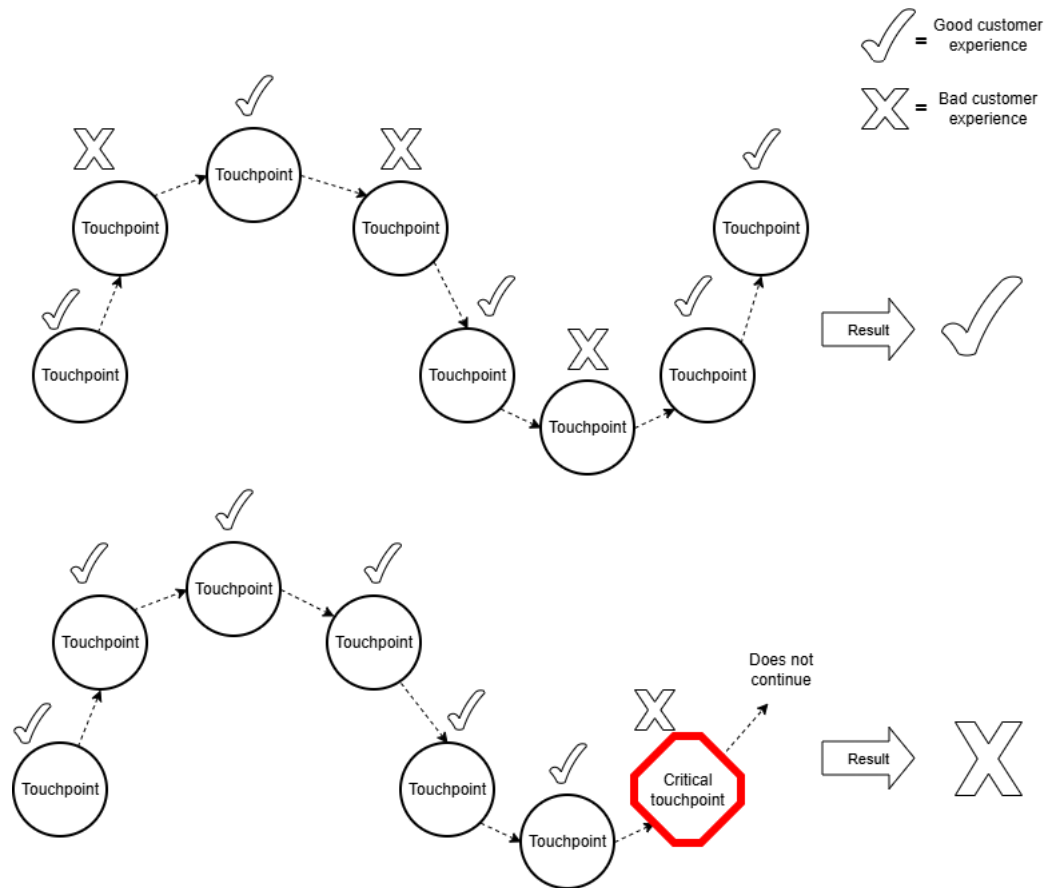


Figure 6. Experiences in touchpoints collectively form the overall outcome, but some touchpoints play a more important role.

Although overall customer satisfaction is formed by a sequence of multiple touchpoints rather than one, some touchpoints still play a more critical role than others. This distinction is illustrated in Figure 6. In the first customer journey, despite some touchpoints being less satisfactory, the overall outcome remains positive because no single interaction critically affects the journey's result. In contrast, the second customer journey highlights a critical touchpoint that determines the final outcome of the customer experience. Critical touchpoints, also referred to as “moments of truth”, play a central role in understanding the customer journey because they have the greatest impact on customer perceptions and behavioral outcomes (Lemon & Verhoef, 2016). Critical touchpoints are not isolated interactions but significant moments that affect the customer's overall experience and at the end can determine purchase decisions and loyalty formation. Thus, all touchpoints are not equivalent in value (Meyer & Schwager, 2007). Recognizing how these touchpoints are connected emphasizes the importance of a holistic approach that focuses on managing the most critical moments instead of optimizing each touchpoint individually. To overcome this, effective mapping of customer journeys is crucial as it helps identify key touchpoints, stakeholders and areas for improvement (Følstad & Kvale, 2018).

In summary, touchpoints are defined as all the interactions between a customer and a firm, forming the overall customer journey and experience. They can be direct or indirect, firm-initiated or customer-initiated and have varying levels of importance across the journey stages. Thus, understanding and managing touchpoints as a whole is the key to creating a consistent customer experience.

3.4 Customer Experience

According to Gentile et al. (2007), customer experience is a particularly important factor that shapes the success of a firm's offering. For companies, customer experience is an important driver of customer satisfaction, loyalty and business goals (Mittameedi et al., 2025). In fact, customer experience is highly important for the competitiveness of a company (Becker & Jaakkola, 2020). However, multiple definitions for customer experience exist in current literature.

Gentile et al. (2007) describe customer experience as a series of interactions a customer has with a firm, or with the firm's products or services that trigger individual reactions across rational, sensorial, physical, emotional and even spiritual dimensions. Similarly, Meyer & Schwager (2007) refer to customer experience as the customer's responses to both direct and indirect interactions with a firm. Schmitt (1999) views experiences multidimensionally, identifying five experience types: sensory, emotional, intellectual, behavioral and social-identity related. Verhoef et al. (2009) further describe customer experience as a holistic concept that consists of the customer's cognitive, emotional, social and physical reactions and responses toward a company. Brakus et al. (2009) conceptualize brand experience as a combination of consumers' internal reactions, such as sensations, feelings and thoughts, along with behavioral responses triggered by brand-related stimuli, structured across four categories: behavioral, intellectual, affective and sensory. With regards to the definitions, three key aspects of customer experience can be identified: it originates from interactions between a customer and a company, it is subject to the customer, and the experiences are multidimensional. In addition, as customer experience is created by the customer's interactions with a company, it is not limited to a single customer journey. Therefore, recognizing the comprehensive nature of customer experience is essential for building competitive advantage. In this thesis, the definition of customer experience will follow Verhoef et al. (2009) as the customer's overall cognitive, emotional, social and physical responses to a company.

The concept of customer experience is deeply linked with the concept of customer journey (Følstad & Kvale, 2018). In fact, Lemon & Verhoef (2016) describe customer experience as a concept that focuses on the customer's responses to a company during the

whole purchase process. This shows that the terms customer experience and customer journey can be used to describe the same thing. Figure 7 further illustrates the link between customer experience and customer journey.

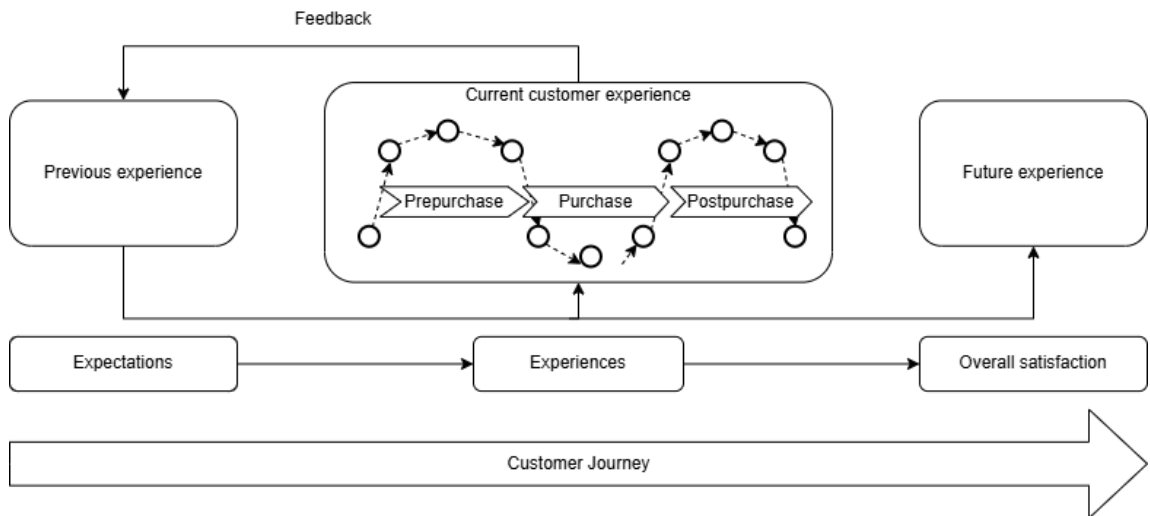


Figure 7. *Customer journey and customer experience (Lemon & Verhoef, 2016; Følstad & Kvale, 2018).*

As illustrated in Figure 7, the stages of customer journey are the building blocks of customer experience. Overall satisfaction is formed by the combination of expectations and actual experiences across all touchpoints in the customer journey, during which each experience can have either a positive or a negative impact on satisfaction (Følstad & Kvale, 2018; Tueanrat et al., 2021). The current experiences are affected by previous experiences (Lemon & Verhoef, 2016). Thus, overall experience is formed by both current and previous experiences and the expectations the customer has regarding the product or service. This means that, if the customer has high expectations, forming a good overall experience is harder than if the customer had low expectations.

Customer value in the context of customer experience arises through interactions between the customer and the company. This value can take two main forms: utilitarian value, which relates to functional benefits and problem-solving, and hedonic value, which reflects emotional and experiential enjoyment (Gentile et al., 2007). Together, these dimensions define how customers perceive the value of their experiences. Figure 8 illustrates the framework of customer experience as described by Gentile et al. (2007), showing the interaction between the company's value creation activities and the customer's perception process.

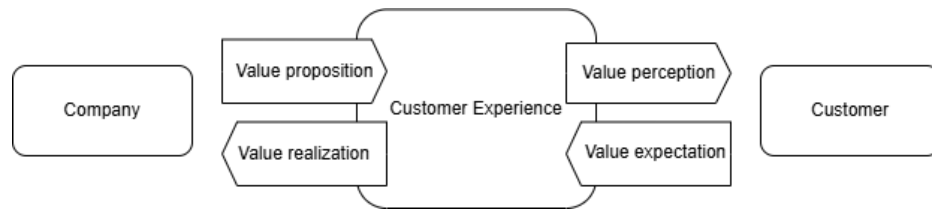


Figure 8. Customer experience and exchanged value (Gentile et al., 2007).

On the company side, the value proposition represents the promise or offering made to the customer, while value realization refers to how the proposed value is delivered to the customer through products, services or interactions. On the customer side, value expectation contains what the customer anticipates before the experience, and value perception reflects how the customer evaluates the experience afterward. The combination of these elements form customer experience.

Digitalization brings new dimensions to customer experience. Online customer experience (OCE) refers to the psychological state that arises when a customer interacts with a company's website, shaped by both cognitive and affective processes (Rose et al., 2012; Gentile et al., 2007; Novak et al., 2000). As customers engage with various digital stimuli, such as text, visuals and interactive elements, they use this information to form impressions about the company's website (Rose et al., 2012). OCE accumulates over time as customers repeatedly interact with the same platform, further highlighting that past experiences influence future perceptions and behavior as well (Rose et al., 2012). The conceptual model of OCE, adapted from Rose et al. (2012), is illustrated in Figure 9.

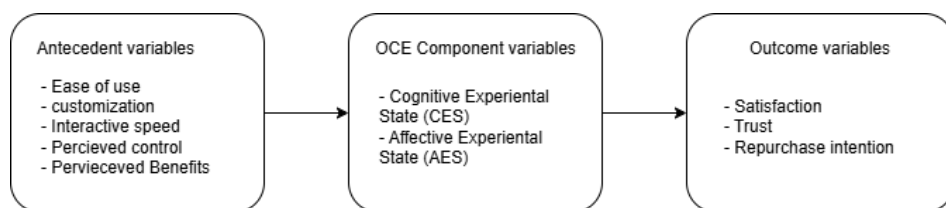


Figure 9. Conceptual model of OCE (adapted from Rose et al., 2012).

Rose et al. (2012) note that the conceptual model of OCE links website-related antecedents, such as ease of use, personalization and perceived control, to two experiential states: cognitive experiential state (CES) and affective experiential state (AES). CES is defined as the part of the OCE that relates to thinking and conscious mental activities, while AES represents the part that engages the emotional side, which includes a person's moods, feelings and emotions (Rose et al., 2012; Gentile et al., 2007). These states drive key behavioral outcomes such as customer satisfaction, trust and purchase intentions. This model highlights that online customer experience quality depends not only on the website's functionality but also on how effectively it engages users.

Customer experience quality refers to the customer's overall judgment about how excellent or superior their experience with a company is (Lemke et al., 2011). This judgement reflects how well the company meets or exceeds expectations across different touch-points and is formed by several factors. First, product quality and service quality form a fundamental basis for customer experience. Product quality involves aspects such as the range of choices available and the perceived value for money, while service quality includes elements like value for time, promise fulfillment, problem-solving ability and personalization (Lemke et al., 2011). Second, trust plays a key role in shaping both traditional and digital experiences. Trust relates to customers' perceptions of reliability, transparency and integrity in company actions and, in online contexts, extends to the security and stability of digital systems (Mittameedi et al., 2025; Rose et al., 2012). Third, personalization is seen as a key factor in customer experience quality. In digital contexts, it refers to the ability to tailor content, recommendations and user interfaces based on individual user preferences and behavior, improve relevance and emotional connection (Lemke et al., 2011; Mittameedi et al., 2025). Fourth, ease of use and user control are particularly important in digital environments where customers expect intuitive navigation, functional user interfaces and the ability to manage their interactions independently (Rose et al., 2012; Mittameedi et al., 2025). Finally, customer engagement, meaning the depth and emotional quality of interaction with the company, fosters a sense of involvement and connection throughout the customer journey stages (Mittameedi et al., 2025; Rose et al., 2012). Together, these factors play a central role in defining the overall quality of customer experience.

Improving customer experience brings clear business benefits, not just happier customers. Examples of these benefits are increased customer satisfaction, trust, repurchase intentions, loyalty, conversion rates and sales (Mittameedi et al., 2025; Rose et al., 2012; Lemke et al., 2011; Kuehnl et al. 2019; Lemon & Verhoef, 2016; Srivastava & Kaul, 2016). When customers feel satisfied and emotionally connected, they are more likely to make recurring purchases, buy more, stay loyal and recommend the brand to others, which helps the company to grow (Mittameedi et al., 2025). Rose et al. (2012) highlight that great customer experiences increase customer satisfaction and trust, which then result in a greater level of repurchase intentions. In addition, increased customer loyalty can lead to repetitive purchasing behavior or the customer re-entering the prepurchase stage (Kuehnl et al., 2019; Lemon & Verhoef, 2016; Srivastava & Kaul, 2016). Furthermore, high levels of customer loyalty and experience result in higher customer spending, which increases sales (Srivastava & Kaul, 2016). In contrast, poor experiences, like a difficult website or an unhelpful chatbot, can quickly lead to lost customers and harm the

company's reputation, especially when negative word-of-mouth spreads so easily online (Mittameedi et al., 2025). Therefore, improving the customer experience has several benefits for companies, but the benefits are realized indirectly.

In summary, customer experience is the outcome of all interactions a customer has with a firm. Customer experience consists of cognitive, emotional and behavioral elements that form satisfaction, trust and loyalty. Customer experience quality is influenced by many factors such as ease-of-use, engagement and service quality. A well-designed customer experience drives both customer satisfaction and business performance.

3.5 Digital B2C Customer Journeys

In recent years, customer journeys have increasingly shifted to occur almost entirely online (Lundin & Kindström, 2023). Nowadays, customers interact with several touch-points on multiple channels, which makes customer journeys more complex (Lemon & Verhoef, 2016). Thus, many firms struggle with digitalizing customer journeys (Lundin & Kindström, 2023). This section explores digital customer journeys in the B2C context. First, digital purchase journeys and their key characteristics and stages are explored, while comparing them to traditional, meaning non-digital, customer journeys. Finally, differences in customer experience and its quality constructs between business-to-business (B2B) and business-to-consumer (B2C) contexts are explored.

As described in section 3.2, the customer journey can be divided into three stages: pre-purchase, purchase and postpurchase. Shankar et al. (2016) divide the digital purchasing journey into four phases in the context of mobile shoppers: motivation or goals, search and discovery, evaluation and choice and post purchase. First, motivation or goals can be categorized under the prepurchase stage in the traditional customer journey as this stage is strongly related to recognizing the customer's needs (Puccinelli et al., 2009). According to Shankar et al. (2016), customers in this stage are driven by both utilitarian goals, such as efficiency, and hedonic goals, such as enjoyment. They point out that digital technologies improve this stage by shaping these goals through contextual triggers like personalized offers, which can shift customer motivation in real time. Second, the search and discovery stage is also linked to the prepurchase stage because it happens before making the final purchase decision. Shankar et al. (2016) state that customers use digital devices to browse products, compare prices and read reviews. They note that mobile apps and search tools serve as intelligent agents that simplify access to information and create a sense of engagement. Third, evaluation and choice can be categorized under the purchase stage as it is directly linked to customers making

the final purchase decision. Here, digital touchpoints support decision-making and provide personalization (Shankar et al., 2016). In the digital customer journey, the purchasing phase is done online via, for example, a website or mobile purchase funnel. Finally, the digital postpurchase stage aligns directly with the postpurchase phase of the traditional customer journey, during which digital channels enable customers to share experiences, give feedback and remain engaged through loyalty programs (Shankar et al., 2016). Across all stages, digital tools transform the customer journey into a continuous, interactive process in which engagement, personalization and feedback play a central role. This description of a digital customer journey and its relation to the traditional customer journey is illustrated in Figure 10.

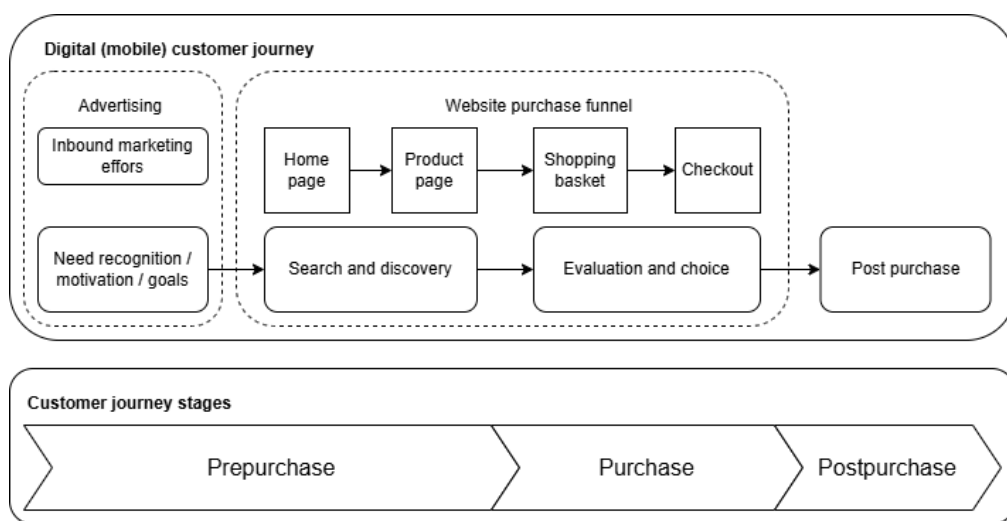


Figure 10. Digital customer journey stages (adapted from Lemon & Verhoef, 2016; Shankar et al., 2016; de Haan et al., 2016; Puccinelli et al., 2009).

As illustrated in Figure 10, the digital customer journey is strongly influenced by the traditional customer journey and its stages. One key difference between these two frameworks is the purchase stage as the digital channel facilitating the purchase transaction brings a new dimension to the digital purchase journey. De Haan et al. (2016) note that a typical online purchase funnel can be described in four stages. First, the funnel begins with the website's front page where visitors are introduced to the site and its offerings. Second, customers explore different product pages to learn more about specific items. Third, customers may add selected products to their shopping basket. Finally, during the checkout process, customers complete their purchase, generating revenue for the company. However, it is important to note that each online purchase funnel is different because digital platforms, such as websites and mobile apps, also have their differences. Another differentiating factor between the digital customer journey and traditional customer journey is the large number of channels and touchpoints that customers go

through during the digital journey. According to Saghiri et al. (2017), traditional multi-channel systems often consist of fragmented and independently functioning channels, creating difficulties in delivering consistent and reliable experiences. They note that to address these challenges, an omnichannel approach is proposed, which integrates processes and technologies across all channels to provide a seamless, consistent and more reliable customer experience. In the omnichannel context, customers no longer remain within a single channel throughout their journey and increasingly expect firms to integrate all channels into one seamless experience (Tueanrat et al., 2021). This approach optimizes the availability, consistency and visibility of information between multiple channels (Saghiri et al., 2017). In practice, this means that customers may begin their journey by testing products in a physical store but complete the purchase online or gather product information on a website before buying offline (Tueanrat et al., 2021). In other words, the omnichannel approach integrates the different methods of interaction available to customers. These interactions can occur via online, mobile, socially and physically. This is illustrated in Figure 11 in which the different channels, such as online, mobile, physical and social, are seamlessly integrated from the customer's perspective. This brings benefits in many ways such as increased sales, reduced costs, improved trust and differentiation from competitors through the increase of the service's value (Saghiri et al., 2017).

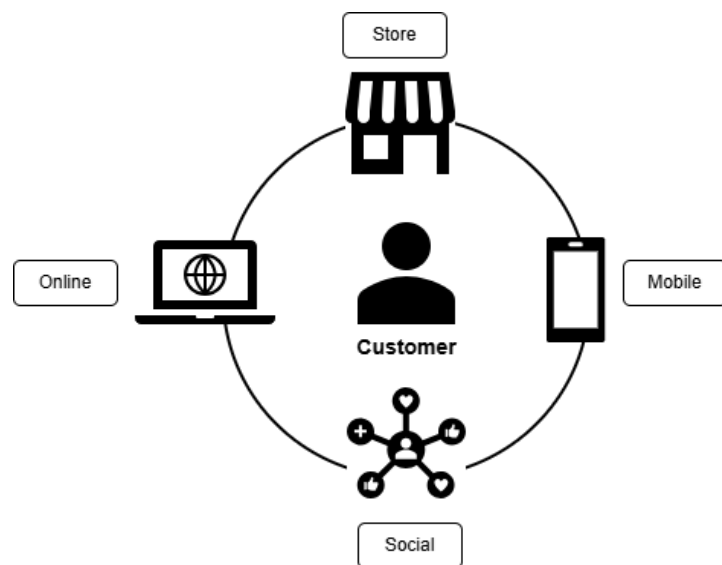


Figure 11. Omnichannel approach.

Lemke et al. (2011) highlight that customer experience and its quality construct differ between B2B and B2C contexts. These differences are presented in Table 4. However, Lemke et al. (2011) underscore that these differences are only present on average. This means that these differences are general and may not apply to every firm or customer relationship, as variations can occur depending on context, industry and interactions.

Table 4. Differences in customer journeys between B2C and B2B contexts (adapted from Lemke et al., 2011).

Aspect	B2B	B2C
Customer understanding	Deep understanding of customer needs and objectives	General recognition of the customer and their preferences
Value creation	Co-created through deep understanding of customer goals and tailored solutions	Embedded in pre-designed products or services
Interaction style	High level of personal contact and proactive communication	Helpfulness and accessibility in service encounters
Offering	Flexible, offerings are customized to fit specific customer requirements	Mostly standardized
Monitoring value	Supplier actively checks how the customer achieves value-in-use	Fulfillment of promises without ongoing follow-up

As illustrated in Table 4, in B2B settings, customer experience quality centers on close collaboration, deep understanding of client needs, and the ability to customize solutions through expertise and flexibility. Relationships are built through personal contact and proactive communication because suppliers continuously ensure that customer objectives are being met. The relationship is long-term and dialog-based, with trust, flexibility, and ongoing support playing a key role. In contrast, B2C experiences are typically more standardized and transactional, focusing on efficiency, emotional satisfaction and brand perception. Here, knowledge is embedded in product design, and firms aim to deliver consistent quality rather than highly tailored products or services. Here, quality arises from helpful interactions, easy accessibility and reliability in fulfilling promises. In conclusion, while B2B customer experiences are knowledge-intensive and co-creative, B2C experiences focus more on immediate service quality and customer recognition. Thus,

while B2B customer experience quality depends on understanding and enabling customer success, B2C customer experience quality centers on delivering convenience, enjoyment and perceived value.

Overall, digitalization has changed the modern B2C customer journeys into a highly connected and interactive process. While the core stages remain the same, digital tools such as mobile apps, websites and omnichannel systems have changed how customers interact with firms in different stages of the journey. Compared to B2B settings, B2C experiences are more standardized and emotion-driven, focusing on efficiency and consistent service quality across digital channels.

4. HYPER-PERSONALIZATION

This chapter focuses on defining and exploring the concept of hyper-personalization. The chapter starts by defining personalization and outlining its main differences in relation to the concept of customization. Then the chapter proceeds to define hyper-personalization and explain how it differs from traditional personalization. Finally, hyper-personalization process and its challenges are explored.

4.1 Personalization

In recent years, companies have increasingly focused on creating more personal and tailored interactions with their customers, supported by the large amounts of available data (Mehmood et al., 2023). While the idea of personalization is not new, today's technology has taken it much further, making tailored experiences an expected part of modern business and service delivery (Kumar et al., 2019; Jaakkola & Terho, 2021). This section explores the concept of personalization and compares it to other related terms.

In existing literature, personalization has been defined in multiple ways across different perspectives. Vesanen (2007) defines personalization from two complementary perspectives: technological perspective and process perspective. From a technological perspective, personalization can be seen as the utilization of customer data and technology to customize digital interactions between a company and its individual customers. However, personalization can also be understood as the process of utilizing customer information to provide a targeted solution tailored to a specific customer. According to Salonen & Karjaluoto (2016), personalization means tailoring products or services to align with an individual's preferences based on consumer data. Mehmood et al. (2023) describe personalization as the adaptation of elements of the marketing mix, such as promotions, pricing and product recommendations, to individual consumers. Furthermore, Tam & Ho (2006) conceptualize personalization as a customer-centric marketing strategy focused on delivering the right content to the right person at the right time, optimizing both short-term and long-term business outcomes. The effectiveness of this approach lies in its low effort requirement from the customer, as the company takes the main responsibility for identifying and fulfilling individual needs (Montgomery & Smith, 2009). In summary, personalization can be understood as a multifaceted concept that connects technology, data and marketing strategy to create more relevant and meaningful customer experiences. Personalization emphasizes understanding individual preferences and delivering tailored content and offerings.

Sunikka & Bragge (2012) note that customization is also a commonly used term closely related to personalization. While the two concepts are sometimes used interchangeably, they emphasize that important distinctions exist between them. From the research perspective, personalization mainly focuses on technology and online environments, highlighting the importance of understanding customer needs and preferences, as well as collecting data to support user profiling and recommendation systems. In contrast, customization is an older area of research that has traditionally concentrated on physical products but has recently started to expand into service contexts as well. Another differentiating factor is the party that initiates the interaction and has control over it. Mehmood et al. (2023) describe that personalization differs from other individualized marketing approaches, such as customization, because the company controls and decides how touchpoints are adapted to customers, rather than customers having the control. Similarly, Arora et al. (2008) highlight that personalization occurs when a company uses previously gathered customer data to decide which elements of the marketing mix best fits a specific customer, whereas customization occurs when the customer proactively specifies the elements of their marketing mix themselves. For example, in customization, a website allows users to change its appearance by choosing from different options, making it a user-controlled process (Ho, 2006). However, personalization focuses on delivering content tailored to individual users, often by gathering information through their browsing behavior, purchase history or usage patterns (Ho, 2006). In personalization, tailoring is done automatically by the company, rather than manually by the customer. Montgomery & Smith (2009) summarize that personalization is automated by the company on behalf of the customer, whereas customization happens when a customer requests it on their own behalf. In conclusion, personalization is a company-controlled process whereas customization is user-controlled.

According to Sunikka & Bragge (2012), another commonly used term is mass customization, which personalization can be seen as a limiting case of. They describe mass customization as the utilization of adaptable processes and organizational structures that allow companies to make a wide range of individually tailored products or services at a similar price to mass-produced ones. In other words, it enables the creation of products and services without losing efficiency. Similarly to the terms of customization and personalization, mass customization differs from mass personalization. While both aim to serve customer needs more precisely, the key difference is in their scope. Mass customization targets a small group of customers whereas mass personalization addresses the

preferences of each customer (Sunikka & Bragge, 2012). Overall, these concepts illustrate the shift from standardized production to a more individualized form of value creation.

According to Arora et al. (2008), three different levels of personalization can be distinguished: 1-to-all, 1-to-n and 1-to-1. First, 1-to-all represents a standardized approach in which the same content or offering is delivered to all customers, with no personalization involved. Second, 1-to-n refers to segment personalization in which customers are grouped into clusters based on shared characteristics or behavior, and tailored offerings are provided for each segment. Finally, 1-to-1 refers to extreme personalization in which content or services are uniquely adapted to the preferences, behavior and contextual data of individual customers. Therefore, the level of personalization describes how companies evolve from standardized, undifferentiated approaches toward highly individualized interactions. Combining the levels of personalization with the differences between personalization and customization, Figure 12 can be presented.

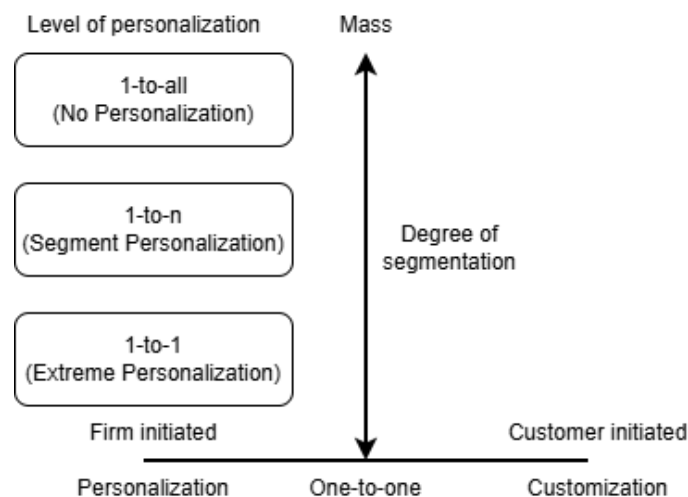


Figure 12. Comparing personalization and customization (adapted from Arora et al., 2008).

Web personalization represents a specific subfield within personalization research that focuses on tailoring online environments to individual user preferences (Salonen & Karjaluoto, 2016; Tam & Ho, 2006). Although the boundary between general personalization and web personalization is not always distinct, web personalization typically refers to automated online processes that adapt content, structure and interaction points to individual users (Salonen & Karjaluoto, 2016). In this thesis, the definition of web personalization by Salonen and Karjaluoto (2016) is adopted because the research is conducted

within a web-based environment where customer interactions and personalization efforts primarily occur through digital interfaces.

According to Fan & Poole (2006), personalization can take place in two main ways: automatically by the system or manually by the user. They further note that personalization can also target different aspects such as, in digital contexts, the content, user interface, functions or channel. Additionally, personalization can be aimed at either individual users or groups of users sharing similar characteristics. Building on this idea, Sunikka & Bragge (2012) developed a framework (Figure 13) that positions personalization and customization along two key dimensions: the initiator (system-initiated vs. user-initiated) and the object (intangible services vs. tangible products). The framework further illustrates the differences between the terms customization and personalization.

	PERSONALIZATION		
	Intangibles (web context, service)		Tangibles (products)
	Individual	Group	Individual and group
System initiated	One-to-one personalization	Mass personalization	Mass customization
User initiated	(Web) customization	Collaborative customization	

Figure 13. Framework of personalization (Sunikka & Bragge, 2012).

As illustrated in Figure 13, system-initiated personalization includes one-to-one personalization at the individual level and mass personalization at the group level, both of which occur primarily in digital or service contexts. For tangible products, the corresponding concept is mass customization in which systems adapt offerings for broader customer segments. In contrast, user-initiated personalization takes the form of web customization and collaborative customization. In web customization individuals adjust digital interfaces or content to their preferences, whereas in collaborative customization groups collectively shape products or services. Overall, this framework clarifies how personalization and customization differ in terms of who controls the changes and in what context they occur, providing a structured understanding of how personalized value can be delivered through either automated systems or active customer participation.

Tam & Ho (2006) divide personalization into three types in the digital context: user-driven, transaction-driven and context-driven personalization. In user-driven personalization, the user chooses how the website looks and what kind of content it shows by using the settings and options available. Transaction-driven personalization happens when an online store automatically adjusts the layout and content based on the customer's past purchases or interactions. Finally, context-driven personalization uses smart systems that adapt in real time, changing the content and layout according to what

the user is doing, for example, whether they are carefully looking at products or just browsing casually. In other words, user-driven personalization shares a lot of similarities with customization because tailoring is initiated by the user, whereas transaction-driven and context-driven personalization share similarities with the definition of personalization because tailoring is initiated by the company.

According to Vesanen (2007), the logic behind value creation in personalization lies in the balance between benefits and costs for both customers and companies. For customers, personalization creates value when the perceived benefits, such as better product fit, improved service and improved experience, exceed associated costs, such as privacy risks, time investment or additional fees. If the costs outweigh the benefits, customers are unlikely to adopt personalization, meaning the market is not yet ready for it. A ready market, therefore, is a prerequisite for the profitable execution of personalization. For companies, the logic follows a similar cost-benefit dynamic because value emerges from the margin between the benefits, such as higher response rates, stronger customer loyalty and differentiation, and the costs of implementation, including investments in technology and training and the risk of irritating customers. In conclusion, personalization creates value for both parties only when both the customer and the company experience a net gain from it.

4.2 Personalization Process

As described in the previous section, personalization can be defined as a process of utilizing customer information and tailoring products and services according to these insights. The word “process” is highly important in the definition because companies need to transform customer data into concrete personalization outcomes. This section explores the components and phases of the personalization process outlined in existing literature.

According to Mehmood et al. (2023), personalization consists of two key building blocks: learning and tailoring, which together form a continuous process of understanding and responding to customer needs. Furthermore, they identify three components describing both building blocks. Learning consists of manner, transparency and timing of learning, and tailoring consists of touchpoints, level and dynamics (Mehmood et al., 2023). These components are illustrated in Figure 14.

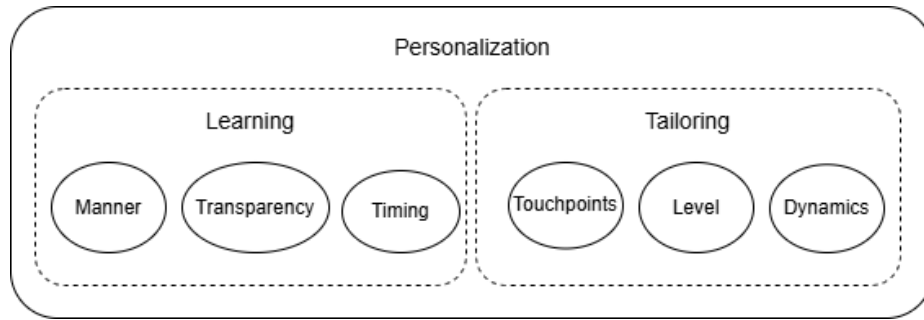


Figure 14. *Components of personalization (adapted from Mehmood et al., 2023).*

If companies know their customers well, they can personalize offerings to better fit the customers' preferences (Mehmood et al., 2023). Therefore, companies need to both know their customers and be able to act upon the customer insights to gain the benefits of personalization efforts. The learning component involves collecting and analyzing customer data during interactions with the firm and transforming this information into usable input for personalization (Adolphs & Winkelmann, 2010). Mehmood et al. (2023) highlight that this process can vary in three ways. First, the manner of learning describes how data is collected: explicitly, when customers actively provide information about their preferences, or implicitly, when data is collected automatically based on their behavior such as purchasing patterns. Second, the transparency of learning refers to how openly the company communicates about its data collection practices. Third, the timing of learning distinguishes between real-time learning, which happens during ongoing interactions, and retrospective learning, which uses previously collected data to improve future personalization efforts.

The tailoring component refers to transforming what the firm has learned about consumers and using these insights to design and deliver personalized experiences (Murthi & Sarkar, 2003). According to Mehmood et al. (2023), this component consists of three elements. First, the tailoring touchpoint refers to where personalization occurs such as digital environments, physical settings or human interactions. Second, the level of tailoring indicates how specifically an offering is adjusted. This can range from group-level to one-to-one personalization. Finally, tailoring dynamics describe how frequently and flexibly personalization is updated. This can range from static to adaptive tailoring. Static tailoring relies on past data and assumes stable preferences, whereas adaptive tailoring adjusts dynamically based on real-time information and changing user behavior (Mehmood et al., 2023). The fact that personalization consists of both learning and tailoring further highlights that personalization can be seen as a process which is highly data-driven.

Existing literature on personalization sees learning and tailoring as two connected stages of the same process (Mehmood et al., 2023; Arora et al., 2008). Companies start by collecting and analyzing customer data to understand preferences. These insights are then used to tailor products and services to each customer. Many researchers also highlight that this process is cyclical as the results of personalization are fed back into the learning stage, helping to improve personalization in the future (Mehmood et al., 2023; Vesanen & Raulas, 2006; Murthi & Sarkar, 2003). Although the literature presents varying models of this process, their underlying logic remains similar. Vesanen & Raulas (2006) divide the process into four stages: processing, customization, delivery and interactions. In contrast, Murthi & Sarkar (2003) describe the process using three stages: evaluation, learning and matching. Despite the differences, both models conceptualize personalization as a continuous learning loop that connects data collection, analysis, tailored delivery and evaluation. This thesis will follow the four-stage process suggested by Vesanen & Raulas (2006). The cyclical nature of this process and its main phases are illustrated in Figure 15.

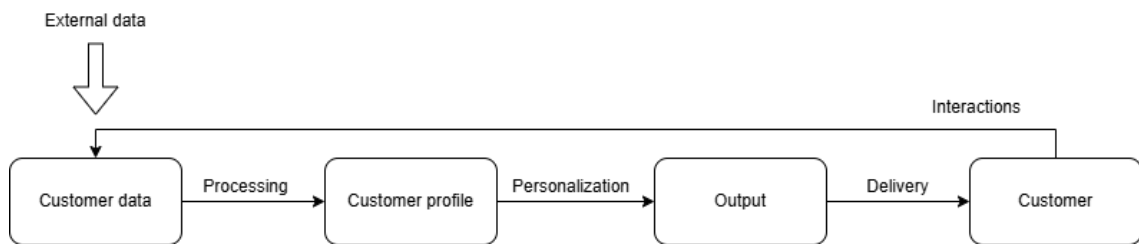


Figure 15. *The process of personalization (adapted from Vesanen & Raulas, 2006).*

According to Vesanen & Raulas (2006), the process begins with the customer, whose individual needs and preferences drive the desire for personalized products and services. They further describe that companies collect customer data through interactions such as online questionnaires, communications and purchases, as well as from external sources like databases or partner companies. Murthi & Sarkar (2003) highlight the two main ways to collect customer data: directly asking customers for information through questionnaires, and tracking customer behavior using digital tools such as cookies, server logs and transaction data. Together, these methods provide insights into customer preferences, which are essential for understanding customers.

Once data is collected, it must be processed to generate meaningful insights. Vesanen & Raulas (2006) highlight that in this stage raw customer data is transformed into customer profiles which helps to identify, classify and differentiate customers based on their behavior and preferences. They also note that this stage often uses advanced techniques such as data mining and neural networks to uncover deeper patterns. According

to Murthi & Sarkar (2003), firms also use inference models to predict and understand customer behavior using statistical and AI-based approaches like regression analysis, discrete choice models and neural networks. These kinds of models can help predict what customers are likely to do next, such as making a purchase.

The next stage involves matching and delivering the personalized offering to the customer (Vesänen & Raulas, 2006; Murthi & Sarkar, 2003). According to Vesänen & Raulas (2006), the output can be for example a personalized email, website, product or price that is delivered through a chosen channel that aligns with the customers' preferences. They further emphasize that delivery can be optimized by adjusting timing or delivery place. Once the personalized output reaches the customer, it triggers a reaction that becomes a new source of interaction and data for the next personalization cycle. This is called the continuous dynamic loop of personalization in which every customer interaction is used on the next round of learning and tailoring (Vesänen & Raulas, 2006).

Finally, the process includes an evaluation phase in which companies measure the effectiveness of their personalization efforts and try to improve them (Murthi & Sarkar, 2003; Vesänen & Raulas, 2006). This stage ensures that personalization efforts are not static but change over time. Overall, the personalization process is understood as an iterative cycle of learning, matching, delivery and evaluation, during which technology and consumer interactions continuously complement one another to improve personalization.

4.3 Defining Hyper-Personalization

The rapid advancement of digital technologies has transformed the way firms interact with their customers, pushing personalization to a new level. Recent developments in artificial intelligence (AI) have revolutionized the personalization paradigm by replacing traditional rule-based systems with data-driven and deep learning approaches (Kumar et al., 2019). AI refers to systems, algorithms and machines capable of human-like reasoning, problem-solving and decision-making (Davenport et al., 2020). AI is further conceptualized in section 5.1. In addition to technological advancements, customers increasingly demand personalized offerings and interactions, to the point that it has become an expected part of service delivery (Mehmood et al., 2023; Kumar et al., 2019; Jaakkola & Terho, 2021). By applying hyper-personalization, companies can meet growing customer expectations by offering information and solutions that align closely with each customer's unique profile (Jain et al., 2018).

Although the concept of hyper-personalization has gained increasing attention in recent years, academic literature still lacks a unified definition of the term. Summarizing the existing literature, three core elements differentiate hyper-personalization from traditional rule-based personalization: use of advanced technologies, level of personalization and data needs. While traditional personalization utilizes predefined rules and static segmentation, hyper-personalization takes it a step further by utilizing AI, machine learning, advanced algorithms and real-time data to deliver highly adaptive and context-aware experiences that match an individual's specific needs and behavior (Nayal et al., 2025; Jain et al., 2021; Micu et al., 2022; Wessel et al., 2025). For example, if a user searches for a pair of jeans on an e-commerce store but leaves without making a purchase, hyper-personalization enables the marketer to later send a tailored push notification, such as a discount offer or product reminder, at the user's preferred time and channel (Nayal et al., 2025; Micu et al., 2022). This kind of tailoring takes the customer experience beyond basic demographics and rule-based personalization.

Much of the existing research refers to artificial intelligence-enabled personalization (AIP) as concept synonymous with hyper-personalization. According to Gao & Liu (2023), AIP is driven by detailed contextual understanding at the level of individual customers. From a technical standpoint, AIP heavily depends on various machine learning approaches to process consumer data (Gao & Liu, 2023). Wessel et al. (2025) describe hyper-personalization as a transformation in how platforms create and deliver individualized value, made possible by the capabilities of AI. Thus, both terms describe personalization enhanced by intelligent systems capable of understanding complex data patterns and generating highly personalized responses. This explains why these terms are often used interchangeably. In this thesis, these terms are also used interchangeably.

Earlier definitions also align with this view. Jain et al. (2018) define hyper-personalization as the utilization of big data to deliver highly personalized products, services and information to specific customer segments. Hyper-personalization allows companies to create more genuine and relevant online experiences that reflect individual customer needs and preferences (Jain et al., 2018). Wessel et al. (2025) emphasize that the integration of AI enhances personalization by allowing emotionally intelligent and psychologically adaptive interactions. When comparing older definitions of hyper-personalization, such as the one suggested by Jain et al. (2018), to newer ones (Nayal et al., 2025; Jain et al., 2021; Micu et al., 2022; Wessel et al., 2025), the key difference is in the technologies used to achieve the shared goal of highly personalized and hyper-contextualized products and services. Furthermore, recent research highlights the role of modern technologies such as AI more compared to older ones.

Based on these insights, this thesis defines hyper-personalization as an AI-driven form of personalization that utilizes real-time data, advanced analytics and contextual understanding to deliver highly individualized and adaptive customer experiences. This highlights that hyper-personalization represents the next step in personalization, moving from static data and rule-based logic towards continuously learning systems capable of creating more personal, dynamic and context-aware interactions.

Mendia & Flores-Cuautle (2022) highlight that hyper-personalization relies on three key pillars: identity, contactability and traceability. They also point out that these three pillars represent different types of customer data which highlights the data needs that hyper-personalization requires. These three pillars are illustrated in Figure 16.

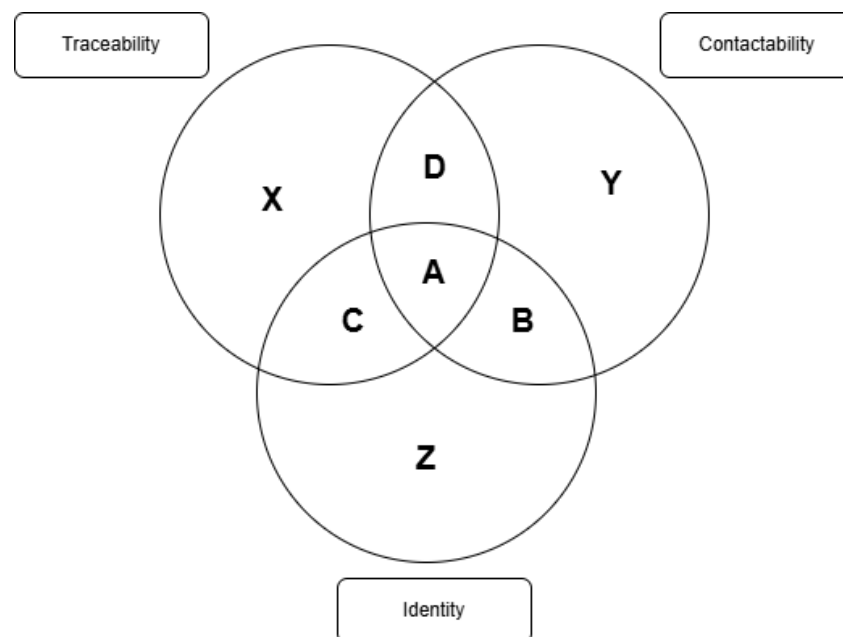


Figure 16. Three pillars of hyper-personalization (Mendia & Flores- Cuautle, 2022).

First, identity refers to verified personal information that uniquely identifies a customer, such as name, date of birth or demographic details. This information allows organizations to recognize the individual behind the interaction. Second, contactability means having the ability to reach the customer through preferred communication channels such as email, apps, or social media. Finally, traceability involves tracking and understanding customer behavior and interactions across different channels over time. This includes both transactional data, such as purchases or complaints, and non-transactional interactions, like browsing or store visits. Personalization can be delivered when traceability and contactability are in place whereas hyper-personalization needs the third pillar, identity, as well because only the combination of these three states allows to address customers personally (Mendia & Flores-Cuautle, 2022). This is illustrated in Figure 16 in

which personalization is possible in sections A and D, but hyper-personalization is possible only in section A. While traditional personalization uses limited data to tailor offers or content, hyper-personalization combines all three pillars to create a complete, real-time understanding of each customer. This means that hyper-personalization requires more accurate data compared to traditional personalization.

Jain et al. (2021) highlight that hyper-personalization is seen as a potential solution for improving customer co-creation. According to them, customer co-creation refers to the process in which companies and customers work together to design and develop products or services that deliver personalized value. They point out that co-creation plays a central role by providing the customer data needed for AI systems to deliver highly tailored experiences. They further note that technological advancements, such as mobile applications and AI-driven tools, have made co-creation easier and more impactful because these tools allow customers to actively contribute ideas, feedback and preferences throughout the product or service development process. Thus, with hyper-personalization, vast amounts of customer data can be utilized more efficiently to gain important insights. Through co-creation, customers become active participants in shaping their personalized journeys, which improves satisfaction and loyalty and strengthens the effectiveness of hyper-personalized offerings (Jain et al., 2021).

As described in this section, there are several differences between hyper-personalization and traditional personalization. These differences can be divided into three main categories: technologies used, level of personalization and data needs. These categories and differences are summarized in Table 5.

Table 5. Differences between hyper-personalization and traditional personalization.

Aspect	Hyper-personalization	Personalization
Technologies used	Advanced technologies (e.g. AI, machine learning, advanced algorithms and real-time data)	None or moderate use of technologies (e.g. big data)
Level of personalization	Highly individualized	Low to moderate, group or individual level
Data needs	Individual-level and real-time data, complete understanding of customer	Limited, segment-level data

In conclusion, hyper-personalization takes traditional personalization further by utilizing advanced technologies, real-time data and contextual understanding to deliver highly individualized and adaptive customer experiences. Unlike rule-based personalization, hyper-personalization combines the three key pillars of identity, contactability and traceability to create a comprehensive, real-time view of each customer. This enables companies to accurately tailor offerings and content, and to actively involve customers in value co-creation.

4.4 Hyper-Personalization Changing the Personalization Process

The emergence of new technologies and data sources, combined with rising customer expectations and the value personalization can create, changes how personalization is implemented. A successful hyper-personalization strategy relies on an organization's ability to collect, process and transform customer data into individually tailored experiences (Mendia & Flores-Cuautle, 2022). Building on the previous section's definition of hyper-personalization, this section examines the technical foundations that enable the transition from traditional personalization to hyper-personalization and explores challenges that arise as personalization becomes increasingly dynamic and data-driven.

From a technical perspective, Wessel et al. (2025) highlight that the shift toward hyper-personalization is driven by the combined power of intelligent automation and democratized participation. According to them, intelligent automation allows systems to process large amounts of complex and unstructured data and generate adaptive responses, making platform interfaces dynamic and responsive. They also note that democratized participation, in which a larger and more diverse user base interacts with digital platforms, creates the need for increasingly detailed personalization to serve different user preferences.

Advanced technologies are used to predict customer behavior, making hyper-personalization possible. Murugasu & Subbarao (2025) describe an approach for developing a hyper-personalization artifact which is an intelligent system designed to predict and adapt to individual customer preferences. In other words, this artifact can be understood as a key tool behind hyper-personalized predictions. According to them, building this kind of artifact typically involves collecting user data, including demographic or behavioral information, training predictive models to conclude customer needs, and validating these predictions against actual user behavior. Once tested and refined, the artifact can dynamically tailor content or services in real time, enabling highly adaptive and data-driven personalization (Murugasu & Subbarao, 2025). This process is illustrated in Figure 17.

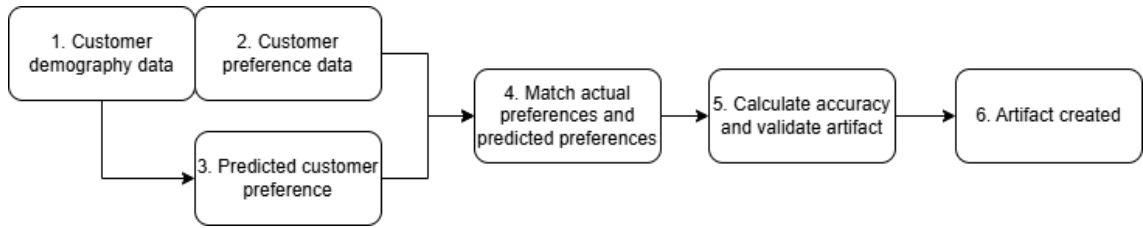


Figure 17. Process of creating a hyper-personalization artifact (Murugasu & Subbarao, 2025).

As new technologies and methods are used to achieve hyper-personalization, the personalization process also changes. For example, utilizing a hyper-personalization artifact introduces a new way to process customer data and make predictions. When combining the process model of personalization described in section 4.2 with the data requirements described in the previous section and technologies such as AI, machine learning and advanced algorithms, an updated process model for hyper-personalization (Figure 18) can be presented. The upper section of Figure 18 illustrates hyper-personalization from the process perspective whereas the lower section illustrates it from the customer's perspective. As illustrated in the upper section of Figure 18, the core elements of the personalization process stay the same and majority of the changes are related to data collection and processing, but also the customer profiling and output are more adaptive and dynamic.

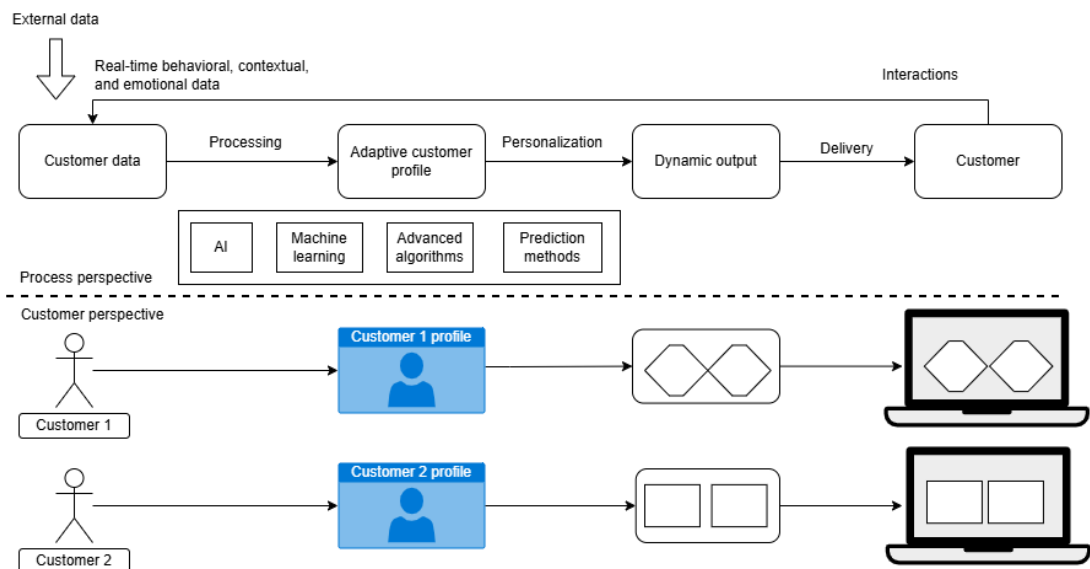


Figure 18. Process of hyper-personalization.

In this model, customer data is continuously collected from various sources, such as behavioral and contextual signals, and this consequently raises the demand for extensive and diverse data. This data is then processed using advanced technologies such as AI, machine learning and prediction methods to form an adaptive customer profile. As

these technologies enable the system to detect patterns and predict customer needs dynamically, the output is also dynamic and adjusts to each user's context, behavior and preferences, creating a feedback loop in which every interaction further refines the accuracy of personalization. This transforms the traditional static personalization cycle into an intelligent, self-learning process capable of delivering deeply personalized experiences at scale.

As Wessel et al. (2025) noted, hyper-personalization is turning platform interfaces into dynamic and responsive systems. One way this kind of personalization is delivered is by adjusting user interfaces to better match individual preferences (Fan & Poole, 2006; Sunikka & Bragge, 2012). This is further illustrated in the lower section of Figure 18 in which different outputs are delivered to different customers. First, customer profiles are built utilizing vast amounts of data and advanced technologies. Second, advanced technologies are used to personalize and produce a dynamic output which is then delivered to the customer. The customer can see this, for example, as a personalized user interface. Finally, data from the interactions is fed back to the system which starts the cyclical process again.

Hyper-personalization raises several ethical and governance challenges related to privacy, algorithmic bias and user autonomy (Wessel et al., 2025; Hardcastle et al., 2025; Aguirre et al., 2015; Davenport et al., 2020). First, hyper-personalization increases the tension between personalization and privacy. As noted by Davenport et al. (2020), firms' ability to leverage vast amounts of data for predictive personalization raises critical concerns about how such data is stored, repurposed and protected over time. This tension is summarized in the personalization-privacy paradox which refers to the contradictory consumer response in which greater personalization improves relevance and engagement but simultaneously increases feelings of vulnerability and privacy concern (Aguirre et al., 2015). When personalization becomes overly intrusive, consumers may perceive it as surveillance, which can undermine trust and reduce adoption despite potential benefits (Hardcastle et al., 2025). This is particularly evident in hyper-personalized digital environments in which AI systems adapt dynamically to user's behavior, often without their explicit consent (Wessel et al., 2025). Hardcastle et al. (2025) point out that when delivering irrelevant or inaccurate personalization, customers perceive that their data privacy is being spent unnecessarily for meaningless outcomes. Ultimately, inaccurate predictions may harm the customer experience because making inaccurate recommendations can be worse than not making a recommendation at all (Arora et al., 2008). Hence, while hyper-personalization promises seamless and context-aware customer experiences, it also requires a careful balance between data utilization and user privacy.

Second, algorithmic bias presents a critical ethical and governance challenge in the context of AI-driven personalization. As Davenport et al. (2020) highlight, biases often arise from the data used to train algorithms as the data may reflect historical inequalities or be unbalanced, leading to unfair outcomes. The transparency of AI systems further complicates the detection and correction of such biases. According to Wessel et al. (2025), these risks become apparent especially in hyper-personalized systems because AI can unintentionally reinforce stereotypes or manipulate user behavior by adapting to psychological profiles in non-transparent ways.

Finally, hyper-personalization can threaten user autonomy by reducing individuals' control over their digital experiences. Wessel et al. (2025) explain that AI systems can influence users' decisions by adapting content and interactions to their psychological and emotional states, often without clear transparency. This can lead to subtle behavioral influence that guides users toward certain actions without realizing it. Similarly, Hardcastle et al. (2025) note that when personalization becomes too predictive or manipulative, this can lead to perceptions of surveillance and loss of control.

Addressing the risks of hyper-personalization requires balancing precision, ethics and trust. Arora et al. (2008) argue that firms must determine the appropriate level of personalization because fully individualized approaches, despite being more precise, can increase costs and the probability of misclassification, which may harm the customer experience. Wessel et al. (2025) extend this view by highlighting the importance of governance mechanisms that ensure ethical and transparent personalization. According to them, such mechanisms include algorithmic audits, explainable AI and user-controlled personalization settings. They further note that all of these mechanisms help mitigate bias, improve transparency and align personalization efforts with user well-being.

5. AI-DRIVEN HYPER-PERSONALIZATION IN CUSTOMER JOURNEYS

This chapter combines chapters 3 and 4 and focuses on exploring AI-driven hyper-personalization in the context of the customer journey. The chapter starts by defining AI. Then the chapter proceeds to explore how AI and hyper-personalization affect the customer journey. Finally, the impacts of hyper-personalization in the customer journey are explored from customer and business perspectives.

5.1 Artificial Intelligence

Artificial intelligence (AI) is becoming an increasingly central part of modern business strategy and operations, affecting industries ranging from finance to healthcare (Paschen et al., 2020a). AI refers to systems, machines and algorithms that demonstrate human-like intelligence by performing tasks including reasoning, problem-solving and decision-making (Davenport et al., 2020). These systems utilize advanced technologies including neural networks, deep learning, machine learning and natural language processing to analyze data and generate intelligent responses (Davenport et al., 2020). In practice, AI enables capabilities including speech and image recognition, natural language generation and robotics, which are increasingly used in business processes and digital platforms (Gao & Liu, 2023; Paschen et al., 2020a). Different definitions of AI are presented in Table 6.

Table 6. Different definitions of artificial intelligence.

Article	Definition of artificial intelligence
Shankar (2018)	AI refers to programs, algorithms, systems or machines that demonstrate intelligence. More generally, it is used to denote a set of tools that can enhance the intelligence of a product, service, or solution.
Syam & Sharma (2018)	AI refers to the ability of machines to mimic intelligent human behavior, and specifically refers to “cognitive” functions that we associate with the human mind, including problem solving and learning.
Huang & Rust (2021b)	AI is machines that exhibit aspects of human intelligence. AI is distinct from general information technology in that it involves technologies that can learn, connect, and adapt.
Haenlein & Kaplan (2019)	A system’s ability to interpret external data correctly, to learn from such data, and to use those learnings to achieve specific goals and tasks through flexible adaptation.

According to Huang & Rust (2021b), AI is defined by two key characteristics that enable it to adapt to changing needs: self-learning and connectivity. First, self-learning refers to the ability of AI systems to automatically learn and improve through different kinds of inputs, such as data. They note that by processing large amounts of data and applying machine learning techniques, AI can improve its performance and adapt its behavior. The deeper the AI system learns, the more it can resemble human-like cognition. Second, connectivity highlights AI’s integration within connected systems through, for example, the Internet of Things (IoT). Rather than functioning in isolation, AI systems operate in networks that link machines, users and organizations together. This constant flow of shared data improves AI’s learning capabilities and service quality. Together, self-learning and connectivity form the foundation of AI’s adaptability and its growing role in data-driven environments.

The level of artificial intelligence can differ. Davenport et al. (2020) distinguish between two levels of intelligence: task automation and context awareness. According to them, task automation refers to rule-based or standardized AI systems that operate effectively in structured environments, while context-aware AI aims to respond to more complex situations and learn on its own. However, they note that the intelligence levels of AI are

best understood as a continuum. In contrast, Huang & Rust (2021b) propose a three-level model of mechanical, thinking and feeling AI. This three-level model is illustrated in Figure 19. Mechanical AI focuses on efficiency and standardization, thinking AI on analytical and adaptive decision-making and feeling AI on emotional and relational interaction (Huang & Rust, 2021b). While Davenport et al. (2020) describe AI progression in terms of increasing contextual understanding and generalization, Huang & Rust (2021b) highlight its increasing cognitive and emotional capabilities. However, both perspectives view AI progression as cumulative in which each level builds on top of the capabilities of the previous level toward more human-like intelligence.

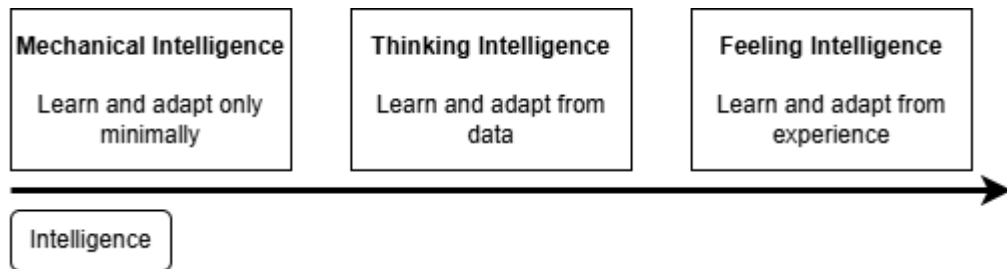


Figure 19. Levels of artificial intelligence (adapted from Huang & Rust, 2021b).

According to Paschen et al. (2019), AI systems consist of six building blocks: structured data, unstructured data, preprocesses, main processes, knowledge base and information. They model these building blocks through an input-process-output method. Structured and unstructured data serve as the system's inputs. Structured data is organized and easy to analyze, while unstructured data, such as text, images or video, requires more complex processing. Preprocesses, including natural language understanding and computer vision, transform raw data into analyzable forms. The main processes are problem solving, reasoning and machine learning. These processes form the system's core intelligence and enable it to learn, adapt and make decisions. The knowledge base stores past data and experiences, which allows AI to build on prior learning through mechanisms like neural networks. Finally, the information output communicates insights or actions back to humans or other systems. This communication is often done through natural language, images or robotics. Together, these components form a continuous cycle in which data is transformed into knowledge and action.

AI can also be described through its business applications rather than its technological foundations, such as automating business processes, gaining data-driven insights and supporting the engagement of customers and employees (Davenport & Ronanki, 2018). Building on this viewpoint, Davenport et al. (2020) note that AI systems can automate routine processes and structured tasks with minimal human help, such as updating customer records, processing transactions or extracting key information from documents

using natural language processing. According to them, AI enables firms to gain insights from vast and diverse datasets, including text, voice and image data, to support predictive analytics and decision-making, such as predicting customer purchases or detecting fraud. Finally, they note that AI can be used to improve customer and employee engagement by engaging customers before and after the sale, providing sales and customer support and allowing employees to focus on more complex tasks. They further highlight that these applications enable firms to increase revenues by improving business decisions, such as better pricing, marketing and product suggestions, while reducing costs by automating routine tasks.

5.2 AI in Customer Journey Touchpoints

AI is increasingly utilized in the customer journey and changing how firms attract, serve and retain customers. By bridging the gap between business offerings and customer needs, AI supports better information provision and more responsive service processes throughout the customer journey (Paschen et al., 2019; Rana et al., 2022). Integrating AI into service channels aims to simplify interactions, improve decision-making and predict customer behavior, improving customer retention and loyalty through more seamless and satisfying experiences (Rana et al., 2022). This section focuses on exploring how AI is utilized across the customer journey.

Two commonly used AI applications in the customer journey are chatbots and recommender systems. On one hand, chatbots are conversational agents that simulate human interactions through text or voice and serve as virtual assistants, providing personalized information, guidance and support to customers along the customer journey (He & Zhang, 2023). These systems utilize natural language processing and machine learning to process previous customer interactions to enable automated and context-aware responses in real time (Riikinen et al., 2018). On the other hand, recommender systems of AI refer to portraying the mind preference of the consumer (Rana et al., 2022). According to Rana et al. (2022), these systems predict customer preferences by analyzing past behavior and patterns to provide personalized product or service suggestions. They note that one common recommender system approach is collaborative filtering, which links users with similar interests so that the preferences of one user can be utilized to provide recommendations for another user. For example, if one user likes products A and B, and another user likes product A, the system may recommend product B to the second user.

AI applications have multiple roles across the customer journey. He & Zhang (2023) consider these AI applications as new touchpoints that are distributed throughout the

customer journey and define them as AI touchpoints. AI strongly affects the customer journey by making experiences more personalized, improving interactions between customers and firms, and optimizing service support (Gouveia & Santos, 2025; Dhiman et al., 2023; Gao & Liu, 2023). Figure 20 further illustrates the key roles of AI across the customer journey stages and displays them in relation to the customer's goals at each stage.

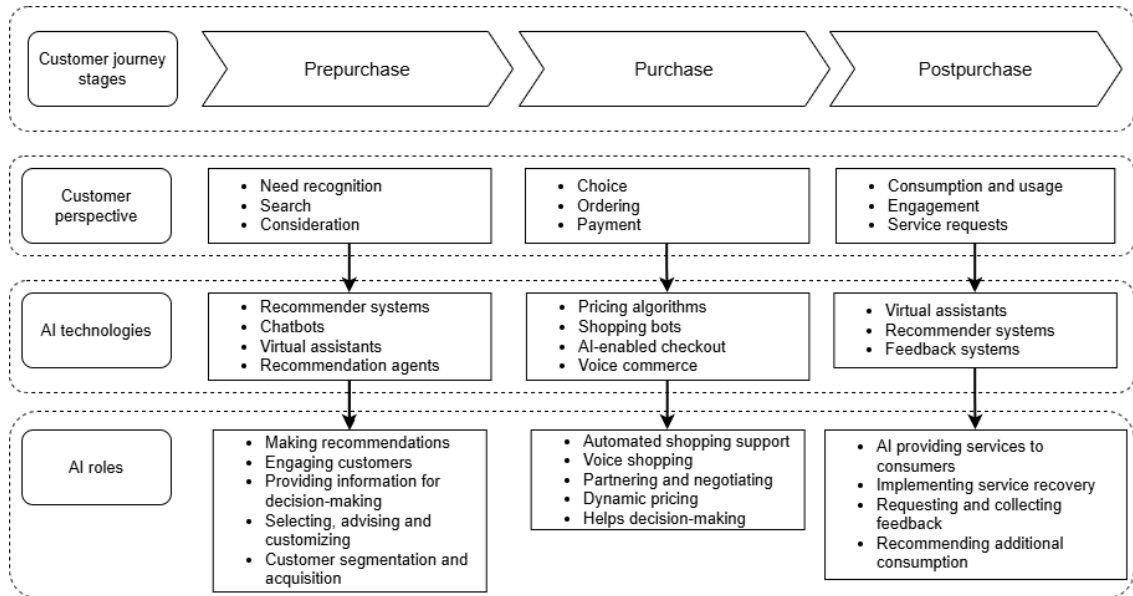


Figure 20. AI across the customer journey (adapted from He & Zhang, 2023; Hoyer et al., 2020; Chen & Prentice, 2025; Rana et al., 2022).

In the prepurchase stage, AI plays a significant role in guiding consumers' need recognition, information search and consideration processes. He & Zhang (2023) describe how different AI applications, such as chatbots, serve as early touchpoints that offer product recommendations, provide personalized information and create engaging shopping experiences. Chen & Prentice (2025) further emphasize that AI-based recommendation systems reduce information overload and shorten search time. In other words, these AI applications help consumers navigate choices and offer personalized suggestions. Hoyer et al. (2020) similarly highlight that AI recommendation agents select relevant information, customize choice sets and give customers decision-making advice. They note that virtual assistants and chatbots reduce uncertainty by answering product-specific questions and tailoring information in real time. Through these functions, AI can affect consumers' initial evaluations and support more efficient and personalized decision-making before purchase.

During the purchase stage, AI contributes directly to transaction processes and shopping interactions. He & Zhang (2023) note that chatbots enable voice-based shopping and

automated systems, such as AI-enabled checkout technologies, create seamless shopping journeys. These tools support key customer goals of the purchase stage: choice, ordering and payment. At the same time, Hoyer et al. (2020) highlight that AI can help in the transaction process by negotiating or adjusting prices through dynamic pricing mechanisms to align supply and demand. These systems utilize real-time data, such as traffic, time or location, to enable transparent and flexible pricing models. Overall, AI improves the purchase process by automating tasks, helping customers with decision-making and optimizing the transaction.

In the postpurchase stage, AI enhances consumption and customer engagement. According to He & Zhang (2023), AI can help to deliver core and supportive services, assist with product use, collect customer feedback and participate in service recovery activities. Chen & Prentice (2025) note that AI plays an important role behind the scenes by analyzing usage patterns and supporting the delivery of individualized services. These AI applications can provide tailored guidance, perform service tasks autonomously and handle routine inquiries. Hoyer et al. (2020) add that virtual assistants can monitor consumption data, provide personalized recommendations and detect problems to simplify the customer experience. Together, these roles illustrate how AI extends customer support beyond the moment of purchase, enabling continuous service and improving value creation.

According to Hardcastle et al. (2025), AI increasingly also links customer journey stages together by connecting touchpoints into a seamless flow. According to them, algorithms can utilize past behavior to predict customer needs and activate suitable touchpoints before the customer becomes aware of them. They highlight that this reduces customer effort and improves convenience and satisfaction. Therefore, AI can make the transitions between customer journey stages hard to distinguish.

There are several factors that affect consumer acceptance and adoption of AI in the customer journey. These factors include drivers, barriers and moderators. Figure 21 summarizes these key factors across the customer journey stages.

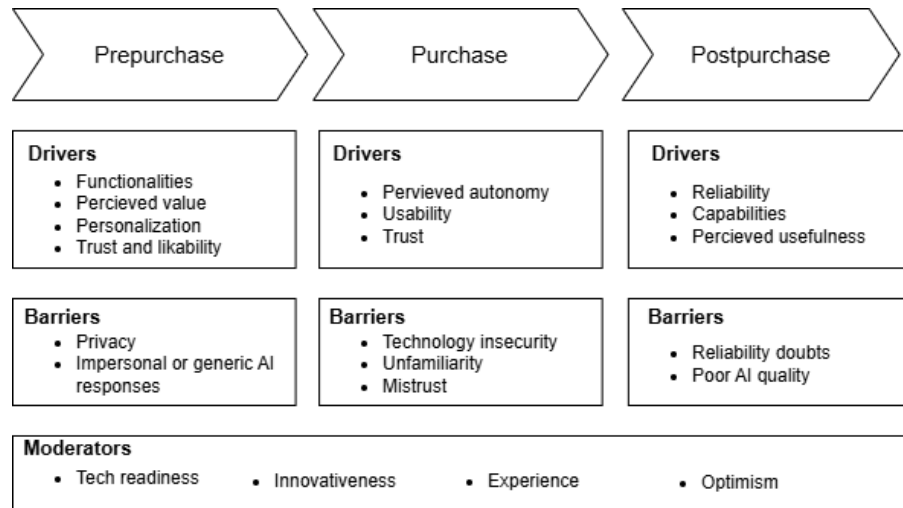


Figure 21. Consumer AI acceptance model across the customer journey (adapted from He & Zhang, 2023; Chen & Prentice, 2025; Gouveia & Santos, 2025; Dhiman et al., 2023).

Acceptance of AI in the prepurchase stage depends mainly on consumers' perceptions of functionality, value and personalization, as well as relational elements such as trust and liking towards the AI interface (He & Zhang, 2023; Dhiman et al., 2023; Gouveia & Santos, 2025). According to He & Zhang (2023), concerns about AI offering overly mechanical or standardized responses may reduce acceptance. Moreover, trust is known to be a significant factor in technology adoption (Dhiman et al., 2023; Gouveia & Santos, 2025). In addition, privacy concerns play an important role because consumers may feel uncomfortable with data collection being used for personalized recommendations, which can reduce trust (Gouveia & Santos, 2025; Chen & Prentice, 2025). Therefore, transparent privacy practices and clear communication of benefits can improve AI adoption in the early stages of the customer journey. Individual characteristics, such as innovativeness and technology readiness, further influence whether customers are willing to rely on AI during search and evaluation (He & Zhang, 2023).

In the purchase stage, adoption of AI-enabled channels is affected by channel characteristics, perceived autonomy and usability, as well as consumers' optimism or insecurity toward technology (He & Zhang, 2023). Anxiety, defined as a fear that individuals experience when they start to think about or use technology, is known to have a negative impact in technology adoption (Dhiman et al., 2023; Gouveia & Santos, 2025). Chen & Prentice (2025) note that adoption rates vary depending on users' familiarity with technology because first-time users may experience uncertainty or mistrust, while repeated interactions reduce anxiety and increase acceptance. Therefore, well-designed and intuitive AI touchpoints are crucial for supporting customer comfort during transactions.

In the postpurchase stage, acceptance depends on the characteristics of the AI applications customers interact with, such as their capability, reliability and perceived usefulness, and how these affect expectations of service support or problem solving (He & Zhang, 2023). Chen & Prentice (2025) add that high-quality AI interactions can improve customer experience and engagement, reduce mistrust and improve customer-firm relationships. As customers gain familiarity and positive experiences, adoption of AI in service interactions becomes more likely.

5.3 Hyper-Personalized Customer Journeys

As AI changes the customer journey, research and practice identifies personalization as one of its most significant contributions (Payne et al., 2021). Personalization is central from the customer journey perspective as it enables firms to co-create value with customers and strengthen connection and engagement (Payne et al., 2021). Moreover, integrating data-driven strategies, especially AI, significantly improves the contextual relevance of touchpoints across the customer journey (Hardcastle et al., 2025). This section explores how hyper-personalization affects the customer journey.

Jaakkola & Terho (2021) define customer journey personalization as the extent to which a sequence of touchpoints is adjusted to align with a customer's individual preferences and contextual situation. Customer experience at each stage of the customer journey is affected by previous experiences and these experiences can be used to predict future experiences (Lemon & Verhoef, 2016). Here, AI enables the utilization of data from previous interactions with customers, improving customer experience across customer journey touchpoints and stages (Gao & Liu, 2023). Building on this foundation and utilizing the definition of hyper-personalization described in section 4.3, customer journey hyper-personalization is defined as an advanced, AI-driven approach in which touchpoints or stages of the customer journey are dynamically adapted in real time based on comprehensive, individual-level data. In current literature, this concept is often referred to as AIP or AI-driven personalization in the customer journey (e.g. Gao & Liu, 2023; Hardcastle et al., 2025). In this thesis, these terms are also used interchangeably.

Touchpoints are considered personalized when they are adapted to customers' preferences and desires (Weidig et al., 2024). Hyper-personalization creates a cycle in which users' choices and interactions are fed back into the AI system, enabling continuous learning from users' behavior over time (Hardcastle et al., 2025). The core aim of hyper-personalization in the customer journey is to initiate effective interactions with the customer at the right time and place (Gao & Liu, 2023). An illustration of a hyper-personalized customer journey is presented in Figure 22. Figure 22 highlights how data from the

interactions in touchpoints is collected and fed back to the AI system, creating a continuous loop personalizing touchpoints in real time.

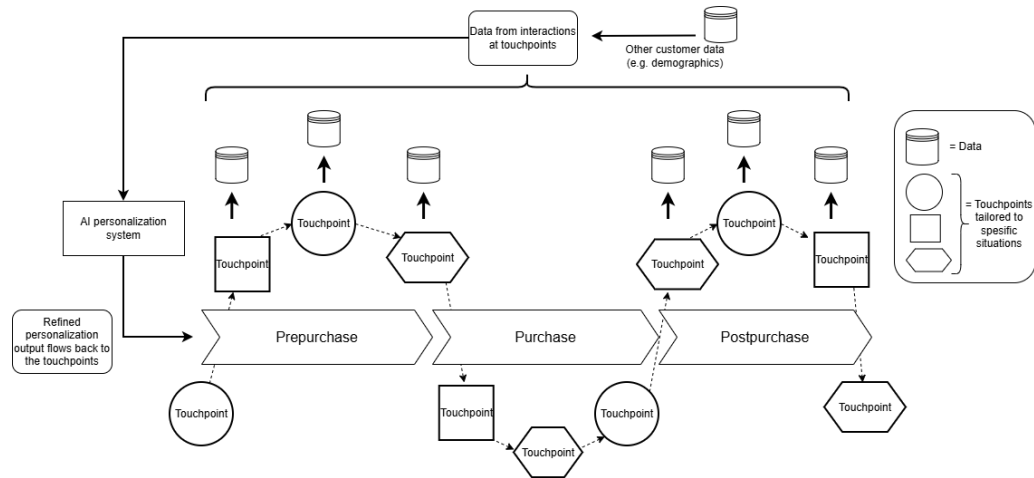


Figure 22. Hyper-personalization and customer journey.

Wessel et al. (2025) underscore that the transformation from the traditionally personalized customer journey to a hyper-personalized customer journey is supported by important technical features of AI: context-aware data synthesis, real-time content generation and scalable individual-level adaptation. First, context-aware data synthesis enables the system to utilize multiple data streams in real time. Second, real-time content generation enables the creation of dynamic and personalized materials. Finally, scalable individual-level adaptation allows millions of users to simultaneously experience unique and tailored interactions. Together, these capabilities allow firms to gain customer insights from vast amounts of data and deliver personalization in a scalable way.

The level of personalization in the customer journey can take multiple forms depending on the level of the deployed AI's intelligence: mechanical, thinking or feeling AI. Each of these levels offer different ways of creating value and interacting with customers (Huang & Rust, 2021a). Even at the most basic level of mechanical AI, which focuses on automating routine tasks, firms can provide simple forms of personalization, such as automating bill payments or facilitating fund transfers, hence supporting standardized but individualized customer interactions (Payne et al., 2021; Gao & Liu, 2023). More advanced personalization emerges with the application of thinking AI, which identifies meaningful patterns in personal and contextual data to tailor information or actions to individual needs (Huang & Rust, 2021b). This enables more advanced customer interactions, such as personalized product or service recommendations (Payne et al., 2021). The highest level of personalization involves feeling AI, which aims to deliver an emotionally responsive form of personalization by demonstrating empathy and human-like understanding in customer interactions (Huang & Rust, 2021b).

Gao & Liu (2023) highlight four central tactical approaches to hyper-personalization, or AIP, across the customer journey stages: personalized profiling, personalized navigation, personalized nudging and personalized retention. These tactics aim to tailor customer experiences across every stage of the customer journey. Figure 23 illustrates the above-mentioned tactics at each stage of the customer journey.

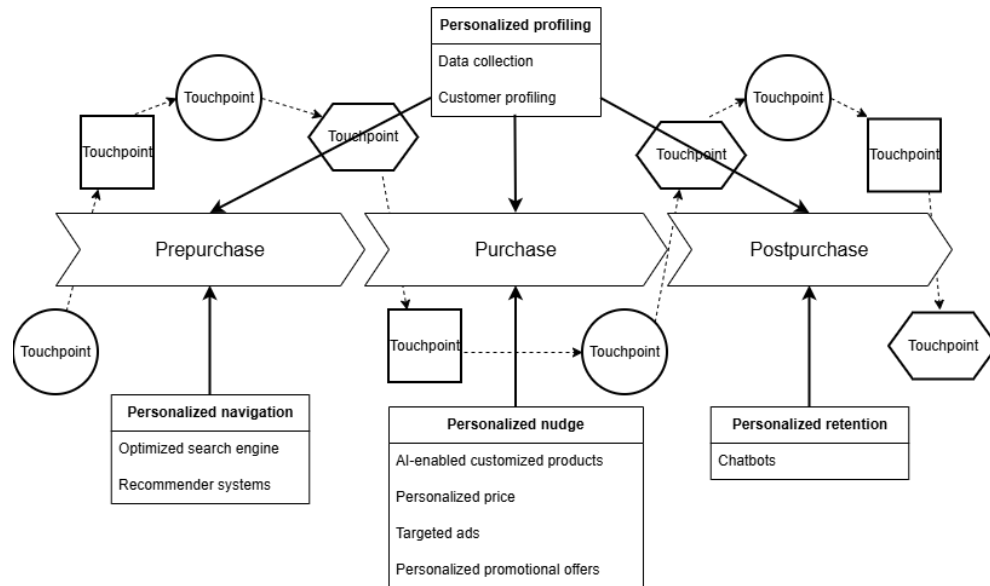


Figure 23. Hyper-personalization applications across the customer journey (adapted from Gao & Liu, 2023).

First, personalized profiling describes how hyper-personalization uses data from customers' previous experiences to characterize individuals and predict future behavior (Hoyer et al., 2020; Lemon & Verhoef, 2016; Gao & Liu, 2023). By collecting behavioral and contextual data, firms can construct highly detailed customer profiles (Gao & Liu, 2023). These profiles extend traditional segmentation by enabling more individual-level targeting (Huang & Rust, 2021a). This means that accurate personalized profiling relies on the quality of collected data and the mechanisms used to process it. When building customer profiles, firms often depend on AI technologies (Paschen et al., 2020). Profiling therefore forms the foundation for all subsequent hyper-personalization tactics.

Second, during the prepurchase stage, hyper-personalization focuses on personalized navigation. Personalized navigation refers to how firms use AI systems to guide customers toward specific online sites or content prepared for them (Hoyer et al., 2020; Lemon & Verhoef, 2016; Gao & Liu, 2023). In this stage, firms increasingly personalize advertising, recommendations, offers and coupons to help customers make sense of available options and reduce decision effort (Weidig et al., 2024). Search engines, virtual assistants and recommender systems work together to guide customers toward relevant of-

ferings and information (Hoyer et al., 2020). This improves goal alignment between customers' intentions and firms' presentations (Murthi & Sarkar, 2003; Weidig et al., 2024). The systems in this stage utilize insights gained from profiling, enabling firms to predict customer needs and guide customers' attention (Gao & Liu, 2023). By aligning navigation signals with behavioral data, hyper-personalization helps customers progress efficiently from need recognition to evaluation.

Third, in the purchase stage, firms utilize personalized nudging to help customers with decision-making. Personalized nudging describes how firms use AI together with elements of the marketing mix to encourage consumers toward making a purchase (Hoyer et al., 2020; Lemon & Verhoef, 2016; Gao & Liu, 2023). During this stage firms commonly personalize products, pricing, customer services and the transaction process, aiming to make purchasing more convenient for the customer (Weidig et al., 2024; Arora et al., 2008; Hoyer et al., 2020). AI-enabled product customization, targeted pricing strategies and tailored promotional offers help firms to align offerings with consumer's preferences and willingness to pay (Gao & Liu, 2023). Since AI can analyze customer behavior in real time, firms can identify optimal moments for intervention, thereby increasing decision quality and reducing perceived effort during the purchasing process (Gao & Liu, 2023; Weidig et al., 2024). The ability to combine behavioral predictions with contextual signals allows firms to deliver highly individualized nudges that enhance perceived relevance.

Finally, during the postpurchase stage, hyper-personalization contributes to personalized retention. Personalized retention refers to how firms use AI to maintain an individual relationship with the customer and encourage them to re-enter the purchase journey (Hoyer et al., 2020; Lemon & Verhoef, 2016, Gao & Liu, 2023). In this stage, firms personalize communication, services and loyalty programs to foster a sense of closeness and strengthen the customer relationship (Weidig et al., 2024). According to Gao & Liu (2023), firms use AI applications such as chatbots to support consumption, collect feedback, address service requests and maintain ongoing engagement. They further note that by analyzing usage data and postpurchase interactions, hyper-personalization can be used to predict emerging needs and proactively stimulate future purchases. These systems allow firms to provide timely assistance and personalized communication.

Hyper-personalization plays an essential role in enabling cross-channel coherence, therefore supporting the effective implementation of omnichannel strategies. By utilizing high volumes of real-time data, AI systems can generate individualized recommendations, tailored content and targeted advertisements across multiple channels (Hardcastle et al., 2025). For instance, AI-powered recommendation engines can connect browsing

behavior in the prepurchase stage with dynamic pricing or loyalty incentives during purchase and later with personalized postpurchase actions such as tailored follow-ups, upselling suggestions or proactive support (Hardcastle et al., 2025). This ability to maintain personalization across channels improves cross-channel consistency and ensures that customers feel the customer journey is connected rather than a series of disconnected interactions.

Figure 24 illustrates an example of a hyper-personalized digital customer journey, showing how AI-driven personalization systems adopt experiences across the customer journey stages and touchpoints. At the top, the diagram highlights the flow of data from multiple touchpoints and demographic sources into an AI personalization system, which processes this information to tailor content and interactions. Each touchpoint is personalized utilizing context-specific and behavioral data according to customer needs. The bottom section illustrates two customer profiles, demonstrating how the same journey can look different for different users as personalized interfaces and recommendations change dynamically across stages.

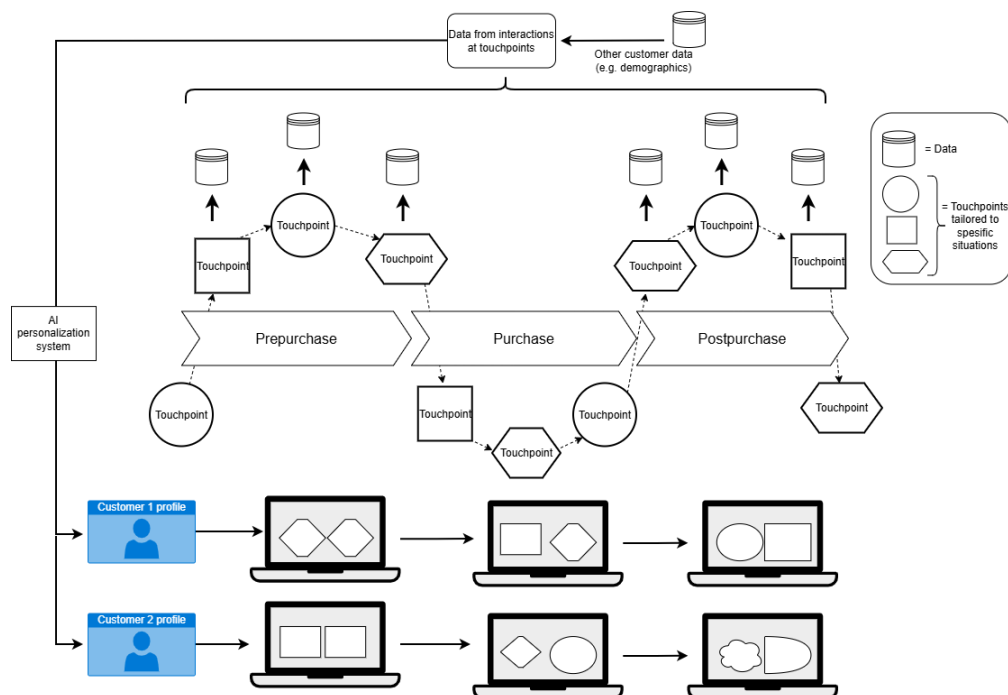


Figure 24. Hyper-personalized customer journey for different customers.

In summary, hyper-personalization is changing the customer journey by dynamically adapting touchpoints and stages in real time based on individual-level data. Tactical applications span the entire customer journey, including personalized profiling, navigation, nudging and retention. These applications ensure personalization across all customer journey stages. Collectively, these advancements make hyper-personalization an enabler for improving customer experience and business performance.

5.4 Hyper-Personalization Impacts: Customer and Business Perspectives

Utilization of hyper-personalization across the customer journey impacts both customers and businesses in multiple different ways. The impacts of hyper-personalization include technological, behavioral, economic, sociocultural and ethical dimensions (Wessel et al., 2025). These effects change how value is created, delivered and experienced. This section examines how these impacts can be measured and how hyper-personalization impacts the customer-firm interactions, highlighting its potential benefits and challenges.

Zanker et al. (2019) outline the measurement and evaluation approaches for assessing the impacts of personalization from both behavioral and business perspectives. From the behavioral perspective, they emphasize cognitive and perceptual metrics such as attention, recall, perceived relevance, decision quality, trust and satisfaction. In addition, Hoyer et al. (2020) note that new technologies impact customer experiences along cognitive, emotional and social dimensions. Therefore, impact measurement is increasingly linked to the quality of the customer experience. Metrics also combine system performance, user perceptions and contextual factors to link personalization to engagement and loyalty outcomes (Zanker et al. 2019). From the business perspective, Zanker et al. (2019) highlight performance metrics related to economic value, such as click-through rates, direct and indirect sales, adoption and conversion rates, purchase behavior and user engagement metrics, such as session length and activity levels. Overall, robust and diverse measurement mechanisms are essential for understanding personalization's value from both customer and business perspectives.

Table 7 presents the benefits and challenges of hyper-personalization from the customer perspective. The main customer benefits of hyper-personalization relate to improved customer experience, convenience and engagement. AI systems improve cognitive experiences by simplifying decision-making, filtering information and offering tailored recommendations (Hoyer et al., 2020). Emotionally, AI systems create human-like interactions through natural language interfaces, while socially, they integrate into routines and facilitate communication between people and machines (Hoyer et al., 2020). Hyper-personalization also improves customer-centricity by predicting user preferences and adjusting offerings to individual needs (Gouveia & Santos, 2025). Hardcastle et al. (2025) highlight that effective personalized experiences can improve customer satisfaction. In addition, emotionally responsive AI agents can strengthen users' feelings of connection and increase engagement (Gouveia & Santos, 2025; Payne et al., 2021). Furthermore, Zanker et al. (2019) point out that platforms improve user interfaces, recommendation systems and decision-support tools to increase convenience, reduce search effort and

improve engagement. These elements collectively improve customer journeys and make them more intuitive and responsive to individual needs.

However, Hardcastle et al. (2025) highlight three important tensions that increasingly affect these experiences. First, algorithmic mediation affects customer autonomy: while AI recommendations support decision-making and increase satisfaction, they may also narrow customers' choices or steer preferences. Second, the relationship between personalization and privacy is central because customers value tailored experiences but often perceive data collection and utilization processes as intrusive or manipulative. Third, perceptions of surveillance and concerns about data misuse may trigger disengagement or distrust, especially when recommendations are inaccurate or overly intrusive. These tensions are further affected by frustration points because customers often react negatively when AI systems misinterpret their needs or deliver irrelevant recommendations, which can lead to reduced trust and perceived value (Hardcastle et al., 2025).

Table 7. Impacts of AI-driven personalization from customer perspective.

Benefits	Challenges
Customer experience	Privacy concerns
Customer satisfaction	Preference steering
Connection and engagement	Irrelevant recommendations
Convenience	Frustration

Table 8 presents the benefits and challenges of hyper-personalization from the business perspective. Hyper-personalization offers strategic and operational benefits for companies. Firms can use AI to increase efficiency, improve decision-making and generate deeper customer insights to enable more targeted marketing actions and improved customer segmentation (Gouveia & Santos, 2025; Rana et al., 2022). Zanker et al. (2019) highlight that personalization technologies consistently improve key performance metrics such as click-through rates, conversion rates and sales, while also strengthening customer loyalty. Hyper-personalization also increases switching costs for customers and creates forms of platform lock-in, as firms deliver experiences that competitors find difficult to replicate (Wessel et al., 2025). Furthermore, personalized experiences and communication help preserve customer relationships (Rana et al., 2022; Hardcastle et al., 2025).

Beyond direct performance outcomes, hyper-personalization also improves value co-creation between customers and firms (Jain et al., 2021; Rana et al., 2022; Payne et al., 2021). Because hyper-personalization is seen as a key enabler for value co-creation between customers and firms, benefits can be realized indirectly. Jain et al. (2021) highlight that co-creation has a major impact on adoption intention, customer satisfaction, purchase intention and repurchase intention. At the end, these impacts turn into business performance outcomes, such as sales.

Despite these benefits, firms also face challenges with hyper-personalization. High implementation costs, the complexity of system integration, and lack of technical expertise limit the ability to adopt AI solutions (Gouveia & Santos, 2025). Wessel et al. (2025) further highlight that hyper-personalization introduces significant architectural challenges for companies as platforms must balance increased data collection and behavioral profiling with strict requirements for privacy, security and user control. The result is a technically more powerful but also more complex personalization infrastructure. Algorithmic limitations also pose risks because irrelevant or biased recommendations may frustrate customers and damage brand reputation (Hardcastle et al. 2025).

Table 8. Impacts of AI-driven personalization from business perspective.

Benefits	Challenges
Customer insights and decision-making	High implementation costs
Customer value co-creation	Technical challenges
Customer acquisition and segmentation	Lack of technical expertise
Customer loyalty	Technical architecture
Sales and revenue	Ethical challenges
Click-through rate and conversion	Privacy and security

In summary, hyper-personalization delivers significant benefits for both customers and businesses by improving the customer experience, increasing engagement and driving business efficiency. For customers, hyper-personalization simplifies decision-making and improves convenience, while for businesses, it boosts performance metrics, strengthens customer loyalty and enables value co-creation. However, these benefits come with challenges including algorithmic bias, privacy concerns, technical complexity and ethical risks.

6. THE CASE COMPANY

6.1 Case Company

This case study was conducted in a life insurance company that operates as part of a major Finnish financial services group. In this thesis, the group will be referred to as the parent company and the life insurance company will be referred to as the case company. The parent company is a long-established financial services group, and it operates primarily in Finland. Its business is organized into distinct business segments that together provide a wide range of financial and insurance services.

Figure 25 presents a simplified illustration of the parent company's organizational structure. The parent company's business can be divided into multiple segments. In Figure 25, the business segments are divided into two categories: insurance and other business segments. This thesis only focuses on the insurance business segment. The insurance segment is divided into non-life insurance and life insurance businesses, both of which are separate subsidiaries of the parent company. The other business segments consist of multiple sub-segments and subsidiaries, focused on different kinds of financial services. As the other business segments are not in the scope of this thesis, these segments are not described in further detail.

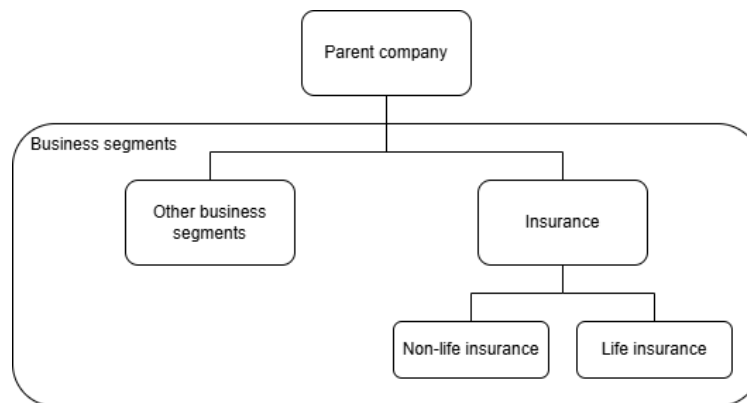


Figure 25. Structure of the business segments of the parent company.

The parent company has shown strong financial performance and growth in recent years. Figure 26 illustrates the parent company's operating profit over the period from 2020 to 2024. As illustrated in Figure 26, the operating profit has been on a clear upward trend which indicates improving profitability across the parent company. After moderate results in the early years of the period, operating profit increased significantly from 2022 onwards and reached its highest level in 2024, approximately 2,5 billion euros. During this

period 2020 to 2024, the parent company's operating profit has approximately tripled and each of the business segments has shown significant growth in terms of operating profit.

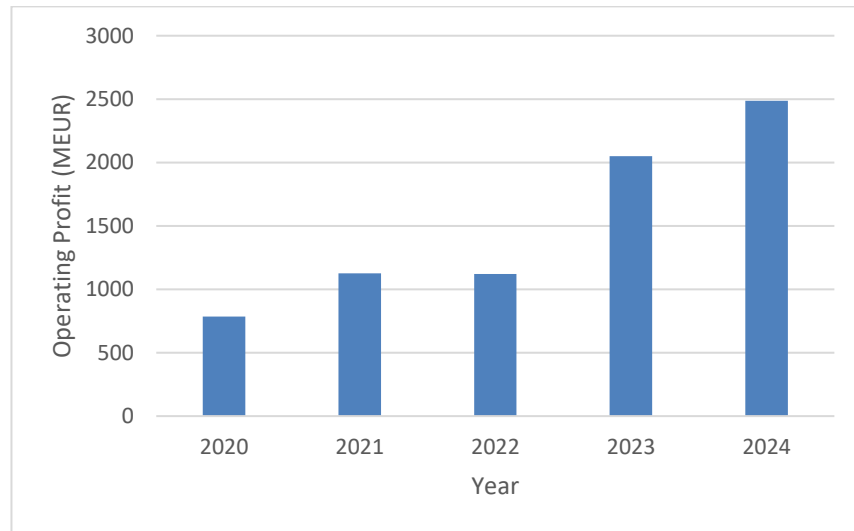


Figure 26. Operating profit of the parent company in the last 5 years.

The research for this thesis was conducted in the life insurance business of the parent company. The life insurance business is fully operated by the case company. Figure 27 illustrates the case company in the parent company's organizational structure.

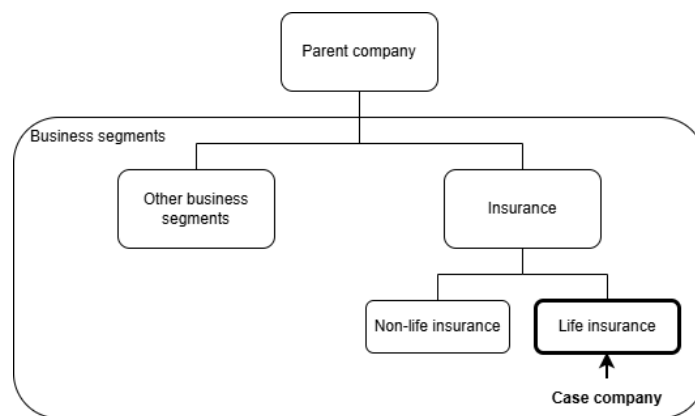


Figure 27. The case company in the structure of the parent company's business segments.

The business of the case company consists of two main components: insurance operations and investment activities. This thesis focuses only on the insurance business of the case company. The company focuses on offering several life insurance-related products and services, including risk life insurance, personal risk insurance, savings-linked policies and pension solutions. The offering of the case company is further described in section 6.2. The case company's core mission is to support customers in managing financial security and long-term financial planning for themselves and their families. The

case company employs approximately 180 professionals in roles such as product development, business development, customer service and digital operations.

The case company operates in the Finnish market, serving consumers and businesses through both digital and traditional advisory services. Although the case company operates as a distinct legal entity, it's closely integrated with the parent company's operations. As part of its parent financial group, the case company benefits from strong brand recognition and extensive customer base. This affiliation enables cross-selling opportunities and bundled offerings. Furthermore, the case company's integration with the parent financial group enables collaboration in distribution, customer data utilization, digital service development and loyalty programs, which strengthens customer engagement and retention.

The life insurance market in Finland is relatively concentrated with only a handful of major players. Despite this, less than 10% of Finns currently have life insurance (Ropponen et al., 2022). This creates a significant protection gap and growth potential for the case company. To address this, the case company has prioritized digitalization and customer experience improvements in recent years. In 2024, the company released its new risk life insurance purchase journey which utilizes a new cloud-based insurance platform. This transformation has enabled faster product updates, streamlined sales processes and improved omnichannel customer journeys, allowing customers to purchase life insurance and related covers for critical illness or disability online or through agents.

The case company's competitive advantage lies in its ability to combine financial stability with technological innovation. As digital channels play an increasingly important role in customer acquisition and service delivery in the life insurance sector, the case company has an interest in developing its digital customer journey even further. The researcher has been working at the case company for approximately 1,5 years prior to the start of the thesis, having worked in the digital service development.

To form a comprehensive understanding of the research context, the case company's current state is outlined using publicly available financial and organizational data. As illustrated in Figure 28, the company's revenue has followed a generally positive trend, increasing from 873M EUR in 2020 to 1 142M EUR in 2024. Operating profit peaked in 2021, followed by a gradual decline and a notable negative result in 2023, after which profitability recovered in 2024. However, it's worth noting that the decline in profitability in 2023 was mainly caused by temporary balance sheet-related effects, rather than operational performance.

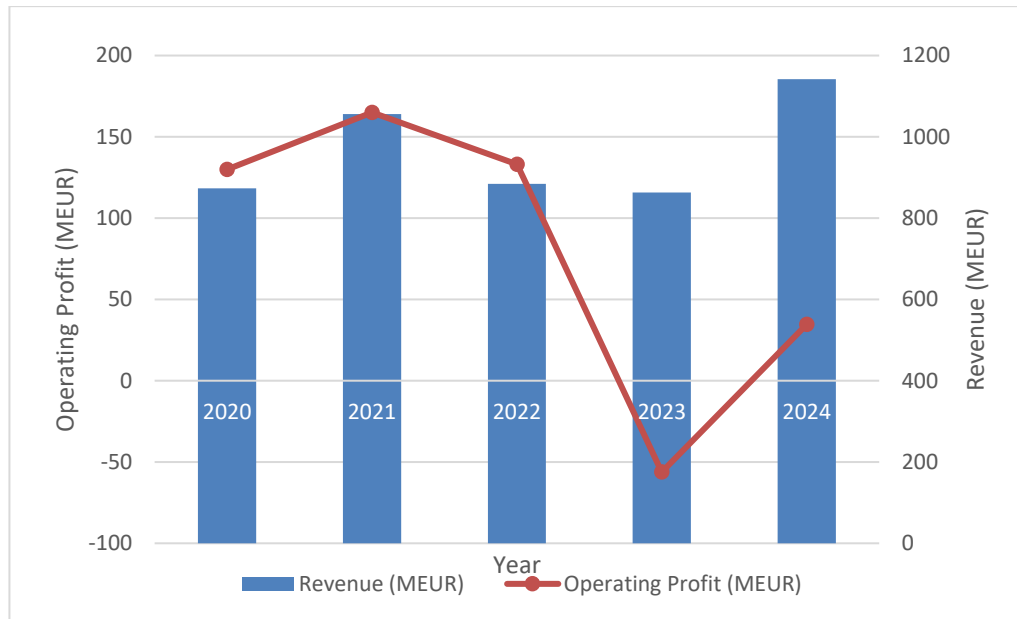


Figure 28. Revenue and Operating Profit of the case company for the last 5 years.

In terms of personnel, the case company has demonstrated steady growth in its workforce during the last 5 years. As illustrated in Figure 29, the number of employees increased from approximately 120 in 2020 to over 180 in 2024. In 2024, the workforce grew over 15% compared to the previous year. This growth reflects the company's strategic investments in developing its operations, digital capabilities and customer services.

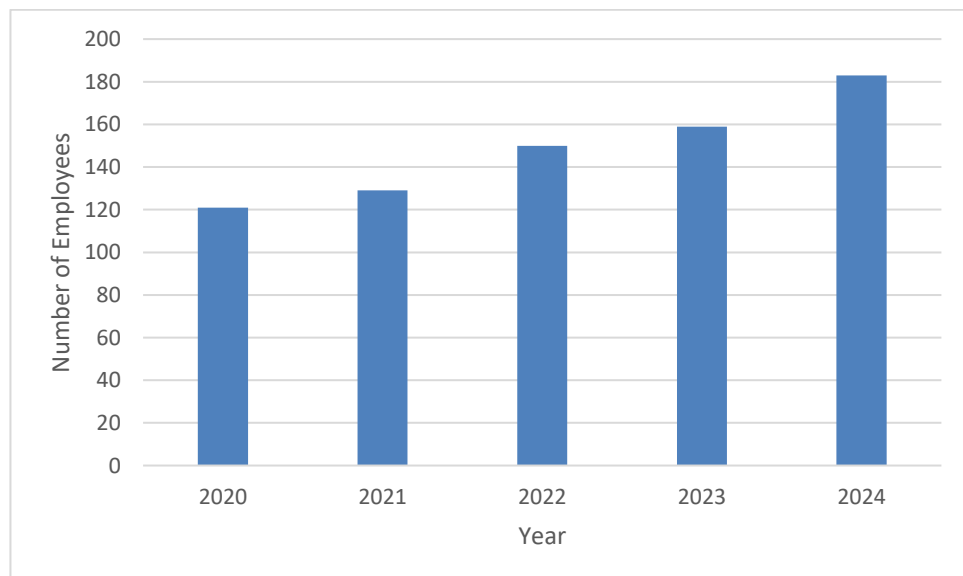


Figure 29. Number of Employees at the case company in the last 5 years.

Although the case company operates in both B2C and B2B markets, this thesis will only focus on the B2C context. The products of the case company are designed for individuals seeking financial security for themselves and their families, and the purchase process increasingly occurs through digital channels.

6.2 The Offering of the Case Company

The case company provides a wide range of life insurance-related financial protection and savings products. As illustrated in Figure 30, the offering of the case company can be divided into three main categories: corporate incentive schemes, saving through insurance and life insurance products. Even though the first two categories form an important part of the case company's overall offering, this thesis only focuses on life insurance-related products. The life insurance-related products include life insurance, critical illness insurance, temporary disability insurance and permanent disability insurance.

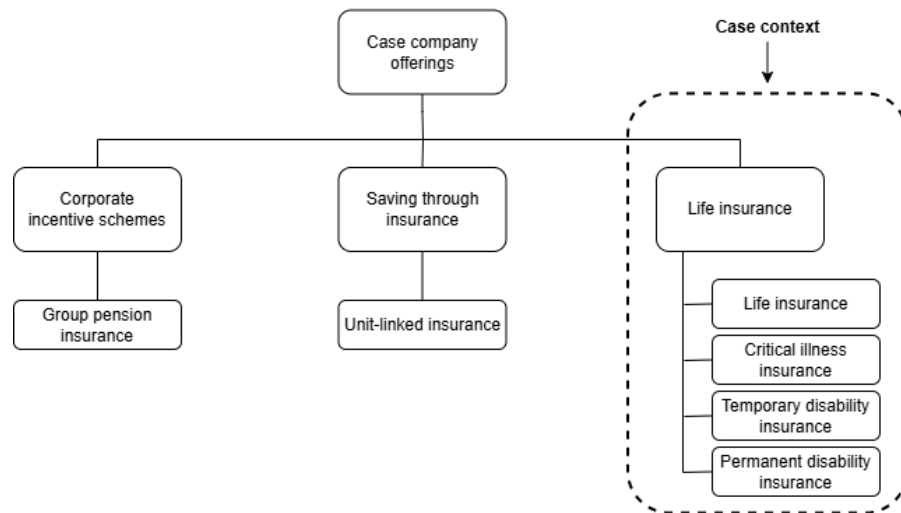


Figure 30. *The offering of the case company.*

The first offering category consists of corporate incentive schemes which include group pension insurance. These products are meant for employers who want to provide supplementary pension benefits to their employees and support long-term employee commitment. Group pension insurance typically includes contributions paid by the employer, predefined vesting rules and investment options that are selected from a range of approved funds. Although corporate incentive schemes form an important part of the case company's business, they are not relevant to the digital purchase process examined in this thesis and are therefore only described at a general level.

The second offering category consists of saving through insurance which includes unit-linked insurance. Unit-linked insurance combines long-term saving with an insurance structure which allows customers to save while also providing protection for beneficiaries. Customers can choose investment funds that determine the risk level and expected return. The main focus of these products is accumulating wealth rather than protecting against specific risks. Similar to corporate incentive schemes, saving through insurance is not relevant to the digital purchase process examined in this thesis and is therefore only described at a general level.

The third category is life insurance which includes several personal risk protection products. The products included in this category are life insurance, critical illness insurance, temporary disability insurance and permanent disability insurance. These products are designed to secure financial stability for individuals and households in the event of unexpected life events such as death, severe illness or disability. These products support in situations in which public social security or benefits provided by employer are not enough to secure the financial stability of, for example, an individual or a family. From a customer perspective, the value of these products is their ability to provide financial security in situations that are difficult to prepare against otherwise. The life insurance category and the products included in it are the focus of this thesis as these are included in the digital purchase journey under examination. These products are available to customers in the digital self-service purchase journey which is described in more detail in section 6.3. The rest of this section focuses on describing the products available in the digital purchase journey.

Life insurance is intended to protect the financial security of the insured person's dependents in the event of the insured person's death. In many households, income and financial responsibilities are shared and the loss of one income earner can lead to financial difficulties. Life insurance protects against this risk by providing a lump-sum payment to beneficiaries chosen by the insured person. The compensation amount can be used, for example, to cover living expenses, pay loans or other expenses. Customers usually choose the compensation amount based on factors like their family's financial needs, dependents, loans and other financial responsibilities. This is the core product of the digital purchase journey's offering and is always included in the policy.

Critical illness insurance provides protection against the financial consequences of severe illnesses, such as cancer. When public healthcare systems may cover medical treatment, critical illness can still lead to major indirect costs, such as reduced income, increased living expenses or recovery and rehabilitation. Critical illness insurance's key value proposition is the lump-sum payment which is paid after diagnosis rather than after death. This makes it easier for customers to focus on recovering from critical illness without having to stress about the financial situation. This is a complementary product in the digital purchase journey.

Temporary disability insurance provides income protection in the form of a daily compensation amount if the insured becomes temporarily unable to work due to illness or injury. Although other forms of sickness benefits, such as compensation provided by employer, exist, these benefits are often provided for a limited time or are significantly lower than the customer's normal income. When the customer is not able to work, it

raises concerns related to covering living expenses, loan payments and other expenses. Temporary disability insurance addresses this gap by providing regular payments during recovery. Therefore, this product is particularly relevant for individuals without comprehensive benefits provided by the employer, as it helps to maintain their income if they are unable to work for a short time. This is a complementary product in the digital purchase journey.

Permanent disability insurance provides financial support if the insured person permanently loses their ability to work due to illness or injury. The difference between permanent and temporary disability insurance is that permanent disability insurance is needed in situations in which the loss of working ability is permanent and therefore significantly affects the person's future income. The key value proposition of permanent disability insurance is the ability to help with major changes in life situations, such as housing, care needs or loss of income. The compensation is offered as a lump-sum payment, helping customers adapt to long-term changes in their financial situation. This is a complementary product in the digital purchase journey.

In the digital purchase path, these four products are modularly structured such that customers can choose a combination based on their individual needs. Rather than positioning each insurance product in isolation, the digital journey encourages customers to consider their overall risk exposure and life situation. This approach allows the case company to present life insurance as the foundation, with critical illness and disability-related products acting as additional layers of protection.

From these insurance products, life insurance was the first one to be available online, then critical illness insurance and finally disability products were the most recent additions to the offering. The digital offering has significantly improved accessibility and convenience for customers. It enables the company to reach segments that prefer self-service channels. However, customers can purchase these insurance products online or through more traditional sales channels, such as directly from insurance sales personnel.

6.3 The Current Digital Customer Journey of the Case Company

The case company has mapped its life insurance customer journey to better understand the digital purchase path and optimize the experience. This was driven by digital transformation and the need to understand and simplify the buying process for products that traditionally required extensive advisory interaction. In recent years, the case company has concentrated on digitalization of sales with a focus on customer experience. The

digital life insurance purchase journey represents a key component of this transformation. Through the company's digital channels, customers can complete the entire process from initial quote to policy issuance. This journey is designed to be intuitive, fast and easy to use. Customers can access the digital purchase journey through both web and mobile channels.

The current digital customer journey of the case company is illustrated in Figure 31. The customer journey includes three main phases: prepurchase, purchase and postpurchase. These phases structure the customer experience from initial awareness to long-term policy management. As illustrated in Figure 31, distinct components of the customer journey can be identified within the three main phases. These components include marketing, product description pages, purchase path, health declaration, underwriting and policy management. Essentially, these components are the key building blocks of the customer journey and also function as touchpoints in which customers interact with the case company.

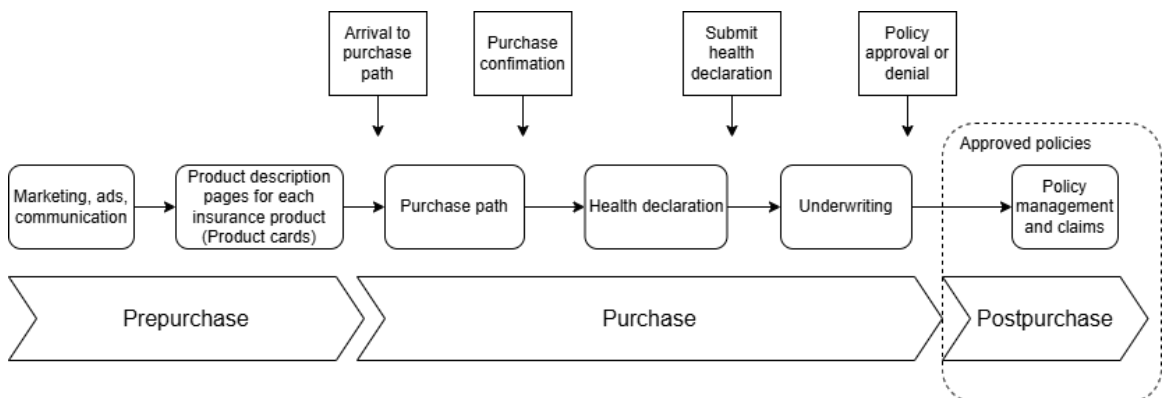


Figure 31. The current digital customer journey of the case company.

The prepurchase phase focuses on customer discovery, learning, consideration and attracting interest. Customers typically enter the journey through marketing touchpoints such as digital advertisements, targeted communications or directly through the company's website or mobile application. For example, social media ads are one key touchpoint at the prepurchase stage. At this stage, the main objective is to raise awareness and support customers in understanding the relevance of life insurance, or other personal risk insurance, in their personal life situation.

From these marketing touchpoints, customers are directed to product description pages, also known as product cards. Each insurance product has their own product card, and some product cards even contain a combination of different insurance products. In these product description pages, each insurance product is presented and described thoroughly, such that customers can learn about the products and find necessary information

about the products. These pages describe the purpose, key features and benefits of life insurance and complementary products, helping customers compare alternatives and build initial understanding before committing to a purchase. For example, the life insurance product card provides clear information about the life insurance and its benefits, emphasizing financial security in case of death. These product cards also contain educational content which helps customers understand the coverage better, what options are available and why the insurance product is important. As these product cards are highly important for attracting customer interest, they also contain examples about situations and compensation amounts for different life situations, aiming to resonate with the customer. For example, the life insurance product card contains educational content and examples that are aimed at individuals with children or loans, as these are some of the characteristics of typical life insurance policy holders. The prepurchase phase is therefore designed to reduce uncertainty in a product category that is often perceived as complex.

The purchase phase begins when the customer enters the digital purchase path. As illustrated in Figure 31, this phase represents the core transactional part of the digital customer journey and consists of three key components: purchase path, health declaration and underwriting. These components make up the digital purchase journey, which is shown in more detail in Figure 32. This phase is also called the digital purchase path. To complete the purchase digitally, customers go through all the components of the purchase journey. In the purchase path, customers select the coverages and compensation amounts, and after confirming the purchase, they fill and submit a health declaration.

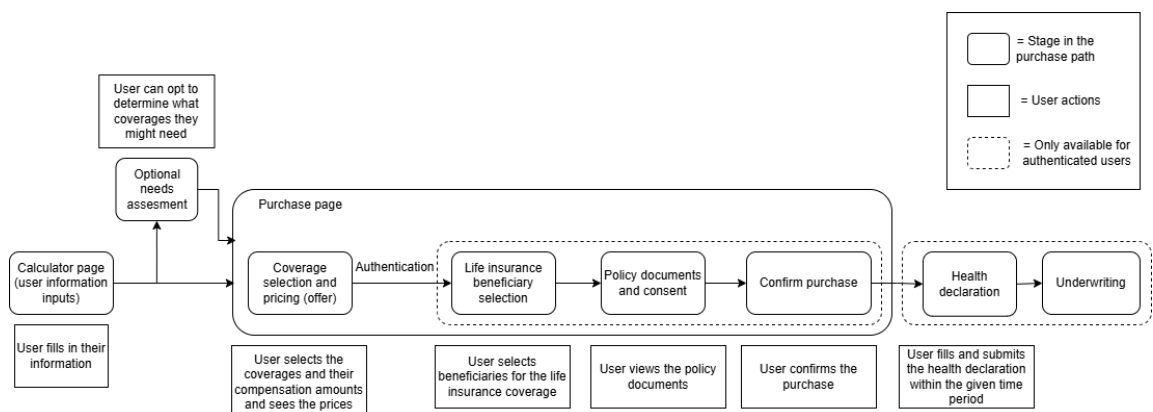


Figure 32. The current digital purchase journey of the case company.

Customers can access the digital purchase journey through the company website or mobile app where they are guided through a structured purchase process. The above-mentioned product cards contain links to the digital purchase path. As illustrated in Figure 32, customers first arrive at the calculator page of the digital purchase path. Using this

calculator, customers proceed to calculate the price using an online tool. The online tool utilizes user information to calculate the price and suggested compensation amounts. This user information is filled in by the user and includes date of birth, work life status, monthly income, loans, number of children and tobacco usage. In the calculator page, customers can also opt to go through a small needs assessment form which helps customers to understand which covers best fit their needs and life situation. After price calculation, customers are offered the insurance products, prices are shown and customers select the desired coverages and compensation amounts, which are recommended based on the user data. Life insurance is mandatory in the journey while additional products, meaning critical illness insurance, temporary disability insurance and permanent disability insurance, can be added as optional coverages. In this stage, customers can be either authenticated or unauthenticated, meaning that basically anyone can access the unauthenticated side of the purchase path and compare the available coverage options.

After selecting coverage amounts, unauthenticated customers need to authenticate through Finnish online banking credentials. Authentication enables actions such as life insurance beneficiary selection, viewing of policy documents and confirmation of consent. These actions need to be completed before the customer can confirm the purchase. In this stage, customers can still modify their selections before finalizing the purchase. In addition, if the purchase includes discounts, these are shown to the customer before finalizing the purchase. After the customer has made the selections as an authenticated user, the purchase can be completed. The payment is integrated into the digital flow and customers are billed with the frequency they have selected in the purchase page. When the purchase is complete, the system prompts the customer to fill in a health declaration. Filling and submitting the health declaration is an important part of the digital purchase journey. The health declaration is digital and utilizing it customers provide information about their current health status and medical history. Customers have a predefined time, a couple of weeks, to fill and submit the health declaration. Therefore, the health declaration can be filled directly after purchase or later, within the given time. The health declaration is essentially a form with health-related questions that the customer needs to answer. When all the required questions have been answered, the customer can submit the health declaration. This step is essential from a risk assessment perspective.

In the last component of the purchase phase, underwriting, customers get the decision whether the policy has been issued or not, concluding the purchase phase. Underwriting involves assessing the overall risk of issuing the policy. When this assessment is complete, the customer is informed of the outcome. If the policy is approved, it is issued and

the purchase is complete. However, if the policy is denied, it is not issued and the purchase journey ends at this stage.

Finally, if the policy is approved, customers proceed to the postpurchase phase which consists of policy management and claims handling. In the postpurchase phase, customers can view their policy details, terms and related documents through the company’s website or mobile app. In this stage, customers can manage their policies, update beneficiaries and purchase additional insurances. This retention touchpoint establishes a direct relationship between the company and the customer.

The customer journey stages and components described above in this section consist of several key touchpoints that form the overall digital customer journey. These touchpoints, along with the components and customer journey stages they belong to, are illustrated in Figure 33. The illustration maps each individual touchpoint in the customer journey and displays how these touchpoints are distributed across the customer journey stages. Furthermore, Figure 33 provides a detailed illustration on which touchpoints form each of the components that are illustrated in Figure 31. Therefore, Figure 33 provides an overview of the customer-firm interactions that occur across the customer lifecycle, ranging from marketing in the prepurchase stage to postpurchase activities such as policy management and claims handling.

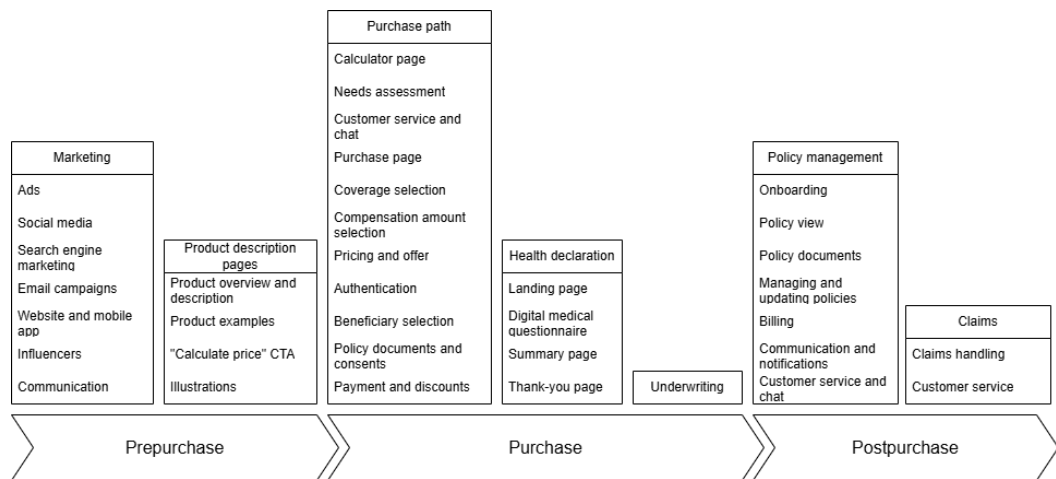


Figure 33. Touchpoints in the case company’s digital customer journey.

In the prepurchase stage, the key touchpoints are related to marketing and product description pages. Marketing-related touchpoints include ads, social media, search engine marketing, email campaigns, the company website and mobile app, influencers and overall communication. The marketing touchpoints focus on building customer awareness, and they represent the initial points of contact and form perceptions of relevance. Within the context of the digital customer journey, advertising is mainly digital as well, meaning that these touchpoints are accessible through the web and mobile. For example, digital

advertisements, social media marketing, influencers and email campaigns can be used to communicate with customers and raise awareness. Once customer interest has been captured, search engine marketing and optimization can be used to drive customers to the case company's website and mobile application. However, some customers may start their journey through more traditional marketing channels, such as television advertising, and then continue digitally by navigating to one of the product description pages. The marketing touchpoints are closely related to the product description pages because usually the marketing efforts aim to direct customers to the product description pages and encourage them to proceed forward in the customer journey.

The product description pages consist of the following touchpoints: product information, examples, illustrations and a call-to-action (CTA). Product information provides an overview and description of the products, meaning features, benefits and general terms. Product examples and illustrations provide concrete examples of the utilization of the product in different life situations, helping customers understand how the product functions and explaining the situations in which the product fits best. In other words, the product information aims to explain the product itself, whereas examples and illustrations support the customer in validating product suitability and relevance. The CTA is essentially a button that directs the customer to the purchase path.

In the purchase stage, the key touchpoints are related to the purchase path, health declaration and underwriting. The purchase path itself could be categorized as a single touchpoint as it is essentially the interface through which the customer makes the purchase. However, the purchase path consists of multiple touchpoints, as explained above in this section and illustrated in Figure 32 and Figure 33. The purchase path consists of two main pages: calculator page and purchase page. The calculator page contains user information inputs and the needs assessment questionnaire. The function of these touchpoints is to understand the customer's situation and needs. This helps determine suitable coverages and compensation amounts in the purchase page. The purchase page includes touchpoints for coverage selection, compensation amount selection, pricing, authentication, beneficiary selection, policy documents, payment and discounts. Essentially these touchpoints are elements in the purchase page. In these touchpoints, the customer essentially configures, evaluates and selects the insurance products. Furthermore, customer support and a chat are available for customers in the purchase path.

The health declaration is a mandatory step in the life insurance context which requires customers to answer health-related questions. Similarly to the purchase path, the health declaration could be categorized as a single touchpoint as it is essentially the interface through which the customer fills and submits the health assessment. However, the health

declaration consists of multiple touchpoints, including the landing page, questionnaire page, summary page and thank-you page. The landing page is where the customer lands after confirming the purchase and it contains information about completing and submitting the health declaration. From the landing page, customers proceed to the questionnaire page which is a digital form containing health-related questions. After completing the questionnaire, the customer is directed to the summary page in which the customer can review their responses and submit the health declaration.

After submitting the health declaration, the underwriting stage begins and the customer is directed to a thank-you page. This thank-you page informs the customer about the underwriting process. When the underwriting process is complete, the customer is informed about the result and whether the policy has been issued or not. Therefore, the underwriting touchpoint functions as a decision-making component in which the risks are assessed.

In the postpurchase stage, the key touchpoints are related to policy management and claims handling. Policy management touchpoints include onboarding, viewing policy details and documents, managing the policy and billing, communication, notifications, customer service and chat. The onboarding touchpoint represents the first interaction with the policy after purchase and helps the customer understand the coverage, available services and next steps. Following onboarding, the remaining policy management touchpoints allow customers to view, adjust and manage their life insurance policies and individual coverages, thereby supporting customer engagement and ensuring that the coverages and products remain relevant for the customer in different life situations. In addition, postpurchase communications and notifications ensure customers stay informed about policy updates, required actions and important changes.

Claim-related touchpoints are critical service touchpoints in which customers rely on the insurer to deliver the value of the product. These touchpoints include claims handling and customer service. Currently, customers mainly access the claims-related touchpoints through customer service, which means that claims play a relatively small role in the current digital customer journey. Although these interactions are less frequent than other interactions, claims play a significant role in the overall customer journey because they reflect the firm's ability to deliver the value it has promised to its customers.

In summary, the digital journey is intuitive and fast, reducing friction compared to traditional processes. The digital process creates a direct channel between the company and the customer. This requires ownership of touchpoints and improved internal communi-

cation to avoid siloed information, especially when existing customers purchase additional products. Overall, the digital customer journey highlights a streamlined and largely automated approach to life insurance sales, while also placing more responsibility on the digital interface to support customer understanding and informed decision-making.

7. HYPER-PERSONALIZATION IN DIGITAL CUSTOMER JOURNEYS

7.1 Hyper-Personalization Improving Digital B2C Customer Journeys

The current digital customer journey is perceived as clear and well-structured, offering a lot of information and guiding customers through multiple stages of the purchase process. Interviewees highlighted that the journey provides a ton of opportunities for customers to reflect on their needs and access information throughout the purchase path. Interviewees consistently noted that the journey begins already before the customer lands on the purchase page with building awareness and interest, encouraging customers to consider their preparedness for risks such as death or critical illnesses. This initial stage is crucial for developing customers' understanding of their needs, which can then transition to product exploration and comparison and ultimately purchase decision.

Interviewees noted that, because of the complexity of insurance products, the buying process also differs from other traditional online sales. Customers usually need to think about the purchase and familiarize themselves with the products before making the final purchasing decision, unlike other types of online purchases, such as buying clothes online, which are often made more impulsively. Therefore, the purchase journey also includes a lot of information about the insurance products which enables customers to reflect on their needs, helping them to make the purchasing decision.

Interviewees recognized that hyper-personalization brings opportunities for improving the digital customer journey even more. These opportunities include, for example, increasing sales and conversion, supporting customers, making customers' decision-making easier, achieving competitive advantage and improved customer experience. Interviewees believe that hyper-personalization can help better address customer needs and improve customer satisfaction across all stages. For example, Interviewee 6 explained:

“If we consider decision-making, hyper-personalization is indeed a very important element because, through hyper-personalization, we can modularize the purchase path in such a way that it's precisely tailored to each customer's needs. When the purchase path is correctly modularized, it makes decision-making much easier.”

Interviewees noted that there are some common challenges customers face when purchasing life or other personal risk insurance online. Table 9 lists the challenges identified

by the interviewees. These challenges were perceived as something that can slow down or interrupt the purchase process. Overall, the key themes were that purchasing life insurance digitally can be mentally challenging, and the process is not as linear as other consumer products, such as clothes, that customers have gotten used to buying online.

Table 9. Challenges customers face when buying life insurance.

Challenge	Description
Product complexity	Insurance products are perceived as complex and hard to understand
Non-linear process	Buying life insurance is not as straight forward as other consumer products
Sensitive topic	Life insurance can be an emotional topic for many
Coverage and compensation selection	Difficulty in choosing the right protection and compensation amounts
Price barrier	Cost may deter purchase decisions
Approval criteria	Understanding the basis for policy approval can be complex

Firstly, interviewees consistently highlighted that insurance products are complex which makes them difficult to understand compared to more straightforward consumer products. This finding aligns with the observations and discussions within the case company because the role of product descriptions and explanations is highlighted especially at the beginning of the customer journey. This complexity requires the digital customer journey to effectively communicate essential information without overwhelming the customer with unnecessary information. As the products are difficult to understand, it can be difficult to make the final purchase decision. Interviewee 2 noted that this is a major challenge for the customers:

“The biggest challenge may simply be that the products are difficult to understand.”

Secondly, interviewees noted that the purchase process is not as linear as simply clicking to buy, like in some other consumer products in e-commerce stores. This requires customers to understand why they need such coverage in the first place. Thirdly, interview findings indicate that life insurance and related products often touch on sensitive topics

which can make the decision-making process emotionally challenging for some customers. Fourthly, interviewees mentioned that selecting the right coverage and compensation amount can also be difficult as customers must balance their needs with affordability. During the purchase process, customers must consider how much compensation is needed and what expenses the compensation needs to cover. Fifthly, cost is perceived as a barrier, potentially preventing customers from proceeding with a purchase. Price is a significant factor in the customer's decision-making process. Finally, understanding the criteria for policy approval can add more complexity as underwriting processes may appear to be interruptions, making customers feel that the decision is not entirely in their hands. Interviewee 3 summarized this:

“The process of buying our product is somewhat more complex due to the underlying processes, in which the insurance company seeks to assess which risks it wants to insure. This can appear as interruptions to the customers and may introduce uncertainty since the entire process from start to policy issuance is not entirely in the customer's hands.”

According to interview results, customers might face these challenges and interruptions at various stages of the customer journey. These challenges most commonly occur both before confirming the purchase and after the final purchase decision has been made. Before confirming the purchase, customers often abandon the process at the following three touchpoints: product exploration, seeing the price and making selections.

First, a significant portion of customers drop off early, often before the process has even started. This is common especially during the initial product exploration phase as customers visit product description pages but do not proceed further. As Interviewee 2 pointed out:

“The biggest drop-off occurs during the initial product exploration stage, where many customers visit the product page but do not proceed to the calculator page.”

Second, interviewees explained that another major interruption occurs after customers have entered their basic information and received an early indication of pricing. Customers often compare insurance products between different firms in digital channels. This may cause some customers to drop off after seeing the product information and price, as Interviewee 4 emphasized:

“When you see the price and see what you get for your money, then your start comparing.”

Interviewees noted that this comparison stage is critical for those genuinely interested in the product, as many begin to compare options after seeing the price. However, those

who are only browsing may decide they don't need the product even before reaching the pricing stage.

Third, customers may abandon the process when they need to make selections about the coverage, such as choosing compensation amounts. Interviewees noted that the complexity of these decisions can increase uncertainty and discourage customers from proceeding. Therefore, some customers may postpone the decision or abandon the process, especially if they are not confident about the selections.

Finally, interview results indicate that customers may also encounter challenges after confirming the purchase, in the underwriting stage. The variability of price can cause interruptions as customers may be discouraged by potential price changes. These interruptions might prevent the customer from completing the process in one sitting.

As purchasing life insurance can be challenging for some customers, interview findings indicate that customers benefit from several types of support in the digital customer journey. Interviewees emphasized that the process requires customers to understand new information, evaluate risks and make multiple decisions and selections. Therefore, decision-making support should focus on making information clear and relevant and reduce cognitive load. Table 10 categorizes the different methods of supporting customer decision-making identified by the interviewees.

Table 10. Ways to support customer decision-making in digital channels.

Category of support	Description
Supporting product understanding	Helping customers understand insurance concepts and products.
Clear and understandable information	Chunked information and content that is easy to transfer to one's own situation. Avoiding information overload.
Supporting product-customer fit	Helping customers understand who the product is meant for and whether they belong to the target group.
Chat or customer service support	Chat or human support for uncertain customers.
Price and discounts	Showing discounts to help customers to finalize their purchase decision.

First, interviewees consistently highlighted that supporting product understanding plays an important role in helping customers' decision-making. As life insurance is considered to be a complex product, it involves concepts that customers are often not familiar with. Therefore, helping customers understand how the product works can reduce uncertainty and encourage the customer to proceed in the process. Interviewee 3 highlighted the importance of communicating product-related concepts to customers, giving an example about life insurance's beneficiary:

“And then there is our basic setup, such as the beneficiary. For example, often you insure yourself and the compensation amounts go to you, but in our insurance, compensation also goes to beneficiaries, so internalizing all of that.”

Second, interviewees underscored the importance of presenting information clearly and understandably. To support the customer's decision-making, it needs to be clear to the customer what they are committing to in the agreement and what can be changed afterwards. From the customer experience perspective, it is important that content is presented in small parts rather than overwhelming the customer with all details at once. Interviewee 1 noted that clear content and access to additional information is critical:

“As clear and concrete content as possible helps, and all such information and resources where one can directly look up additional details.”

Third, it's important to help customers understand whether the product is meant for them. The interviewees highlighted that customers want to figure out whether they belong to the product's target group and whether the product fits their needs. Relatable examples, such as showing how similar people behave or prepare for similar risks, can help customers decide whether the product is relevant for them, as Interviewee 2 pointed out:

“From the customer perspective, they likely always reflect whether I am the kind of person whom this is suitable for. So, examples or support regarding who is the product's target audience are certainly the most important things at the very beginning.”

Fourth, access to chat or customer service support was also considered to be a key factor in supporting customers' decision-making. This is especially important for uncertain customers who need additional help or information. Without access to needed support, customers may postpone the decision or abandon the process. Moreover, interview results indicate that availability of real-time support can help reinforce customer confidence during critical decision points.

Finally, some interviewees considered pricing and discounts to be an important factor in the customer's decision-making process. In hesitant situations, pricing and discounts

may encourage uncertain customers to proceed with purchasing instead of abandoning the journey for further comparisons.

Interviewees identified three key conversion factors in the customer journey: accessibility of product information, simplicity of the journey and real-time support. These factors were considered important from a conversion perspective and are illustrated in Figure 34.

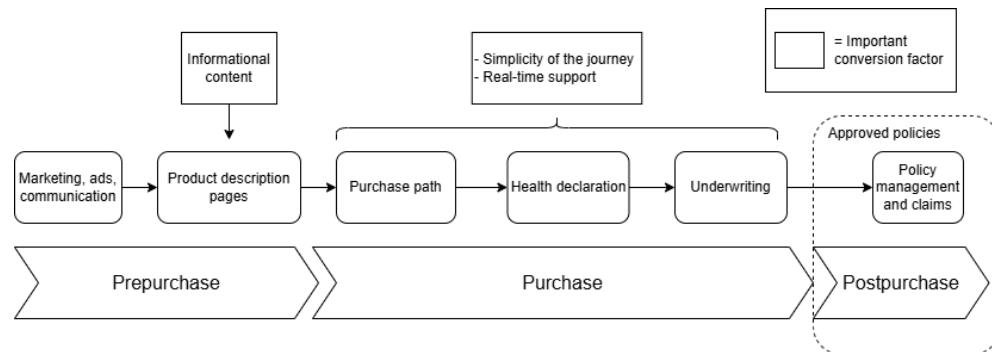


Figure 34. Important conversion factors in the customer journey.

In the first stages of the customer journey, interviewees highlighted the importance of clear information, especially in the product descriptions, so that product features and target groups are communicated in a way that enables customers to easily determine whether the product is suitable for them. In the purchase stage, interviewees underscored that having a minimal number of required decisions and selections streamline the journey and that suitable default selections can have a positive effect on conversion rate. Such default selections, if aligned with the customer's situation, were seen to simplify the journey and reduce cognitive effort at the purchase stage.

The availability of real-time support was also perceived to play an important role in the customer journey. This kind of immediate assistance, such as chat-based support or human customer service support, was viewed as essential for maintaining momentum as it enables customers to complete the purchase within the session that they initially intended to do so. Therefore, availability of assistance when the customer needs it was perceived to possibly reduce the risk of interruption or abandonment.

When discussing the types of problems that could be addressed by increasing the level of personalization, interviewees highlighted both customer-level and business-level areas. Table 11 lists the key problem types that interviewees considered personalization to address, ranked according to how frequently they were mentioned.

Table 11. Problem types addressed by increased level of personalization.

Problem type	Times mentioned
Content relevance and feature highlighting	6
Business outcomes (sales, conversion, customer satisfaction and loyalty)	4
Determining appropriate coverage level and product combinations	3
Taking customers' situation into account	3
Product suitability for the customer	2
Required manual information inputs	1
Providing support and answering questions	1

First, the most frequently highlighted area was increasing content relevance and highlighting relevant product features for customers. Interviewees noted that the ability to identify customer characteristics enables the prioritization of product features and tailored content that resonate with individual interests. This guides customers to reflect on aspects of the offering that are the most relevant to their personal situation and decision-making.

Second, a central role for personalization was identified in improving business outcomes, such as sales, conversion rate, customer satisfaction and loyalty. Interviewees noted that making services more personalized can change a poor customer experience into an excellent one. An excellent customer experience in turn was considered to improve business outcomes. Furthermore, Interviewee 6 explained that improving the purchase process with personalization can benefit the postpurchase stage by reducing the load on customer service:

“If these kinds of problems are solved during the purchase process it may also reduce the load on customer service afterwards ... If we can show them precisely the content they need as decision support and maybe about the functionality of the insurance, then we can consider that it might decrease the need for customer service contacts later.”

Third, another key opportunity concerned the determination of appropriate coverage levels and product combinations. As there is a lot of data on customers, such as demo-

graphic data and information about their existing insurance products, interviewees argued that personalization could support more accurate recommendations regarding coverage amounts and combinations. This could increase customer confidence in their choices, as Interviewee 2 explained:

“One could utilize personalization and thus facilitate decision-making, ensuring the customer feels confident that, yes, this is suitable for them, such as the compensation amount.”

Fourth, interviewees more broadly noted that personalization plays a significant role in taking the customer’s situation better into account. As customers have such varying needs and preferences, personalization was perceived as a way to better understand the customers’ situations and adjust the customer journey accordingly. For example, tailored product and coverage suggestions could support customers’ decision-making.

Fifth, an important opportunity identified was helping customers clearly understand whether a product is suitable for them and aligned with their individual needs and expectations. Personalization was seen as means to increase perceived relevance by tailoring both service interactions and content. For example, product descriptions could highlight the product features that are particularly meaningful to the customer’s situation, as Interviewee 3 noted:

“If we can identify certain things about the buyer, we can also highlight the product features that might be important to them.”

Sixth, although mentioned by only one interviewee, personalization could reduce the number of required manual information inputs during the purchase process. Interview findings indicate that customers increasingly expect personalized digital services and sometimes customers may need to provide the same information multiple times. This suggests that personalization could reduce redundancy and accelerate the purchase process. This is an important consideration, especially in contexts where customers may be impatient, as Interviewee 1 pointed out:

“Today’s customers expect that, since there is a lot of information about them, they don’t have to repeatedly provide and report the same details, which would also speed up the process, as people tend to be quite impatient nowadays.”

Finally, one interviewee highlighted that personalization could also support customers to move forward in the customer journey by answering questions and offering guidance during the purchase process. By tailoring information to the customer’s situation, personalization was seen as a way to provide responsive support. Ultimately, this helps customers feel more informed and confident in their decisions.

7.2 Hyper-Personalization Opportunities in the Customer Journey

The interview findings indicate that AI can add value to personalization in multiple different ways. Overall, AI was perceived as a key enabler for more advanced and effective personalization in digital customer journeys. First, interviewees perceived AI as an enabler for deeper, more individualized, personalization. AI was seen to enable personalization that moves beyond broad segments and toward more individualized experiences, allowing to better consider each customer's situation and needs. For example, Interviewee 1 explained:

“AI could perhaps assist in that, and certainly consider more, for instance, those target groups and individuals at a more individual level than would be possible without it. It can probably delve into even smaller granularities.”

Second, some interviewees considered AI to enable faster personalization and bring new ideas from the outside perspective, possibly even outside the insurance industry. Acceleration of personalization processes and introduction of external perspectives were seen as valuable in challenging existing assumptions and expanding how personalization could be applied to the customer journey, as Interviewee 1 noted:

“It certainly speeds things up and perhaps brings new perspectives that you might not consider yourself when you're already deeply involved, allowing you to leverage an external viewpoint. And probably offers a new angle, and I think it could also help us obtain ideas from outside our business or industry.”

Third, AI was perceived to have an important role in supporting customers directly, by acting as an assistant for them. For example, Interviewee 4 explained that this would reduce the customers' need to ask for additional help:

“In a perfect world, it could support the customer by acting as the customer's assistant in some way, or we could support the customer so that they wouldn't have to ask friends or call, whether it's children, parents, friends or anyone who knows insurance experts.”

Finally, some interviewees highlighted AI's capability to combine information from scattered sources into meaningful insights, helping personalization work more effectively. In addition, interviewees noted that AI could enable understanding customers' individual situations better and take their behavior and evolving needs into account in personalization. This was considered to improve customer experience. For example, Interviewee 2 noted:

“It could take pieces of information we have about the customer and make something sensible out of them, so that it provides the customer with a good experience. And perhaps make personalization even deeper.”

Interview results indicate that hyper-personalization has several opportunities and applications to improve customer journeys across all stages. The key opportunities and applications identified by the interviewees are illustrated in Figure 35. As illustrated in Figure 35, all three customer journey stages contain opportunities for applying hyper-personalization.

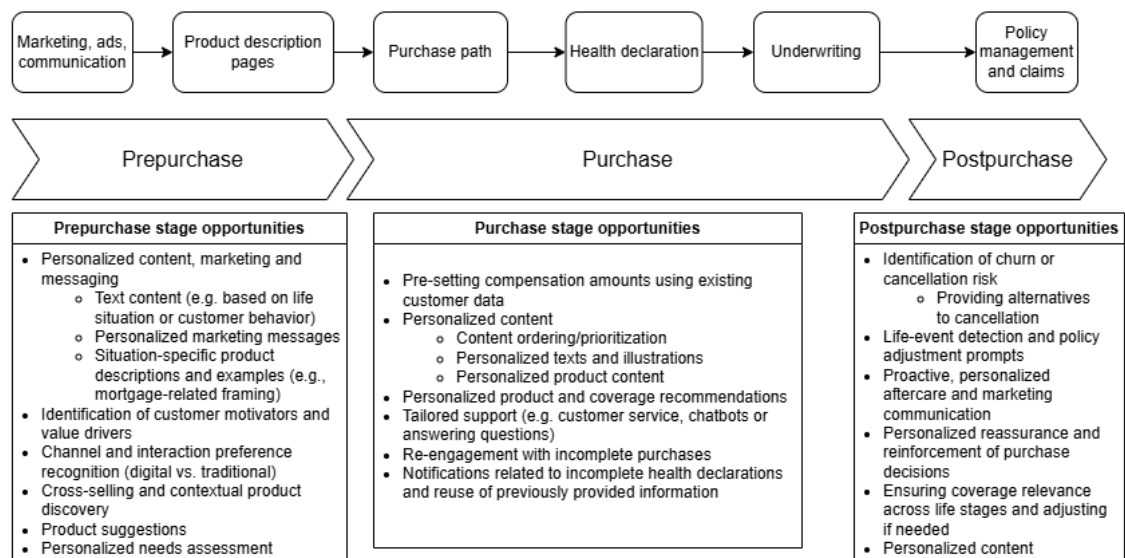


Figure 35. Hyper-personalization opportunities across the customer journey.

In the prepurchase stage, interviewees highlighted that hyper-personalization applications should focus on attracting the customer’s interest, assessing product relevance and understanding customers’ situations and needs. These applications span from marketing actions raising customer awareness to personalizing content and suggestions in the digital purchase path. Without such relevance, customers may drop off early, especially if offerings are perceived as generic or poorly targeted.

First, interviewees consistently highlighted that content, examples and marketing messages presented to customers in the prepurchase stage could be hyper-personalized. They noted that marketing materials, texts, product descriptions and illustrative examples could be adapted to reflect the signals received from the customer. These signals could include, for example, customer’s life situation, purchasing behavior or other behavior on the web. By tailoring content in this way, customers can be presented with information that resonates more effectively with the customer, supports their decision-making and reinforces the feeling that the product fits their needs. Interviewee 2 highlighted how

hyper-personalized content and examples could better resonate with the customer's situation:

"In the product page or when the customer comes to explore, if we could know about the customer during their visit, such as what they are interested in or what their life situation is, we could personalize examples, like how much a policy of this size cost for someone like you, for their needs."

Interviewee 2 further emphasized that such personalization should extend to the framing of product benefits. For example, if a customer has a mortgage, examples could connect the insurance product to loan related risks and therefore strengthen perceived relevance. This view was shared by multiple interviewees and arose in the discussions within the case company, highlighting that personalization in the prepurchase stage should help customers assess product suitability.

Second, interviewees noted that identifying the customer's motivators and value drivers is crucial. Understanding these motivators and drivers could help assess the customer's needs and support decision-making. Interviewee 3 explained that hyper-personalization requires understanding which aspects of value resonate with the customer the most:

"It would be about understanding the customer's situation and which types of combinations might work for them or what the main motivator is at that point... like what value we can provide to the customer and, in a way, which of these suit the customer, and what are the drivers of value creation in that situation."

Third, interviewees noted that recognizing the customer's preferred interaction channel could be beneficial because different customers prefer different kinds of interactions when buying life insurance. Some customers expect and prefer fully digital services while others favor more traditional channels. Hyper-personalization was therefore considered as a way to identify and support customers who prefer digital channels. For example, Interviewee 1 noted:

"Some people really want to take advantage of things like chatbots or any digital innovations that come along, while others prefer more traditional methods, like contacting by phone. Perhaps we could cater to those who expect highly digital service by offering it in a personalized manner."

This finding highlights that personalization at the prepurchase stage also involves tailoring the form of interaction, not only the content itself.

Fourth, cross-selling and contextual ways of discovering products were identified as important applications of hyper-personalization in the prepurchase stage. These themes

emerged both in the interviews and in discussions within the case company. Interviewee 2 explained how personalized product highlights could be introduced when customers are browsing other offerings:

“If a customer is exploring other products, we could bring in mentions of our products ... It can be that the customer sees content related to our product in another section, like the company website, but if we could pre-calculate something ... and encourage them to look further into how we calculated it, it would be even more enticing as we would make it even easier for the customer by pre-setting something for them, so they don’t have to do anything but click and refine if necessary, or just directly add to the cart.”

These kinds of approaches were perceived to reduce the effort required from the customer to move forward in the customer journey.

Fifth, interviewees highlighted that hyper-personalization could help make product suggestions for customers according to their situation and what other people in similar situations have bought. Interviewee 3 explained that recommendations could be based on what others in similar life situations have chosen:

“Often customers have bought this so this type of combinations in similar life situations have been what our customers mainly purchase.”

Finally, assessing the customers’ needs was identified as a potential application for hyper-personalization by some interviewees. Hyper-personalization could help to understand the individual customer’s situation and provide a tailored needs assessment. A tailored needs assessment could help the customer understand which products fit their situation and needs. For example, Interviewee 5 highlighted needs assessments that adapt to customer behavior:

“It would be very good for needs assessment ... we could use that information to create personalized needs assessments and suggest similar insurance products they might have viewed elsewhere.”

In the purchase stage, interview findings indicate that hyper-personalization offers several opportunities to create value. Utilizing existing data about the customer can help in understanding the customer’s interests and matching insurances to their profile. In this stage, a recurring theme was that hyper-personalization could help customers’ decision-making, as Interviewee 4 pointed out:

“Something that supports the making of the purchase decision.”

First, interviewees noted that customer insights could be utilized to tailor the digital experience in a relevant way for customers. For example, Interviewee 2 explained that an innovative approach is pre-suggesting compensation amounts using existing customer information, allowing customers to adjust as needed without initially providing their details:

"The compensation amount could somehow be pre-set so that the customer wouldn't have to provide any background information. We would just magically know everything, and of course, they could update it if they want."

Second, the relevance and order of content, such as texts, illustrations and the products themselves, was consistently highlighted by the interviewees in the purchase stage as well. Here, interviewees perceived that content that the customer is interested in could be emphasized while content not considered relevant for the customer could be hidden. Tailoring the order of content could involve, for example, prioritizing the products visually in an order that best suits the customer's preferences. Interviewee 2 explained that content could be visually tailored based on customer preferences:

"If it would be possible to somehow know what type of content the customer gets the most out of, so that the way products and compensation amounts are presented could even look different depending on what the customer's preferences are interpreted to be."

Third, interviewees noted that personalized product recommendations could provide additional value at the purchase stage. Such recommendations could consider the customer's preferences and needs, helping them navigate options more easily. These tailored recommendations could streamline the decision-making process but legal limitations should be taken into account.

Fourth, interviewees highlighted the importance of providing tailored support for customers as different customers have varying levels of support and reassurance needs. Some customers prefer verifying decisions with human assistance while others require minimal help. Here, interviewees saw potential in helping uncertain customers who need additional reassurance. Moreover, interview findings show that ensuring that customers have access to all necessary information and answers to their questions is crucial for completing purchases. Tools like chatbots or other such elements could provide the necessary information that customers need to make decisions, as Interviewee 1 explained:

"At least for those who are confirmers and want some other kind of opinion on the purchase or need some support, I do see that a chat or some element where they

can get confirmation that they are making good decisions and correct choices is probably necessary."

However, interviewees mentioned that opinions regarding chatbots are divided, and especially in the insurance industry, chatbots must be sophisticated, not clumsy.

Fifth, Interviewee 5 suggested that hyper-personalization could be utilized in flagging incomplete purchases when customers return to the purchase path, prompting them to revisit their previous choices or explore new options. AI supporting customers could also make the purchase stage more interactive as the AI support could answer questions or ask clarifying questions about the customer's needs.

Finally, although most interviewees did not mention the health declaration as an opportunity of hyper-personalization, Interviewee 5 explained that notifications about incomplete health declarations could be beneficial and recognizing previously completed health declarations could prevent the customer from entering same information multiple times. These kinds of notifications for incomplete health declarations also arose in the discussions within the case company.

The postpurchase stage also presents numerous opportunities for hyper-personalization. This stage was perceived by multiple interviewees as highly potential for hyper-personalization, especially from the perspective of improving customer satisfaction. The recurring theme across the interviewees was that hyper-personalization at this stage could focus on ensuring that insurance products remain relevant and valuable for customers. The key areas identified by the interviewees in this stage were: recognizing if a customer is about to terminate the insurance, identifying meaningful life events, proactive personalized communication, postpurchase reinforcement and adjusting policies according to customers' life situations.

First, the interview findings indicate that recognizing if a customer is about to terminate their insurance contract is crucial for maintaining customer loyalty. When customers consider cancelling their policy, prompting them to explore alternatives such as reducing the compensation amount or discontinuing only complementary coverages, can prevent policy termination, as Interviewee 5 explained:

"Support the existence of the insurance and suggest alternatives to cancellation, such as reducing the compensation amount or discontinuing some additional insurance."

Second, interviewees highlighted the importance of identifying moments in the customer's life that might lead to termination and using hyper-personalization to highlight insurance features or offer rewards for long-term customers. Such targeted interventions can

strengthen retention by affirming the product's suitability and benefits, as explained by Interviewee 2:

"If we could identify when a customer is at risk of canceling an insurance policy or if there is a phase in the customer lifecycle that should be considered, we could highlight certain aspects in the insurance presentation. For instance, emphasizing features like, 'This insurance has these characteristics, and customers your age often face these health issues,' which could strengthen retention and the perception that the insurance is suitable."

Third, proactive personalized communication plays a vital role in reinforcing the customer's purchase decision, reducing the likelihood of cancellation and continuing marketing even after the purchase. Interviewees noted the potential to identify the type of aftercare the customer needs and personalize communication accordingly, through channels such as emails, web messages or notifications. Tailoring messages to the customer's specific needs and preferences ensures that customers feel supported and valued, thus improving the overall experience.

Fourth, interviewees highlighted postpurchase reinforcement, ensuring customers are happy with their purchase decision. They underscored the importance of providing customers with relevant and tailored content, particularly at moments when they may reconsider their decisions. This relevance was seen as essential for reinforcing satisfaction and supporting customers in feeling confident about their choices. Interviewee 4 explained that providing relevant content helps reinforce satisfaction with their decision:

"A customer can make a purchase decision impulsively, but also the decision to terminate the insurance. If we have been able to provide them with content that is relevant to them, they can make the purchase decision in a way that is also relevant and tailored to their needs."

Fifth, adjusting policies to fit the customer's life situation is essential for maintaining the relevance of insurance coverage. According to interview results, hyper-personalization can be utilized to identify significant life changes, such as having children or buying a house, and then prompt necessary adjustments to insurance policies. Interviewees highlighted the need for flexibility in adjusting policies as life situations change, such as reducing coverage levels or acquiring additional protection. For example, Interviewee 3 explained:

"Recognizing whether, if a person has only taken life insurance, it is sufficient protection for their situation, expenses, and age, and in a way, understanding what people of this age typically need in terms of insurance coverage."

Being present to customers throughout different life stages ensures that the acquired product remains meaningful and valuable, as Interviewee 4 stated:

"Buying is important, but above all, I believe it's crucial that we support customers in their life stages and remain present later on so that the relevance of the acquired product is maintained."

Finally, interviewees identified that personalized content could also be present in the postpurchase stage. This includes the above-mentioned personalized marketing but also personalized content in the policy management stage in which customers can view and modify their policies.

When asked which of the identified hyper-personalization opportunities were most promising for improving customer satisfaction, interviewees pointed to several factors across the customer journey. Each customer journey stage contained promising opportunities. Key themes included personalized and customer-centric communication in the prepurchase stage, relevance of the content during purchase stage, reassurance in the postpurchase stage and providing support at all stages.

In the prepurchase stage, interviewees perceived customer-centric personalized communication as highly potential from the perspective of customer satisfaction. Explaining clearly why the product fits the customer's situation was considered a key factor in improving customer satisfaction. Interviewee 5 underscored the need for communication that resonates with the customer's personal circumstances:

"It should be clear and trustworthy as to why it would be beneficial. Why this would be good for me based on my insurance history or my life situation, or what kind of peace of mind it brings me. It's also about living in the customer's life, so that the communication is truly customer-centered."

In the purchase stage, interviewees considered personalized content and provision of adequate support to play a key role as this is often the stage in which customers, especially uncertain ones, encounter challenges and require support. Interview findings indicate that the purchase stage is an important cornerstone for customer satisfaction. The content at the purchase stage was considered important to ensure the customer feels the purchase is meaningful and encourages the customer to make the purchase decision, as Interviewee 1 summarized:

"The smoothness throughout the entire purchase journey is something that affects satisfaction. As long as everything goes smoothly and is easy for the customer, they will probably be satisfied."

Some interviewees considered the postpurchase stage to be the most promising from customer satisfaction perspective. The importance of reassurance after purchase and ensuring the customer feels the product fits them was consistently highlighted by the interviewees as important factors contributing to overall customer satisfaction. Interviewee 4 explained how this stage contributes to building long-term relationships between the customer and the firm:

"For customer satisfaction, it's probably the postpurchase confirmation. I think of purchasing as just one moment, while the lifecycle of the insurance contract spans decades."

Furthermore, supporting the customer and providing answers to questions was considered both promising and important across all stages of the customer journey.

7.3 Which Touchpoints to Personalize and Which Not?

Interviewees identified several touchpoints that are particularly beneficial for hyper-personalization. These touchpoints span across all customer journey stages, each offering high potential to improve customer satisfaction and business performance. Table 12 illustrates the most beneficial touchpoints across the customer journey stages along with the interviewees that mentioned them. As illustrated in Table 12, the prepurchase and purchase stages were considered as the most beneficial stages.

Table 12. The most beneficial touchpoints for hyper-personalization.

Stage	Touchpoints for hyper-personalization	Interviewees
Prepurchase	Marketing touchpoints (ads, social media, communication, influencers)	1, 3, 4, 6
	Product description page	2, 6
Purchase	Product selection	1, 2, 5
	Filling information	1
	Needs assessment	5
	Making the offer	5
	Purchase path	6
Postpurchase	Notifying about changes and prompting advice	3, 5

Regarding the prepurchase stage, several interviewees identified marketing touchpoints such as advertisements, social media interactions and communication as prime opportunities for hyper-personalization. Interviewees explained this high potential with the possibilities to improve customer attraction. Although multiple interviewees mentioned marketing touchpoints, the exact touchpoints varied. Some interviewees highlighted targeting customers with tailored ads and messages, while others emphasized social media advertising and interest generation.

In addition, some interviewees directly noted the product description page as a great opportunity for hyper-personalization because there is a lot of content that would be beneficial to personalize. According to discussions within the case company, the content and examples in the product description page are generally perceived as beneficial to personalize because of the high potential to communicate product information and target groups effectively to customers, thus attracting customer interest. However, Interviewee 3 pointed out that personalizing the product description page could, in some situations, frustrate the customer if the personalization is based on incorrect data.

Regarding the purchase stage, the most frequently mentioned touchpoint was product selection. Personalization could simplify the decision-making process and support product and coverage level selection. In addition, information inputs, needs assessment, making the offer and the purchase path itself were considered highly beneficial touchpoints by some interviewees. It is noteworthy that all the mentioned touchpoints in the purchase stage are within the purchase path. Interviewee 5 emphasized the potential of hyper-personalizing needs assessment and purchase page touchpoints to improve the purchase experience:

"Needs assessment is certainly, along with making the offer... Understanding what the customer wants to purchase and offering something additional."

Regarding the postpurchase stage, some interviewees highlighted that postpurchase care is particularly beneficial for hyper-personalization. They highlighted identifying life situation changes and advising customers on appropriate adjustments to their coverage. Interviewee 5 suggested that notifying customers of changes and offering tips for enhanced protection can strengthen the value of their insurance:

"In the postpurchase stage, alerting customers to changes and providing tips, such as 'Have you noticed this addition or change? If we have a complementary insurance that offers broader coverage, we should highlight that for future protection.'"

Despite the prepurchase stage being perceived as the most beneficial stage for hyper-personalization, interviewees underscored the necessity of integrating hyper-personalization throughout the customer's lifecycle. This suggests that implementing hyper-personalization in only some of the customer journey stages might not be enough but rather hyper-personalization should be implemented in all stages of the customer journey to get the most out of its benefits. For example, Interviewee 6 explained:

"While the focus is there, perhaps if a company adopts hyper-personalization, it will certainly be implemented across the entire customer lifecycle. I would prefer to think of it as starting there and then implementing it throughout the entire customer experience, because it's very important that we have a consistent customer experience across all channels."

Interview findings indicate that there are a couple of reasons why the touchpoints illustrated in Table 12 are the most beneficial ones and what benefits they bring. These benefits include improving and enhancing customer experience, sales, marketing and conversion. For example, Interviewee 6 explained why implementing hyper-personalization to marketing touchpoints and the digital purchase path are the most beneficial ones:

"Firstly, due to coherence, for the customer experience, for sales, for enhancing marketing, and for conversion."

Despite the highly potential touchpoints for hyper-personalization, interviewees noted that some touchpoints may be unsuitable because customers might perceive personalization as intrusive or inappropriate. These touchpoints included needs assessment, pricing and health declaration. At these touchpoints, personalization should be limited or abandoned altogether. Figure 36 illustrates the touchpoints that were perceived to belong into this category. In addition, too predictive personalization was considered as inappropriate.

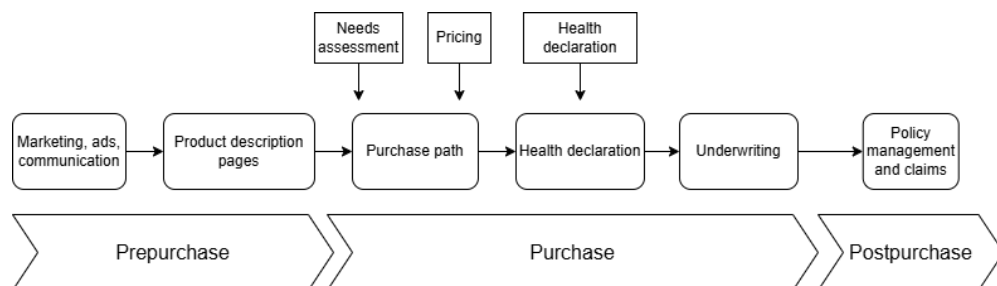


Figure 36. Touchpoints in which personalization may be intrusive or inappropriate.

First, the touchpoint of needs assessment within the purchase path was identified as an area where hyper-personalization might be perceived negatively. Interviewee 4 noted

that excessive personalization during needs assessment could lead to impulsive decision-making, undermining the careful evaluation of the customer's actual needs. Impulsive decision-making was considered a risk as afterwards the customer might feel that the product is not suitable for them. This could ultimately increase the risk of policy termination and therefore undermine long-term customer relationships. In addition, making too predictive assumptions during needs assessment could make customers feel they lack control. However, it's important to allow the customer to make the final decision and adjust suggestions as needed.

Second, hyper-personalizing the pricing based on customer profiles during the purchase path raised concerns. Interviewees explained that altering prices significantly based on customer type could be viewed negatively by the customers. For example, Interviewee 6 noted:

"If we started changing prices significantly based on what type of customer is involved... customers might view it negatively."

Third, most interviewees identified the health declaration touchpoint as particularly sensitive as the use of personal health data in this context could raise privacy concerns. Some customers find the collection of personal health data irritating and intrusive. Adding hyper-personalization to such a sensitive stage could be perceived negatively by customers. Often customers perceive personal health data as highly sensitive and therefore utilizing hyper-personalization at a touchpoint that should be kept private could have a negative effect, as Interviewee 1 noted:

"If it somehow becomes too personal, it can be a bit, perhaps even frightening."

In addition, interviewees highlighted the possible discomfort associated with overly predictive personalization, particularly when it relies on data combinations unknown to the customer. This highlights that personalization being perceived as inappropriate or intrusive is not only about the touchpoints it is applied to but also about how personalization is implemented. Interviewee 3 explained:

"If it's too predictive or based on data the customer doesn't expect us to combine, it might feel intrusive."

To overcome the challenge of personalization being perceived as inappropriate, interviewees highlighted the importance of collecting the customer's consent, transparency of personalization and taking compliance-related factors into account. At the center of all the important factor is responsibility. Collecting the customer's consent for hyper-personalization was a recurring theme across all interviews. It's important that the customer's consent is collected via a transparent process. Ultimately, consent collection is the key

enabler of hyper-personalization as it is not possible without the customer's consent. In addition, transparency in personalization, meaning that personalization is done according to the customers' consent and the customer is aware of the data used for personalization, is highly important. Finally, it was considered crucial to ensure that personalization respects customer privacy and adheres to GDPR and data protection regulations.

When asked directly about touchpoints that should not be personalized, interviewees mentioned the health declaration, needs assessment, documents and certain postpurchase notifications. These touchpoints are illustrated in Figure 37. As noted above, health declaration and needs assessment were also considered touchpoints where personalization could be intrusive. Therefore, in most situations, personalization should not be applied to touchpoints that have a high risk of being perceived as intrusive.

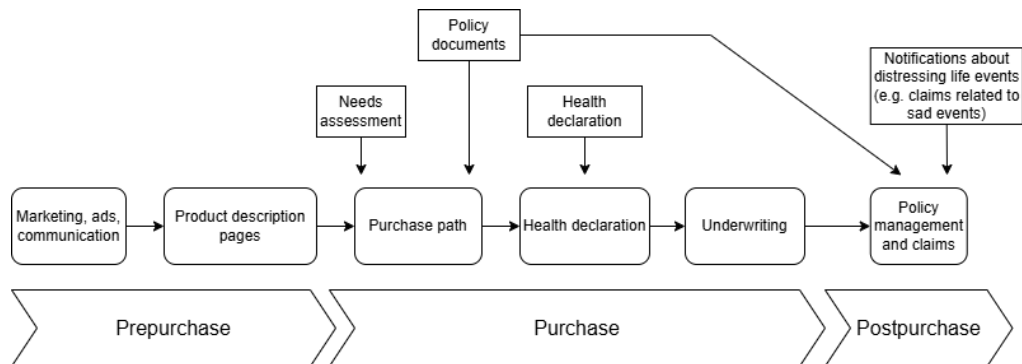


Figure 37. Touchpoints that should not be personalized.

First, the health declaration emerged most frequently as a touchpoint in which personalization should be limited because of the sensitive nature of health data and the potential for privacy concerns. Second, the needs assessment was identified as a touchpoint in which personalization should be carefully managed. Interviewee 4 pointed out that while it might be tempting to simplify communication, it's important to ensure that customers have a genuine understanding of their situation and make informed decisions:

"Even though it's tempting to use nice and simple words, we must ensure that the customer knows we first understand their situation and then they can share that with us, rather than us mining big data and suggesting what might be good for them."

Third, some interviewees mentioned the policy documents as unsuitable for personalization. They emphasized the importance of maintaining legal consistency and clarity in documentation. Therefore, the policy documents should be the same between different customers. For example, Interviewee 2 noted:

“Surely at least these documents are such that, although they contain a lot of content and could be tailored to be more easily readable for the customer, they are often legal documents. So, I would say they shouldn't be personalized.”

Finally, Interviewee 5 raised concerns about notifications related to sad life events, suggesting that personalization in such contexts might not be suitable:

“In life situations involving sad events, communication or notifications, even regarding claims processing, might not be suitable.”

However, some interviewees pointed out a broader perspective, suggesting that there is no specific place where personalization could not be utilized, but rather the quality and depth of personalization should be considered. Overly deep personalization could lead to customers having highly different experiences of the service, undermining the consistency of customer experience. Interviewee 3 explained:

“I wouldn't really categorize it as saying there's a specific place where it can't be used. It's more about how far-reaching the conclusions are made from the data and the quality of that data.”

When asked about the risks of applying hyper-personalization incorrectly, interviewees noted that it could undermine the digital customer journey. The most mentioned risks were related to reputation and trust, accuracy of personalization, intrusiveness, customer understanding, compliance and privacy. These risks are presented in Table 13.

Table 13. Key risks of misapplied hyper-personalization.

Risk category	Core risk
Reputation and trust damage	Inappropriate targeting reduces customer trust and harms brand reputation.
Misinterpretation	Incorrect assumptions lead to irrelevant or misleading personalization
Intrusiveness	Personalization feels too invasive
Misunderstandings	Essential information may be hidden
Compliance	Process flaws could jeopardize policy validity or liability
Privacy, consent and security	Unclear use of personal data could lead to privacy concerns or security risks

First, interviewees noted that poorly targeted or overly aggressive personalization can cause reputational damage and weaken customer trust. When customers feel incorrectly categorized or the received personalization doesn't fit their profile, they may question the reliability of the information, reducing their willingness to share personal data in the future.

Second, several interviewees emphasized that poor data quality or incorrect assumptions can result in recommendations that are irrelevant or even misleading. In the context of life insurance, such inaccuracies may confuse the customer and affect negatively on the purchase decision. These kinds of errors are not only inconvenient but also cause confusion about the suitability of the coverage.

Third, intrusiveness emerged as another critical risk. Interviewees mentioned that personalization which appears too personal or signals the use of sensitive data may cause discomfort. This reaction could then increase drop-offs, especially in touchpoints that should not be personalized in the first place, such as the health declaration.

Fourth, the risk of misunderstanding was highlighted by several interviewees. A recurring concern was that personalization might unintentionally hide or de-emphasize important information. This information can be important for the customer when making the purchase decision or estimating the suitability of the product. If customers do not clearly understand what they are buying, post-purchase dissatisfaction becomes more likely.

Fifth, interviewees consistently highlighted the role of compliance. They noted that if personalization affects the sales process in a non-compliant way, it may cause problems afterwards. For example, if the journey does not clearly present mandatory information, the contract's validity and liability could be questioned.

Finally, interviewees noted the importance of privacy, consent and data security. Transparent data use plays a key role in managing these risks. Unclear purposes, inadequate consent mechanisms, or weak security can lead to privacy concerns and ultimately to the loss of customer trust. Customers may also avoid providing any information altogether which undermines the possibility of utilizing personalization in the future.

When discussing how it should be decided which touchpoints should be personalized and which should not, interviewees highlighted a combination of customer feedback, data analytics, experimentation and regulatory constraints. Overall, personalization was not viewed as applicable to all touchpoints but rather it should be targeted to touchpoints where it improves customer experience without compromising compliance or clarity.

First, several interviewees noted the importance of customer feedback and data analytics in identifying suitable touchpoints for personalization. Customer feedback can reveal the stages and touchpoints in which content fails to resonate with customers' situations. In addition, data analytics was seen as a key tool for decision-making, especially for identifying drop-off points in the customer journey, as explained by Interviewee 1:

“From an analytics perspective, I see that you could get support for deciding what to personalize. If we see that many people get stuck at a certain point, that would probably be something worth testing whether personalization could help people move through more smoothly.”

Overall, interview results indicate that personalization efforts should be prioritized to the customer journey stages with high drop-off rates.

Second, a recurring theme across multiple interviews was the need for a test-and-learn approach. Mostly interviewees mentioned A/B testing as something that would be suitable for this purpose. Customer experience should be studied before broader implementation, meaning that personalization could initially be introduced to customer segments that are more positively inclined toward such features. Interviewee 3 noted that personalization decisions should be grounded in experimentation, allowing organizations to evaluate impacts on conversion, customer satisfaction and average purchase value:

“It would be great if these could be A/B tested, so we can see how this affects conversion, customer satisfaction, or average order value ... and look for where we are weakest and whether personalization could help there.”

Third, regulatory and compliance considerations were consistently identified as non-negotiable boundary conditions. Legal requirements related to data protection, insurance contracts and consumer protection significantly constrain which touchpoints can be personalized in the first place. For example, certain information might need to be presented in a standardized way which limits the number of possible variations that personalization can offer in such cases, as Interviewee 6 noted:

“Some things need to be stated in a specific form, so those are something we have to include regardless.”

Personalization is therefore best approached as a selective and evidence-based practice rather than applied to every part of the digital customer journey.

7.4 Hyper-personalization Impacts Across the Customer Journey

Interviewees perceived the impact of hyper-personalization on conversion to be strongest at the prepurchase and purchase stages. While views differed regarding the single most influential stage, the findings consistently highlighted two broad areas: the early stages of the journey, where interest and relevance are established, and the purchase stage, where concrete product choices, pricing and purchase confirmation take place. Figure 38 illustrates the perceived impacts of hyper-personalization on conversion across the customer journey stages. Importantly, interview results indicate that the effectiveness of hyper-personalization depends on consistency across the entire journey rather than optimization of isolated touchpoints.

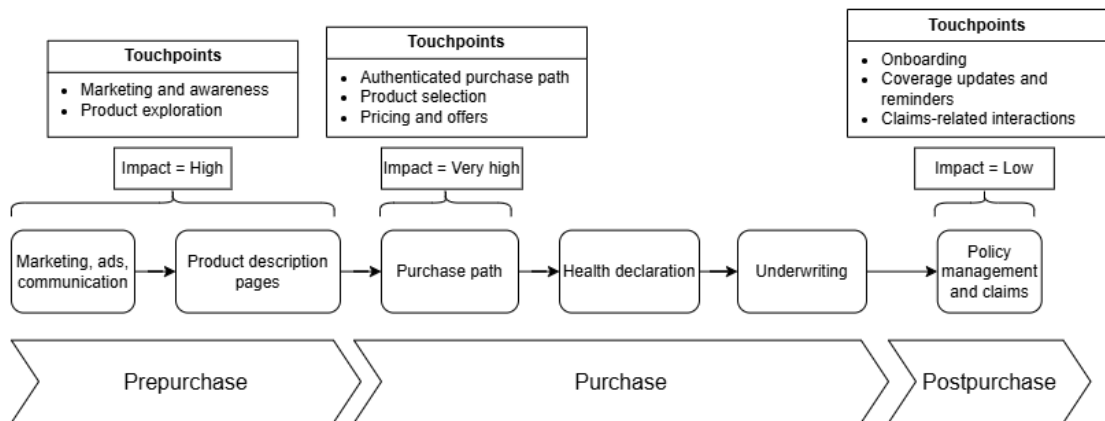


Figure 38. Hyper-personalization impacts on conversion.

Several interviewees highlighted hyper-personalizing the early stages of the customer journey, particularly marketing and initial exploration, as highly influential on conversion. If customers understand the product and its relevance before entering the purchase path, conversion becomes more likely. The prepurchase stage can be considered as a funnel in which the goal is to attract relevant customers and help them recognize the value of the offering. Interviewee 3 explained that the most important impact may occur before customers enter the actual purchase path:

“If we get a person who understands the product and its features, then the buying itself is more likely to end in a purchase.”

Regarding the purchase stage, multiple interviewees identified decision-making and product selection stages as critical from conversion perspective. Interview results indicate that moments where customers must make concrete choices are potential deal breakers, meaning that these moments decide whether customers move forward or

abandon the process. For example, Interviewee 1 highlighted that the difficulty of decision-making can have a huge impact on conversion:

“When you actually have to make the decisions about your own product and the related choices ... it’s quite significant for conversion whether you find a suitable package for yourself or whether it feels too difficult to make those decisions.”

Similarly, Interviewee 2 described product selection as a decisive stage, noting that failure to convince the customer at this point can cause the customer to abandon the process entirely:

“It’s a kind of deal breaker. If we don’t succeed in convincing the customer that this is suitable, easy, fast, and priced right, they won’t move forward.”

These perspectives underscore the role of hyper-personalization in reducing complexity, increasing perceived fit and supporting customer confidence during decision-making.

Regarding the purchase stage, pricing and offer-related interactions were also perceived as highly impactful. Although customers may show initial interest, conversion in the purchase stage can drop quickly if the price feels misaligned with expectations. In contrast, when personalization ensures relevance, pricing becomes a key confirmation point in the journey. According to discussions within the case company, many customers compare prices between different insurance providers, which also has a significant impact on this stage. The offer and purchase confirmation touchpoints also play a critical role from conversion perspective as the conversion increases significantly when the offer is perceived as the best possible option for the customer.

The postpurchase stage, in which onboarding and policy management take place, was not considered impactful from conversion perspective. This is understandable, as at this stage the customer has already proceeded through the purchase process.

Furthermore, interviewees highlighted that personalization should not be viewed as effective only at isolated touchpoints, but rather throughout the whole customer journey. This means that the entire journey must feel coherent and personally relevant in order to keep customers engaged until the end, as inconsistency may cause drop-offs even if individual stages are optimized.

In terms of customer satisfaction, interviewees perceived the impact of personalization to be the strongest at purchase and postpurchase stages. While customer satisfaction and trust were seen to begin forming during the purchase process, the postpurchase stage was consistently highlighted as the most important stage for building trust and

long-term customer relationships. Figure 39 provides an illustration of the perceived impacts of hyper-personalization on customer satisfaction and trust across the customer journey stages.

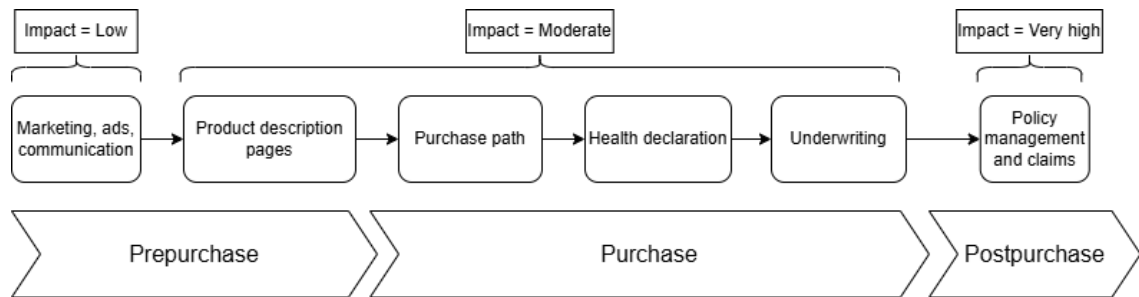


Figure 39. Hyper-personalization impacts on customer satisfaction and trust.

Regarding personalization at the prepurchase stage, none of the interviewees considered it to have the biggest impact on customer satisfaction and trust. Some of the interviewees mentioned the purchase process in a broader perspective which can include some parts from the prepurchase stage. However, as illustrated in Figure 39, it's clear that personalization has more impact on customer satisfaction and trust in the later stages.

Regarding personalization at the purchase stage, interviewees highlighted the importance of product selection and especially the authenticated purchase path. Personalization can positively affect trust when it simplifies decision-making and increases relevance. Such personalization becomes possible when the customer is recognized, in other words, logged into the system. When executed accurately, such personalization can reduce effort, increase perceived value and create the feeling that the company is helping the customer, as Interviewee 3 explained:

“The purchase path, because at that point the customer is often logged in and only then are we able to use the type of data we actually have ... and if it hits right and is high quality, then you get the feeling that you're making my life easier.”

The product selection touchpoint during the purchase process was also considered important because at that point customers evaluate whether the product is suitable for them. In addition, brand perceptions were mentioned as factors that affect trust during the purchase stage, indicating that personalization is not the only factor affecting trust.

Despite the importance of the purchase stage, interviewees consistently viewed personalization on the postpurchase stage as the most influential for customer satisfaction and trust. Trust is present during the purchase process but it's primarily built afterwards when customers interact with the product. Interviewee 1 explained that trust grows through

how well the product fulfills expectations and how well postpurchase processes, such as making changes or handling claims, work:

“How the product actually delivers on the expectations the customer had when buying it probably affects customer experience and trust going forward.”

Furthermore, interview results indicate that postpurchase personalization is linked to customer retention and satisfaction. This highlights the importance of keeping the coverage up to date and delivering the value customers expect throughout the policy’s lifecycle. However, certain postpurchase touchpoints, especially claims handling, can be much more important than any personalization efforts if they are handled poorly. This suggests that while personalization can improve customer satisfaction and trust, it cannot compensate for failures in core service quality. Interviewee 3 highlighted that personalization in the postpurchase stage enables long-term customer relationships:

“If we help the customer keep their insurance coverage current and things in order, that enables retention.”

Finally, interviewees consistently noted that well-executed and accurate personalization increases customer satisfaction and trust when customers approve its use but becomes harmful if perceived as intrusive. Interviewee 4 pointed out that while personalization can strengthen trust when done well, it can have the opposite effect if perceived as intrusive:

“If executed well, it can impact trust positively but if it’s too pushy or aggressive, then it’s a bad thing.”

When asked to compare the impact of personalization across the customer journey stages, interviewees generally agreed that personalization does not have an equal impact across all stages of the customer journey, but its effectiveness depends on the role and purpose of each touchpoint. While some interviewees found it difficult to point out a single dominant stage, most highlighted the prepurchase and purchase stages, especially for authenticated customers.

Interviewees noted that personalization can improve the buying experience, accelerate sales and increase conversion and commitment to the firm. However, the impact of personalization differs significantly before and after logging in, suggesting that deeper forms of personalization are both more feasible and more impactful once the customer has been identified. For example, Interviewee 5 explained:

“It’s very important to think about what kind of hyper-personalization is possible before login versus after login, because the levels are very different.”

However, not all touchpoints benefit equally from personalization. For example, confirmation pages and thank-you pages primarily serve a functional purpose and offer limited potential for value creation through personalization because at these stages customers simply want to proceed or verify that the stage is complete. Interviewees noted that the most impactful stages should be identified by empirically examining where customer satisfaction or experience underperforms, indicating that personalization should be targeted to pain points.

Finally, some interviewees emphasized the importance of consistency across the entire customer lifecycle rather than focusing on isolated touchpoints. Interviewee 6 highlighted that personalization should not be limited to isolated touchpoints but rather implemented across the entire journey to achieve maximum effectiveness:

“When companies introduce personalization, it shouldn’t be left to just one point, but it needs to be implemented across the whole customer lifecycle and all touchpoints for it to work most effectively.”

When asked how customers might respond to highly personalized services in the insurance context, interviewees generally expected reactions to be positive but diverse. Overall, well-implemented hyper-personalization was perceived to improve customer experience, satisfaction and customer relationships. Interviewee 6 expressed this view clearly:

“I see it positively. The customer feels that the company understands them and their needs better.”

However, interviewees pointed out that customers are not a uniform group in how they perceive highly personalized digital services. They noted that customer reactions are affected by factors such as in digital maturity, demographic factors, expectations toward data use and the perceived balance between usefulness and intrusiveness. For example, some customers are less used to digital services than others. However, in the life insurance industry, many customers are already used to digital services and view personalization as a natural part of developing the services. Therefore, the resistance towards highly personalized services may reduce over time as digital services become more common. Overall, hyper-personalization was considered likely to divide customers, as Interviewee 1 explained:

“Some people are very much on board with AI and impressed by what can be achieved and the kind of customer experience it can create, while others may be more cautious or feel that personalization becomes intrusive.”

Demographic factors, especially age and life situation, were identified to influence customer responses. Younger and working-age customers are more likely to expect and

appreciate personalized digital services whereas older customers may be more critical towards them. Interview results indicate that customers aged approximately 20 to 55 could be particularly interested in hyper-personalized services, especially in customer segments like single households, dual-income couples and families with children. Interviewee 4 noted that older age groups often seek human service but also highlighted that hyper-personalization may be able to offer such personal service digitally:

“The older the age group is, the more irritating this kind of personalization tends to feel, but in those cases people are often seeking personal service provided by another human. On the other hand, this kind of hyper-personalization essentially responds to the same need, it is just produced programmatically, but it addresses the same demand.”

Finally, trust and transparency were identified as key conditions for positive customer responses. As life insurance involves sensitive personal and health information, interviewees noted that it must be clearly communicated how and why personalization is applied. Transparency in personalization was considered key to preserving customer trust. Customers were perceived to increasingly accept that services differ between users, but only if the logic behind personalization is understandable and perceived as fair. The level of personalization should be carefully considered and a balance between benefits and sacrifices needs to be found, as Interviewee 3 pointed out:

“It’s worth considering whether the benefit gained is in proportion to the feeling it creates for the customer, even if the data exists.”

8. DISCUSSION

This chapter discusses the findings related to the main research objective and answers each of the four research questions outlined in section 1.2. At the same time, this chapter combines the findings of the theoretical section with the findings of this research, linking the findings to existing literature.

8.1 The Role of Hyper-Personalization in Sales

This section answers the first research question: “What problems in customer journeys could be solved by utilizing hyper-personalization?”. To answer this research question, this study aimed to examine the types of problems that could be solved by utilizing highly individualized tailoring and more broadly to provide an understanding of the role of hyper-personalization in customer journeys. The most common problem types that hyper-personalization addresses are described in Table 11. In general, these problem types relate to improving decision-making and content resonance. In addition, the findings show that hyper-personalization has an important role in value co-creation.

The findings indicate that hyper-personalization plays an important role in supporting customers’ decision-making. As customers face different kinds of challenges when purchasing life insurance online, such as understanding the products and selecting suitable coverage levels and combinations, helping customers overcome these challenges and make decisions is key to increasing sales. The findings suggest that hyper-personalization can mitigate these challenges by tailoring information, recommendations and journey structure to the individual customer. Furthermore, as the success of the sales process depends on the customer’s final decision, actions supporting decision-making have a huge impact on sales and conversion. This finding is supported by existing research, noting that AI and AI-driven personalization help customers’ decision-making by aligning the purchase process with individual customer needs and preferences (Gao & Liu, 2023; Hoyer et al., 2020; Rana et al., 2022; Weidig et al., 2024). In other words, hyper-personalization supports the customer in the decision-making process which in turn can increase sales and conversion.

In addition, the findings show that hyper-personalization can support customers moving forward in critical touchpoints. As illustrated in Figure 34, important conversion factors identified in the customer journey were informational content in the prepurchase stage, and journey simplicity and real-time support availability in the purchase stage. These

conversion factors are directly related to supporting decision-making in the purchase process. Informational content helps the customer determine product suitability and communicate relevant product features, increasing the probability of the customer continuing to the purchase stage. In the purchase stage, journey simplicity and real-time support help the customer determine the appropriate coverage level and product combination, increasing the probability of the customer making the final purchase decision. Figure 40 further illustrates how hyper-personalization supports the purchase process by solving challenges and helping in decision-making.

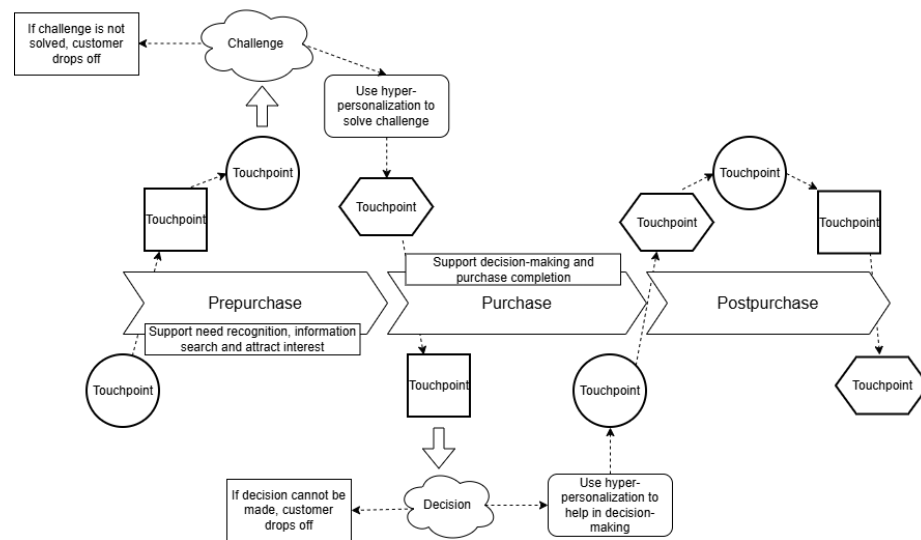


Figure 40. *Hyper-personalization supports the purchase process.*

In the prepurchase stage, the role of hyper-personalization is mainly to support need recognition, information search and attract interest. The findings suggest that personalized informational content helps customers determine product suitability and understand which insurance products fit their life situation and needs. By tailoring content, examples and product framing, hyper-personalization reduces information overload and increases perceived relevance. This in turn increases the probability of the customer proceeding to purchase. This closely relates to the concept of personalized navigation, described by Gao & Liu (2023), which guides customers toward relevant content and offerings in the prepurchase stage. Similarly, Hoyer et al. (2020) and Chen & Prentice (2025) note that AI-based recommender systems and virtual assistants reduce search effort and uncertainty by filtering information and presenting tailored options.

In the purchase stage, hyper-personalization plays an important role in supporting final decision-making and purchase completion. The findings suggest that journey simplicity, tailored suggestions and real-time support drive customers forward in the purchase process. Hyper-personalization helps customers decide on the appropriate coverage level and product combination. This finding aligns with Gao & Liu (2023), who highlight the

importance of personalized nudging in the purchase stage. In addition, existing research indicates that AI-enabled nudges and real-time assistance improve perceived convenience and reduce cognitive effort during the purchase stage (Hoyer et al., 2020; Weidig et al., 2024). This is particularly important in the context of life and personal risk related insurance products, which are commonly considered complex, as these mechanisms help customers through the final stages of the purchase process.

The findings suggest that hyper-personalization has an important role in improving content resonance, especially in the prepurchase stage in which customers assess whether the product is meant for them. As illustrated in Figure 41, hyper-personalization aligns content with customer preferences so that the content is relevant for the customer. When the content resonates well, the customer likely continues the journey, whereas non-resonating content may lead to the customer abandoning the journey. This is closely related to information personalization, noted by prior research such as Hoyer et al. (2020) and Chen & Prentice (2025), but provides a new angle to it from the sales perspective. Here, hyper-personalizing content in a way that deeply resonates with the customer enables highly individualized sales arguments in digital self-service channels by tailoring examples, texts and visualizations to the customer's preferences and needs. Therefore, content resonance functions as a driver for conversion and customer satisfaction because customers feel a stronger sense of fit.

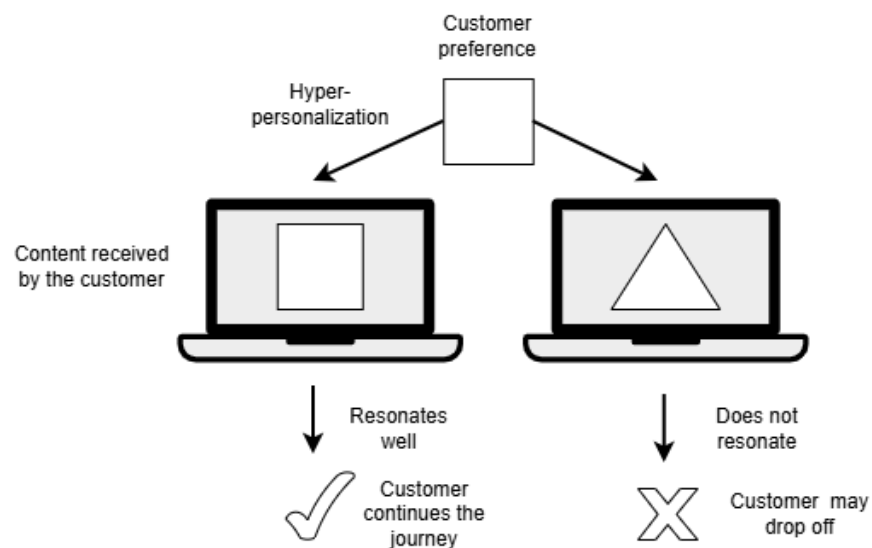


Figure 41. Hyper-personalization improves content resonance.

Furthermore, the findings align with prior research indicating that hyper-personalization can support value co-creation between the customer and the firm (Jain et al., 2021; Rana et al., 2022; Payne et al., 2021). The findings show that hyper-personalization enables the company to better understand the customer's needs, while the customer contributes information that supports personalization. Therefore, customers receive offerings that

align better with their needs, contributing to customer retention and creating value for the customer and the firm.

8.2 Hyper-Personalizing the Customer Journey

This section answers the second research question: “What types of hyper-personalization applications could be implemented at different stages of the customer journey?”. To answer this research question, this study aimed to identify the key hyper-personalization applications across the customer journey stages. The findings indicate that, while a wide range of applications was identified across all customer journey stages, each customer journey stage presents different kinds of needs for hyper-personalization. Across all customer journey stages, content personalization emerged as a key application, indicating how resonating content can improve customer journeys in each stage. In addition, each customer journey stage contained stage-specific applications. Figure 42 illustrates and compares the hyper-personalization applications between existing literature and the findings of this research.

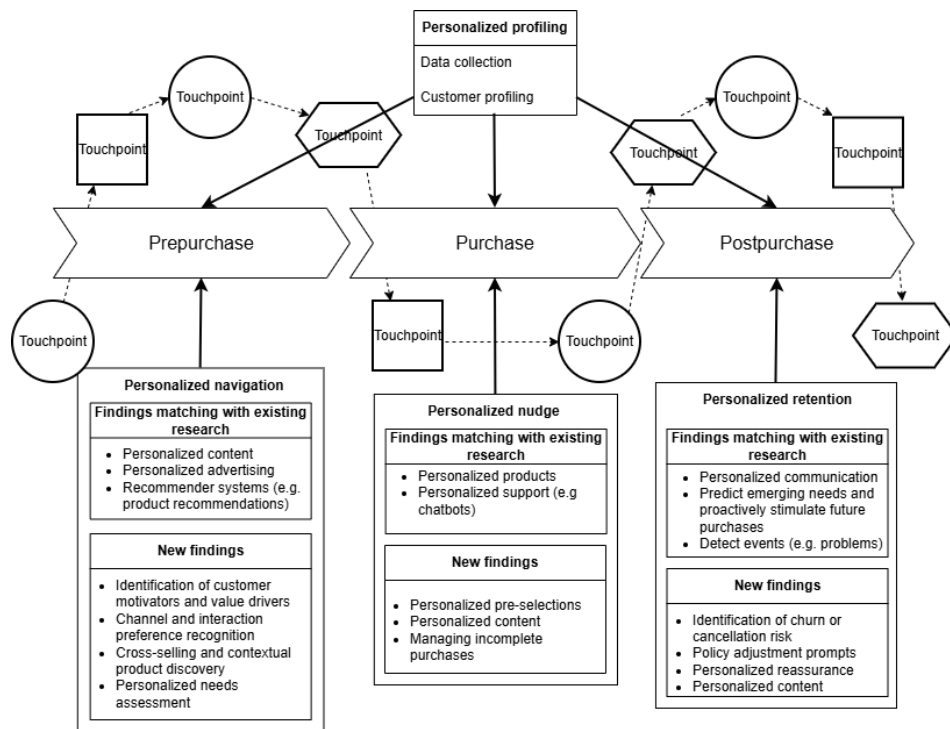


Figure 42. Hyper-personalization applications across the customer journey.

As illustrated in Figure 42, personalized profiling plays a crucial role behind the scenes enabling hyper-personalization. The findings indicate that the collection and utilization of customer data are key for enabling hyper-personalization, or any form of personalization. Personalized profiling was considered to start from collecting the customer’s consent for

personalization. After consent is given, customer data can be utilized for creating a personalized customer profile according to which personalization efforts can be implemented. This is in line with the findings of Gao & Liu (2023) and Hoyer et al. (2020). According to them, personalized profiling in hyper-personalization is done by collecting behavioral and contextual data from previous experiences, building individual-level customer profiles according to the collected data and then predicting future behavior. Therefore, personalized profiling is a key requirement for implementing hyper-personalization. Regarding the prepurchase stage, both the findings of this research and existing literature (Gao & Liu, 2023; Hoyer et al., 2020; He & Zhang, 2023; Chen & Prentice, 2025) identify personalized content, personalized advertising and recommender systems as key applications in driving personalized nudging and interest attraction. These mechanisms help customers understand complex products by presenting information in a way that matches their preferences and life situation. Furthermore, these applications guide the customers' attention, attract interest, reduce information overload and support early evaluation.

In addition, the findings of this research extend existing literature as new applications were identified. These applications include identification of customer motivators and drivers, recognition of preferred channel, cross-selling and contextual product discovery and personalized needs assessment. While existing research focuses on personalizing information and recommendations, the research findings indicate that hyper-personalization can also affect how customers engage with the journey, not just what they see. Moreover, the findings add that personalized content can be utilized to adjust texts, illustrations and examples in a way that resonates with the customer, driving the customer forward in the purchase process. Interestingly, virtual assistants and chatbots supporting the customer are highlighted in existing literature but were not identified by the interviewees in the prepurchase stage (He & Zhang, 2023; Hoyer et al., 2020).

Regarding the purchase stage, both the findings of this research and existing literature (Gao & Liu, 2023; Hoyer et al., 2020; He & Zhang, 2023; Weidig et al., 2024; Arora et al., 2008) identify personalization of products and support mechanisms as key applications to actively support decision-making through personalized nudging. The findings highlight that, in the insurance context, personalization of products involves personalizing the compensation amounts of individual insurances and product combinations. Furthermore, interviewees considered personalized support to include personalizing both the form of support and the support interaction. In the context of life insurance, these applications address common challenges related to product complexity and uncertainty by simplifying choices and supporting decision-making.

Extending prior research, the findings highlight opportunities in the purchase stage that focus on simplifying the purchase process. Personalized pre-selections, management of incomplete purchases, and content personalization and prioritization support decision-making by predicting customer behavior and minimizing the required effort. This extends the idea of personalized nudging, described by Gao & Liu (2023), to include decision-making support which is highly relevant in the complex insurance context.

However, some of the findings differ from existing literature. While existing research identifies personalized pricing as a key application in the purchase stage (Gao & Liu, 2023; Hoyer et al., 2020), the findings indicate that personalized pricing in the life insurance context can be more of a risk than an opportunity. This highlights that hyper-personalization applications are highly context-specific. Therefore, personalized nudging in this context is more effective when focusing on supporting decision-making and journey simplicity.

Regarding the postpurchase stage, the findings indicate that hyper-personalization functions as a mechanism to ensure customer retention, coverage relevance and customer satisfaction. This aligns with prior research as these kinds of personalized retention mechanisms are recognized in existing literature, such as Gao & Liu (2023). Furthermore, the findings align with existing literature that highlights personalized communication, need prediction and event detection as key postpurchase applications to support personalized retention (Weidig et al., 2024; Gao & Liu, 2023; Hoyer et al., 2020). By personalizing communication and considering customers' changing life situations, hyper-personalization helps maintain the value of the insurance product after initial purchase.

Extending prior research, the findings highlight identifying cancellation risk, proactively supporting policy adjustments, personalized reassurance and personalized content as central retention mechanisms. These mechanisms make postpurchase personalization a proactive form of continuous customer engagement. Therefore, hyper-personalization enables firms to remain present throughout the customer's life events and ensure that the customer perceives the insurance as valuable and relevant.

8.3 Which Touchpoints to Personalize?

This section answers the third research question: "Which touchpoints should be personalized, and which should not?". To answer this research question, this study aimed to understand which touchpoints are the most suitable for personalization and at which touchpoints personalization should be limited or abandoned altogether. The findings show that there are clear differences between touchpoints in which personalization is

suitable and unsuitable. Table 14 presents a comparison between the characteristics of touchpoints that are suitable and unsuitable for personalization according to the findings of this research. These characteristics help determine when touchpoints should be personalized and when not, as requested by Mehmood et al. (2023).

The findings show that prepurchase and purchase stages are the most beneficial for hyper-personalization because in these stages reducing complexity, increasing relevance and supporting decision-making are highly valuable, as noted in existing literature (Hoyer et al., 2020; Weidig et al., 2024). The findings also suggest that the most beneficial touchpoints to personalize in digital B2C purchase journeys are marketing touchpoints, product description pages, product selection and prompting advice. Marketing touchpoints were perceived as effective because they can help match customer interests. Moreover, nowadays customers generally expect some degree of personalization in the marketing stages. Product description pages contain a lot of content, offering a great opportunity for personalization to further attract customer interest and help customers understand the products with the help of tailoring examples and highlighting relevant product features. In the purchase stage, the product selection touchpoint was considered highly beneficial, especially when complex decisions are required. In addition to touchpoints at prepurchase and purchase stages, some postpurchase communications were perceived valuable when they consider changes in the customer's life situation and prompt responsible advice. In summary, common characteristics of these beneficial touchpoints are that they attract customer interest, provide decision-making support, utilize low sensitivity data and improve relevance.

The findings reveal that the following touchpoints are risky or unsuitable for personalization: health declaration, pricing, policy documents and needs assessment. Above all, the health declaration emerged as an area in which personalization could be perceived as intrusive and inappropriate because of the sensitive nature of information that is handled within it. Therefore, touchpoints that contain sensitive information are generally not suitable for personalization. Significant personalization of pricing was also considered risky because customers might perceive tailored pricing as unfair, contradicting with prior research that consider pricing personalization more as an opportunity (Hoyer et al., 2020; Gao & Liu, 2023). However, Gao & Liu (2023) note that tackling challenges related to personalized pricing requires transparency, aligning with the findings of this research. This highlights how context-dependent personalization can be. Policy documents were considered unsuitable for personalization because they serve a legal function and must be standardized. Overall, legal requirements limit the possibilities of personalization. Finally, some needs assessment practices were considered unsuitable if they become

overly predictive or increase the probability of the customer making an impulsive purchase decision. In summary, common characteristics of these touchpoints relate to sensitivity, fairness, regulatory obligations and emotional context. These findings highlight that the acceptability of personalization is determined not only by the touchpoint but also the quality of personalization and limitations that need to be considered.

Table 14. Characteristics of suitable and unsuitable touchpoints for personalization.

Characteristic	Suitable touchpoints	Unsuitable touchpoints
Sensitivity of utilized data	Low to moderate	High or sensitive
Role in decision-making support	Supports decision-making	Risks pushing decisions or does not provide support
Perceived fairness and trust	Transparent and acceptable	Unfair or unclear
Compliance and legal requirements	Flexible	Strict legal requirements or standardization
Perceived appropriateness	Neutral or positive	Intrusive or inappropriate

Existing research identifies privacy concerns and perceived intrusiveness as major challenges for implementing personalization (Hardcastle et al., 2025). Table 14 highlights the link between touchpoints that are perceived as intrusive and those that should not be personalized. These touchpoints share many of the characteristics like sensitivity of data and perceived fairness. However, characteristics in compliance and legal requirements were not linked to touchpoints being perceived as intrusive. In general, touchpoints in which personalization may feel intrusive should not be personalized at all or personalization should be limited. If the customer feels intrusiveness during the customer journey, it may negatively affect customer experience by causing frustration or mistrust (Hardcastle et al., 2025). However, some touchpoints are unsuitable for personalization due to other reasons than intrusiveness. For example, the policy documents were not considered intrusive, but because of the strict legal requirements, they were considered unsuitable for personalization. In summary, when personalization touches areas that are sensitive, undermine customer autonomy or perceived fairness or otherwise risk being seen as intrusive or inappropriate, personalization should be limited.

A notable contradiction in the findings concerns the needs assessment. Interviewees saw it both as an opportunity and as a risky touchpoint for personalization. When implemented well, personalizing needs assessment can clarify options, help understand customer needs more accurately and provide recommendations, thus reducing cognitive load and supporting decision-making. However, interviewees also saw the personalization of needs assessment as risky, especially if the assumptions misinterpret customers' actual needs. Such misinterpretation may lead to impulsive purchases, a reduced sense of control and postpurchase dissatisfaction. This aligns with existing literature noting that hyper-personalization can reduce sense of control and guide users toward certain actions without clear transparency (Wessel et al., 2025; Hardcastle et al., 2025). Therefore, a responsible approach to needs assessment personalization requires transparency regarding the recommendation and ensures that the customer can easily select alternative options.

Despite certain characteristics being identified, the findings suggest that personalization suitability is not only about the touchpoint but also the depth and quality of personalization. Therefore, personalization could be implemented to almost any touchpoint if the level of personalization is set correctly. Moreover, the interviewees highlighted that overly predictive personalization is risky and customers might perceive it as intrusive. This finding is consistent with Hardcastle et al. (2025), who note that overly predictive or manipulative personalization can lead to perceptions of surveillance and loss of control.

In summary, the findings suggest a decision logic for which touchpoints to personalize. In general, personalization should be prioritized to touchpoints with high decision-support value and low data sensitivity, particularly in touchpoints that analytics show drop-off and personalization can be implemented without compromising compliance. In contrast, personalization should be avoided or limited in touchpoints that are highly standardized, perceived fairness and trust are risky or the risk for perceived intrusiveness is high.

8.4 Impacts of Hyper-Personalization Along the Customer Journey

This section answers the fourth research question: "Where along the customer journey does personalization have the strongest impact on customers?". To answer this research question, this study aimed to examine the customer journey stages in which hyper-personalization has the biggest impact on conversion, customer satisfaction and trust. Moreover, this research question aimed to understand the factors that make up the perceived impact of hyper-personalization. The findings help understand the impacts of personalization along the customer journey, as requested by Mehmood et al. (2023).

The findings indicate that hyper-personalization in customer journeys has both positive and negative impacts, aligning with existing literature described in section 5.4. When implemented well and responsibly, hyper-personalization can increase customer satisfaction and trust, increase sales and conversion, support decision-making, reduce cognitive load and improve customer experience. These findings align with existing research that positions AI-driven personalization as a central driver of improved customer experience, conversion and satisfaction across customer journeys (Hoyer et al., 2020; Gao & Liu, 2023; Weidig et al., 2024). Ultimately, these positive impacts can contribute to achieving competitive advantage. However, the findings show that when personalization is perceived intrusive or inaccurate, it may lead to reduced customer satisfaction and trust, reputational damage, frustration and other negative impacts, also aligning with existing research such as Hardcastle et al. (2025). Therefore, to achieve the wanted results from personalization efforts, organizations must carefully consider and plan which touchpoints to personalize and decide on the appropriate level of personalization on each touchpoint.

While existing literature identifies positive and negative impacts of hyper-personalization, mapping these impacts along the customer journey and examining their effects remains underexplored. As illustrated in Figure 43, the findings indicate that hyper-personalization has the biggest impact on conversion in the prepurchase and purchase stages, and on customer satisfaction and trust in the purchase and postpurchase stages. This suggests that personalization affects different outcomes in different stages of the customer journey and that the benefits of personalization depend on the objectives and the customer's progression in the customer journey.

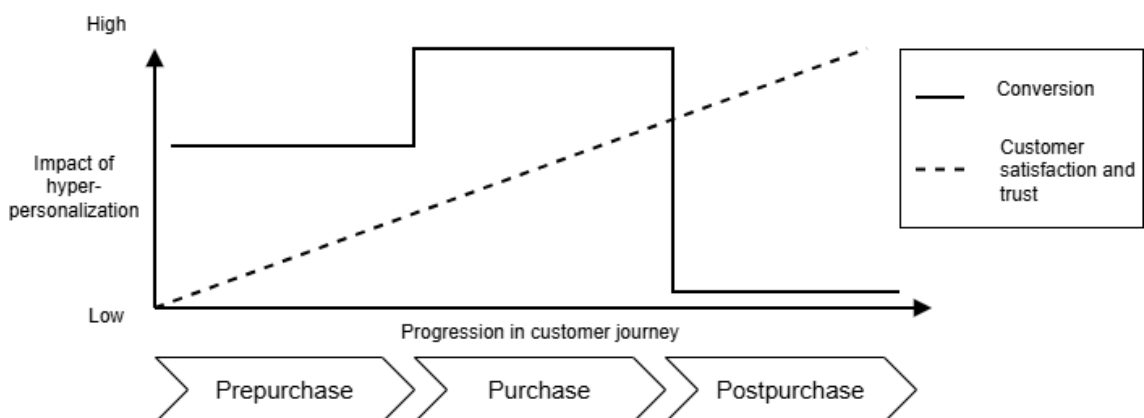


Figure 43. Hyper-personalization impacts on conversion, customer satisfaction and trust across customer journey stages.

From conversion perspective, Figure 43 indicates that personalization impact on conversion peaks in the purchase stage in which customers make concrete decisions about

products and coverage levels. Existing research also identifies this link between purchase stage and conversion, highlighting touchpoints such as recommendations and pricing (Hardcastle et al., 2025). The findings suggest that personalization is especially effective at this stage because customers who reach the purchase stage are already genuinely interested in the product. In contrast, personalization in the prepurchase stage attracts both mildly interested and highly interested customers. Many of the mildly interested customers drop out before reaching the point of purchase. Therefore, focusing on personalization on customers who are already close to making a decision has a greater impact on final conversion than simply increasing the volume of customers entering the purchase path. However, personalization in the prepurchase stage is still useful because it helps direct more genuinely interested customers to the purchase stage. The drop in conversion impact aligns with existing research, noting that the postpurchase phase is more strongly connected to retention and relationship building than sales (Gao & Liu, 2023; Lemon & Verhoef, 2016).

From customer satisfaction and trust perspectives, Figure 43 reveals that customer satisfaction and trust build gradually across the customer journey rather than peaking at a specific stage. The findings indicate that although personalization can positively influence customer satisfaction and trust already before and during the purchase, for example, through making the purchase process clear and easy to navigate, they are mostly built after the purchase. This aligns with existing research noting that reducing information overload and supporting decision-making positively affect customer satisfaction (Hoyer et al., 2020). Moreover, prior research highlights the importance of the postpurchase stage in improving customer satisfaction and building trust and loyalty (Lemon & Verhoef, 2016; Gao & Liu, 2023). As a result, the development of customer satisfaction and trust is a longer process than improving conversion, as it relies on consistently positive experiences of personalization over time. Therefore, when discussing sales impacts, the effectiveness of personalization depends on the objective: if the goal is to increase sales through new customer acquisition, personalization in the prepurchase and purchase stages become more relevant, whereas if the goal is to increase sales through existing customers, personalization during the postpurchase stage becomes more important.

The findings indicate that the impacts of hyper-personalization are determined by several factors. Figure 44 illustrates that the impact of personalization depends on a combination of company-controlled and customer-controlled factors. Similar to Lemon & Verhoef (2016), who differentiate between brand-owned and customer-owned touchpoints, the findings suggest that customer perceptions are also influenced by factors originating

from both the firm and the customer. These factors together determine how personalization is perceived.

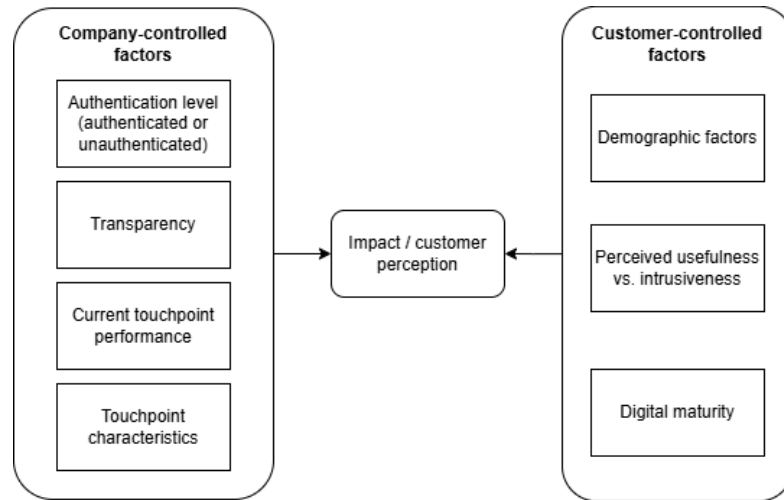


Figure 44. Factors affecting the impacts of hyper-personalization.

With regards to the company perspective, authentication level affects the depth and possibilities of hyper-personalization: authenticated customers enable more accurate and meaningful personalization than unauthenticated ones. This is an especially important insight for hyper-personalization which requires deep individualization. Aligned with prior research, the findings show that transparency plays a central role because customers respond more positively when they understand why certain content or recommendations are shown (Wessel et al., 2025; Hardcastle et al., 2025). Furthermore, current touchpoint performance determines the achievable amount of impact because high-performing touchpoints may offer small improvements whereas pain points provide more potential for improvement. Finally, touchpoint characteristics affect the impact as the findings suggest that personalization has the greatest impact during stages involving decision-making, engagement and relationship development, while offering limited value in purely transitional stages.

With regards to the customer perspective, demographic factors, such as age and life situation, can affect perceptions. The findings suggest that young and working age customers are the ideal target group for hyper-personalization. Customers also evaluate personalization through the balance between usefulness and intrusiveness. When personalization feels helpful, it impacts positively, but when it feels intrusive, it can impact negatively. In addition, digital maturity affects the impact because customers who are more experienced with digital services even expect personalization, while less digitally mature customers may be more cautious. These findings align with existing literature regarding customer AI acceptance in customer journeys, as described in section 5.2.

This highlights a link between customer AI acceptance and the factors affecting perceptions of hyper-personalization in customer journeys. The interaction between these company-controlled and customer-controlled factors ultimately determines how personalization is experienced and how strongly it affects.

Extending prior research, the findings indicate that the effectiveness of hyper-personalization depends on ensuring consistency across the customer journey rather than implementing it in isolated touchpoints. Furthermore, isolated personalization can lead to fragmented experiences and therefore reduce the perceived value of personalization. Instead, personalization should be implemented consistently across all stages of the customer journey. This way, hyper-personalization can deliver its full benefits.

9. CONCLUSIONS

9.1 Achievement of Objectives

The objective of this thesis was to understand how hyper-personalization should be utilized in digital B2C customer journeys to enable increased sales and customer satisfaction, while balancing benefits with potential risks. The objective was identified by combining practical needs, insights from existing literature and the discontinuity in literature. Recent developments in AI and digital technologies enable firms to provide more tailored services for customers, creating value for both parties. Moreover, because of these developments, firms are continuously looking for effective ways to implement AI into their businesses and seeking growth. One of the key contributions of AI is enabling hyper-personalization. However, effective and profitable implementation of personalization is hard and balancing the risks with potential benefits is easier said than done. Therefore, the aim of this thesis was to support firms and academics in understanding how AI-driven personalization efforts could best be utilized.

Overall, the results suggest that hyper-personalization creates value when it reduces complexity, increases perceived relevance and supports customer decision-making. In the life insurance sector, products are complex and customers think of decisions long-term. Therefore, customers benefit most when content, recommendations and customer journey elements are adjusted to their individual needs and preferences. Hyper-personalization supports sales mainly by helping customers understand product suitability, select appropriate coverage levels and make challenging decisions more confidently.

The results indicate that the prepurchase and purchase stages have the biggest potential for hyper-personalization. In the prepurchase stage, personalized product information, examples and value framing help customers understand the relevance of the products. In the purchase stage, personalizing coverage suggestions, highlighting relevant information and offering adequate support makes the purchase process simpler and reduces cognitive load, which are key factors from conversion perspective.

The postpurchase stage has more limited impact on new sales but is highly important for ensuring customer satisfaction and building trust. In this stage, hyper-personalization should focus on reassurance, personalized communication and recognition of evolving needs. This helps maintain the relevance of the insurance and improve the customer relationship.

In addition, the results indicate that personalization should not be implemented to all touchpoints. Personalization in sensitive areas, such as the health declaration, legal documents and pricing, may be perceived as intrusive or unfair and therefore weaken customer satisfaction and trust. These touchpoints require consistency, transparency and compliance with regulatory requirements.

To reduce the risks related to misinterpretation, intrusiveness or loss of trust, hyper-personalization must be based on customer consent, transparency, high-quality data and responsible design choices. Poorly implemented personalization can negatively impact credibility, whereas clear explanations and user control improve acceptance and trust.

Furthermore, the intervention in the case company revealed several practical insights into the implementation of hyper-personalization. First, the results indicate that experimental A/B testing and analytics provide a good starting point for implementing hyper-personalization. This kind of experimental testing enables learning from small customer groups before large-scale implementation. Second, the intervention highlighted that building a comprehensive customer profile, also known as customer 360, is a key requirement for hyper-personalization because fragmented or low-quality data limits the effectiveness of personalization. In other words, high-quality, individual-level data is required for successful implementation of hyper-personalization. Third, the intervention highlighted that simplifying customer decision-making in the purchase stage, especially in product and coverage selection, is a key opportunity for improving conversion through hyper-personalization. It was concluded that in digital sales channels, especially when dealing with complex products, such as insurance, simplification of selection and decision-making drives the customer forward in the purchase process. Finally, the intervention highlighted the importance of responsibility in personalization practices. For example, transparency, consent collection and management and ethical data use were considered highly important for personalization efforts to succeed and to maintain customers' trust.

In summary, hyper-personalization should be applied selectively across the customer journey, focusing on touchpoints where it clearly supports understanding, simplifies decision-making and increases relevance. Hyper-personalization should be applied especially to the prepurchase and purchase stages but keeping in mind that personalization stays as consistent as possible throughout the customer journey. Moreover, clear boundaries should be maintained in areas with sensitive data, legal content or legal requirements and fairness considerations. When implemented well, transparently, accurately and with a customer-centric approach, hyper-personalization can increase both sales and customer satisfaction in digital B2C customer journeys. Overall, the results of this

thesis show that the research objectives were successfully achieved by outlining several key aspects on how hyper-personalization should be utilized in digital B2C customer journeys to increase sales and customer satisfaction.

9.2 Theoretical Contributions

This section summarizes the theoretical contributions of the thesis and defines their importance. This section highlights that this thesis both created new knowledge and combined existing research into new knowledge. The results not only complement existing research but also refine prior knowledge. In addition, the results extend prior research in important areas of hyper-personalization and its implications in customer journeys.

This thesis created new academic knowledge about hyper-personalization and its utilization in digital customer journeys. Much of existing research and information on hyper-personalization is in non-peer-reviewed papers and scattered around other sources such as the web and conference papers. In addition, much of existing research on hyper-personalization in customer journeys is focused on certain sectors such as e-commerce, retail and fashion, calling for future research on other sectors as well (Jain et al., 2021; Micu et al., 2022). This thesis addressed this research gap as the research was conducted in the life insurance sector. The limited availability of direct academic literature on hyper-personalization, especially in customer journeys and in the insurance sector, is identified as a significant scientific contribution, requiring further research.

The theoretical part of this thesis synthesized and extended existing literature on hyper-personalization, personalization process and hyper-personalized customer journeys. As hyper-personalization is a new concept in academic literature, these theoretical contributions to are considered significant.

First, this thesis contributed to the conceptualization of hyper-personalization, addressing research gaps identified by Gao & Liu (2023), who requested further research on the conceptualization of AIP. This thesis combined existing literature on personalization and hyper-personalization and identified that three core elements differentiate hyper-personalization from traditional personalization: the use of advanced technologies, higher level of personalization and more complex data requirements. Furthermore, this thesis identified AI as a key enabler for hyper-personalization, explaining why the terms hyper-personalization and AIP are used interchangeably in existing literature.

Second, this thesis contributed to the conceptualization of hyper-personalization process. By building on the personalization process framework by Vesänen & Raulas

(2006), and combining it with the definition of hyper-personalization, this thesis proposed a process model for hyper-personalization, illustrated in Figure 18.

Finally, the theoretical part of this thesis contributed to the conceptualization of hyper-personalized customer journeys by mapping the roles and applications of AI and AIP across different customer journey stages, addressing research gaps identified by Gao & Liu (2023). By combining existing literature on hyper-personalization and the customer journey, this thesis built a framework about the conceptualization of hyper-personalized customer journeys, illustrated in Figure 22 and Figure 24. This framework supports understanding the concept of hyper-personalization in the context of the customer journey and is therefore a significant scientific contribution. Furthermore, by combining prior research on the impacts of hyper-personalization from customer and business perspectives, this thesis provided a comprehensive theoretical understanding of how hyper-personalization affects the customer journey, addressing research gaps identified by Hardcastle et al. (2025).

The interventionist part of this thesis complemented, refined and extended prior research on hyper-personalized customer journeys. This study provided theoretical contributions on the role and applications of hyper-personalization in customer journeys and addressed research gaps related to the implementation and impacts of personalization. Therefore, also the scientific contributions of the interventionist part of this research are significant.

First, this thesis complemented prior research on the roles of AIP across the customer journey, identified by Gao & Liu (2023): personalized profiling, personalized navigation, personalized nudging and personalized retention. Extending prior research, this study highlights the role of hyper-personalization in digital sales, especially in supporting decision-making and improving content resonance. Furthermore, this study complements prior research highlighting the role of hyper-personalization in supporting value co-creation between the customer and the firm (Jain et al., 2021; Rana et al., 2022; Payne et al., 2021).

Second, this thesis complemented and extended prior research on the applications of hyper-personalization across the customer journey. As illustrated in Figure 42, this study confirms several applications already identified in prior research, such as the personalization of advertising, content, recommendations and communication. In addition, new identified applications provide insights into industry-specific needs within the life insur-

ance context. Moreover, this thesis extends prior research by arguing that content personalization is a key application across all customer journey stages, not just specific ones.

Third, this thesis extends prior research by identifying differences between touchpoints in which personalization is suitable and unsuitable, addressing the research gaps identified by Mehmood et al. (2023). A comparison between suitable and unsuitable touchpoints for personalization is presented in Table 14. The identification of characteristics of these touchpoints supports understanding when a touchpoint should be personalized and when not and is therefore a significant scientific contribution. Moreover, this thesis complements prior research of Hardcastle et al. (2025) by identifying a link between touchpoint intrusiveness and negative customer perceptions on AI-driven personalization. This thesis argues that personalization should be limited or abandoned in touchpoints that are sensitive or customers might perceive personalization intrusive.

Finally, this thesis complements and extends prior research by assessing and mapping the impacts of hyper-personalization across the customer journey, addressing research gaps identified by Mehmood et al., (2023), Gao & Liu (2023) and Hardcastle et al. (2025). This study complements prior research, noting that hyper-personalization can have both positive and negative impacts along the customer journey. However, this thesis revealed that personalization efforts have the biggest impact on conversion in the purchase stage, whereas the impact on customer satisfaction and trust accumulates throughout the customer journey, reaching its highest level in the postpurchase stage. Moreover, this study identified that the impacts and customer perceptions of personalization efforts are affected by both company-controlled and customer-controlled factors, as illustrated in Figure 44.

9.3 Limitations

This research examined the utilization of hyper-personalization in digital B2C customer journeys. As this research was conducted as a single case study, certain limitations need to be considered when interpreting the results. The limitations of this research are related to research perspective, generalizability, the evolving nature of the topic and the interventionist research approach.

First, this case study was conducted from the perspective of the life insurance company. However, as the impacts of hyper-personalization on customer satisfaction and experience consider what the customer experiences and perceives, the company-focused per-

spective can leave some aspects unobserved. Therefore, the results consider how customers are expected to perceive the impacts rather than considering customer perceptions directly. In addition, the impacts of hyper-personalization efforts on sales and conversion are ultimately determined by customer behavior. Therefore, examining these impacts only from the company's perspective might limit the ability to assess the causalities between personalization efforts and customer behavior. This limitation was addressed by the careful selection of interviewees, with expertise in digital sales and business development, providing a comprehensive understanding of customer behavior.

Second, as this study included only a limited amount of research data from within a single organization, the results cannot be broadly generalized across industries. The study focuses only on the context of the case company and its digital customer journey. Although the interviewees were carefully selected and they had a lot of expertise in digital customer journeys and personalization within the life insurance industry, a larger and more diverse sample would improve the reliability and generalizability of the results. Regarding the interviews held within the case company, the number of interviewees was also limited. However, six interviews were considered enough as already within these interviews certain themes started to emerge. These limitations were addressed by discussing and analyzing the results with a broader perspective, not limiting only into the case company's context.

Third, as hyper-personalization is a relatively new concept for both academics and practitioners, the limited understanding of the phenomenon can influence the research results. A limited understanding of the topic could affect how hyper-personalization is perceived in each discussion and interview within the case company. This limitation was addressed by selecting interviewees that have expertise in this area and by providing the research objectives and the four main research questions in advance, giving interviewees time to prepare.

Finally, the nature of interventionist research presents its own strengths and limitations. While the researcher's active participation in the case company's operations enabled access to valuable insights that may not have been available otherwise, it also introduces limitations related to reliability of the results. However, these limitations were addressed by systematic and transparent data collection and analysis practices and by maintaining transparency throughout the research process.

9.4 Future Research

This study highlights several important future research agendas on hyper-personalization and digital B2C customer journeys. First, the impacts of hyper-personalization should be investigated further from both customer and business perspectives. As this research mainly considered the company's perspective, future research agendas could focus on investigating the impacts and perceptions of customers to hyper-personalized digital services, addressing this limitation. Moreover, further research is needed on the concrete business outcomes of hyper-personalization, such as impacts on conversion or total sales. These studies could be implemented as multi-method studies, combining quantitative and qualitative data, and explore which hyper-personalization applications increase conversion and total sales the most across different industries and contexts.

Second, future research is required regarding the conceptualization of hyper-personalization and hyper-personalized customer journeys. This would also address limitations of this thesis. As the concept of hyper-personalization is relatively new, it still lacks a unified definition. Therefore, the definition of hyper-personalization itself requires further research and refining. In addition, there is a need to develop clearer conceptual frameworks that explain the process of hyper-personalization in more detail and examine how hyper-personalization operates across the customer journey over time.

Third, further research is required on trust, transparency and perceived intrusiveness in hyper-personalized customer journeys. While personalization can reduce cognitive effort and increase relevance, it also raises concerns related to privacy and perceived intrusiveness (Hoyer et al., 2020; Hardcastle et al., 2020). Future research could explore how organizations can implement different transparency mechanisms to reduce the perceived intrusiveness of personalization and foster trust building, especially in contexts like finance and insurance. Furthermore, future research could examine how these transparency mechanisms influence customer satisfaction and trust over time.

Fourth, future research could examine how different customer segments respond to hyper-personalization. For example, the characteristics of customers that are more likely to accept hyper-personalization in digital services could be examined. These characteristics could include, for example, age, digital maturity and life situation. This would support implementing true hyper-personalization because it could help organizations to target hyper-personalization to customers that are more likely to accept it.

Finally, future research could examine the effects of fragmented or isolated hyper-personalization in which personalization is implemented only at selected touchpoints or stages. The results of this study indicate that personalization in such isolated touchpoints

can undermine the customer experience. Therefore, investigating such implementations and related risks could help organizations better understand when applying personalization at only certain touchpoints is beneficial and when personalization across the whole customer journey is required.

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APPENDIX A: INTERVIEW STRUCTURE

Introduction:

- Presentation of the research topic and objectives
- Presentation of research questions
- Introduction of the interviewee

Section 1: Current customer journey and customer challenges

- How would you describe the current digital customer journey for life insurance?
- What do you think are the biggest challenges (so-called pain points) that customers face during this journey?
- At which stage do customers typically abandon the process or encounter problems? What could be the reason?
- How can customer decision-making be supported in the digital purchase journey?
- What kinds of problems (or issues) during the purchase process could be solved by making the service more personalized?

Section 2: Opportunities for hyper-personalization in the customer journey

- How do you see AI adding value to personalization?
- What could hyper-personalization look like at the prepurchase stage?
- What could hyper-personalization look like at the purchase stage?
- What could hyper-personalization look like at the postpurchase stage?
- Which hyper-personalization ideas do you think would have the greatest impact on customer satisfaction?

Section 3: Touchpoints that should and should not be personalized

- Which digital touchpoints do you think are most suitable or useful for hyper-personalization? Why?
- Are there touchpoints where hyper-personalization might feel intrusive or inappropriate?
- Which touchpoints or situations should not be personalized? Why?
- What risks do you see if personalization is applied at the wrong touchpoint?

- How should it be decided which touchpoints to personalize and which to leave as they are?

Section 4: Impact at different stages of the customer journey

- At which stage of the customer journey do you believe personalization has the greatest impact on conversion?
- At which points in the customer journey do you think personalization would have the greatest impact on customer satisfaction and trust?
- Do you believe personalization has a greater impact at certain stages of customer journey than others? Explain.
- How do you think customers would react to highly personalized experiences in the insurance industry?

Closing:

- Any additions or additional questions
- Feedback
- Reminding to contact the researcher anything comes to mind later