

Matching Customer Characteristics with Products or Services: Exploring Heterogeneity in Financial Advice

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Abstract

The primary goal of any customer-centric firm is crafting solutions that align seamlessly with diverse customer needs and characteristics, particularly in the services industry, where customization plays a central role in delivering customer value. Our paper investigates the critical aspect of service providers' ability to customize recommendations based on observed client information. We contribute with an experimental approach and modeling framework to explore mapping rules from customer characteristics to optimal product recommendations. Our empirical application focuses on financial advice, aiming to measure observed and unobserved heterogeneity in the rules financial advisors use to map client characteristics to investment recommendations, and investigating differences between professional advisors and laypeople.

Subject Areas: *Consumer Services, Finance, Service Marketing*

Track: Methods, Modelling & Marketing Analytics