Consumers’ Attitudes toward Customization: The Importance of Providing Experiential Value in Customization Strategy

1. Introduction

Customization is not a new methodology. Customizing products or services to satisfy each consumer needs is widely done such as in restaurants, barber shops, massage clinics etc.. Even among ordinary goods, customization of the products had been the common standard before the Industrial Revolution. However, after the Industrial Revolution, large-lot production system by machines became the mainstream to attain economies of scale. Thus, mass marketing of the standardized products in which manufacturers produce and sell in bulk can be found everywhere in today’s economy. It is true that the strategy that slashes prices and competes on volume is one of the effective competitive strategies, but the strategy to avert price competition is strongly required in a mature economy. Customization strategy has a possibility to function effectively to avoid that.

2. Literature review

Within customization research, mass customization that efficiently provides individually-customized goods and services has been focused since around 1990 (McKenna 1988) (Kotler 1989) (Kay 1993) (Pine 1993). McKenna (1988) focused on utilization of new flexible engineering and diversity of consumer needs. He pointed out that companies should abandon old-style market share thinking and instead try to input unique attributes of any products for unique needs of the customers. Kotler (1989) considered the four levels of segmentation; the mass market, segmented market, micro market and individual market where each individual customer is a segment, the importance of mass customization as the marketing strategy for individual markets was emphasized. Pine, Peppers and Rogers (1995) referred the twin logic of mass customization and one-to-one marketing as a bond between producers and consumers.

The empirical research of mass customization has been also active (Kotha 1995) (Hart 1996) (Tseng and Jiao 1998) (Wind and Rangaswamy 2001) (Zipkin 2001) (Kumar 2004) (Krishnapillai and Zeid 2006) (Andrus and McKenzie 2010) (Brabazon, MacCarthy, Woodcock and Hawkins 2010). There have been various researches on mass customization; however their main focuses are mostly how companies implement a mass customization strategy in an effective manner without an adequate survey of consumers’ attitude toward customization. Also, a locus of their discussions on mass customization is not in the area of marketing research but in the area of production and/or information engineering research.

3. Research objective

The focus of this paper is not the way of mass customization by which sellers provide
consumers customized products at reasonable price; it discusses to clarify the consumers’ attitude toward customization, as a previous step of mass customization. There have not been many discussions as regards consumer needs toward customization, while the way of implementing mass customization as the effective differentiation strategy has been focused in a research area. However, sellers can implement a customization strategy only after consumer needs are clearly defined toward customization, thereby this discussion about customer needs is an important research subject.

In this paper, firstly, broad-based consumers’ attitudes toward customized products are clarified. Then, relation between customization and experiential value is focused to provide the implementation of customization strategy with effective implications. The framework of shopping productivity is used to analyze relation between customization and experiential value. Shopping productivity combines benefits of shopping and costs associated with shopping (Takahashi 1999, pp.22-29). The benefits include the value of purchased products, obtaining information and enjoyable experiences of shopping. On the other hand, the costs include money, time and mental and physical energy such as bothersome.

4. Research methodology

A questionnaire was conducted to clarify consumer needs toward customization on 10th of October, 2012. The respondents were 194 Japanese university students; 100 were male and 94 were female.

5. Consumers’ attitudes toward customized products

Relation between customization and consumer needs

In response to the question “Do you want to buy customized products?”, 83% answered “Yes”. Only 10% was “No”. The result indicates strong consumer intentions to customized products.

Relation between premium prices and customization intention

In response to the question “How much more money will you pay for customized products in comparison to ordinary products?”, 13% answered “I do not want to pay more”. On the other hand, 25% answered “10% more”, 26% said “20% more”; 17% “30% more”; 4% “40% more”; 9% “50% more”; 4% said “Twice”; and 2% said “More than twice”. Thus, over 60% have an intention to pay 20% more than its initial price for customized products.

Relation between goods price and customization intention

Within same type of goods, is there any difference in customization intentions by price? Taking a business suit as an example, we examined customization intentions for £500 suit and £50 suit. The result is that 72% of the respondents have customization intention toward £500 suit, meanwhile 36% to £50; a clear difference among two prices was confirmed. This indicates that customization intention increases as price level increases.
Relation between characteristics of goods and customization intention

To examine a relation between characteristics of goods and customization intention, we made use of FCB Grid. We also chose familiar products for young people since the respondents were university students. Chosen products in this investigation in particular, are economic car as “higher involvement and think products”, sneakers as “higher involvement and feel products”, tissue paper as “lower involvement and think products” and chewing gum as “lower involvement and feel products”. As a result, 78% of the respondents had an intention of customization toward “higher involvement and think products” and 81% to “higher involvement and feel products” (Table 1). Also, 42% had an intention of customization toward “lower involvement and think products” and 56% to “lower involvement and feel products”. This result is interesting, because around half respondents displayed customization intentions toward even lower involvement products, despite our prospect.

Table 1 Characteristics of goods and customization intention

<table>
<thead>
<tr>
<th></th>
<th>Think products</th>
<th>Feel products</th>
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</thead>
<tbody>
<tr>
<td>Higher involvement</td>
<td>78%</td>
<td>81%</td>
</tr>
<tr>
<td>Lower involvement</td>
<td>42%</td>
<td>56%</td>
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Relation between elements of goods and customization intention

Each product has various elements to be customized. This research examined customization intentions toward functional and design elements. The result shows; in “higher involvement and think products”, 58% of the respondents had the intention of customization toward functional elements and 71% to design elements, in “higher involvement and feel products” 59% to functional elements and 73% to designing elements, in “lower involvement and think products” 32% to functional elements and 23% to design elements, and in “lower involvement and feel products” 31% to functional elements and 24% to design elements (Table 2).

Table 2 Elements of goods and customization intention

<table>
<thead>
<tr>
<th></th>
<th>Think products</th>
<th>Feel products</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Function</td>
<td>Design</td>
</tr>
<tr>
<td>Higher involvement</td>
<td>58%**</td>
<td>71%**</td>
</tr>
<tr>
<td>Lower involvement</td>
<td>32%**</td>
<td>23%**</td>
</tr>
</tbody>
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**Significance level: 1%, * Significance level: 5%

Furthermore, we have tested the hypothesis that there are no differences between customization intention of functional and that of designing elements in each type of product with Wilcoxon signed-rank test null hypothesis (H0), and it was rejected by all types of
products. The result indicates that the differences between functional and designing elements were statistically significant in the customization intention. It also clarified that within “higher involvement products”, intentions of customization toward design elements are higher, while such intentions are higher toward functional elements in “lower involvement products”.

Relation between spending time and customization intention

Consumers have to spend time to acquire customized products, collecting and processing information and requirements for specification etc.. Then, how long would consumers spend a time for customization? While 9% of the respondents did not want to spend any time, 12% of respondents answered they could spend a day, 7% for two days, 14% for three days, 2% for four days, 36% for a week, 20% for more than two weeks. Thus, more than 70% of the respondents could spend more than three days.

Relation between waiting time and customization intention

Customized products need more time for manufacturing and delivering etc.. At this point, how long would consumers wait for receiving customized products? While 3% of the respondents did not want to wait any longer, 9% of the respondents could wait if it’s within four days, 36% for a week, 20% for two weeks, 20% for a month, and around 90% answered they could wait for more than a week.

Relation between customization and experiential value

How do consumers feel about consuming mental energy, which includes collecting and processing information and requirements for specification etc. for customization? While 6% of the respondents felt bothersome and 15% felt slightly bothersome, 33% felt enjoyable and 28% did slightly enjoyable. Thus, over 60% of the respondents felt consuming mental energy for customization was favourable.

We have analysed these results in relation to shopping productivity. On the surface, collecting and processing information such as requirements for specification appear to be the costs to obtain customized products. However, it is revealed that these attributes fall into enjoyable experiences of shopping according to our survey. Those seemingly costs turned to be the benefits of shopping including experiential value.

Furthermore, though coefficient values were not high, the correlation analysis revealed a correlation between the perception of enjoyment for customization and premium prices (Table 3). Also the correlations between the perception of enjoyment for customization and time, such as spending and waiting time for customizing process, were revealed (Table 4) (Table 5). These results imply that consumers who recognize their behaviours to obtain customized products as enjoyable could be willing to pay more money, also spend and wait for a longer period of time.
6. Conclusions

This paper clarified consumers’ attitudes toward customization. The most interesting finding is that many consumers recognized collecting and processing information as benefits of shopping including experiential value, than the costs associated with shopping. Also, it is identified that these consumers could pay more money, also spend and wait for more time. Therefore, companies should focus on providing consumers experiential value in implementing a customization strategy. Details of broad-based consumers’ attitudes toward customized products through this survey are as follows;

The result shows that over 60% of the respondents acknowledged to pay 20% more than its initial price for customized products. In terms of type of products, 80% of the respondents had the customization intentions toward “higher involvement products”. And also, about half respondents had intentions to even “lower involvement products”. This result is significant; because in the progress of commoditization, customization could avoid severe price competitions in a wide range of products. As regards the customization intentions toward functional and designing elements, within “higher involvement products”, intentions of customization toward design elements are higher, while such intentions are higher toward functional elements in “lower involvement products”.

In what remains to be done, the survey needs to be conducted on a wider range of people, than the case of this questionnaire conducted only on university students. Also, the types of products as well as elements of products, which were vague in this survey, need to be classified to scrutinize elaborated classifications. More importantly, the further study requires clarifying the reasons why many consumers recognize collecting and processing information as not the costs but the benefits of shopping. Therefore, thorough researches on previous studies about experiential marketing are essential to launch more sophisticated survey on consumer behaviour.
References