Chapter 2
Optimizing Consumer Responses to Mass Customization

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ABSTRACT

A better understanding of consumer responses to mass customization can help companies to more successfully introduce mass customization strategies in new products. Only if consumers believe that the value of the mass-customized product significantly exceeds that of an off-the-shelf product, consumers are willing to mass customize a product. In this chapter, the authors discuss the specific conditions that affect the relative value of a mass-customized product. Characteristics of the consumer who is performing the customization task, the product category that is mass customized, and the specific mass customization process can affect the perceived benefits and drawbacks of mass customization. Based on this understanding, several strategies are presented on how companies could implement mass customization in order to optimize consumer responses and thus offer consumers the greatest value.

INTRODUCTION

Many marketplaces are moving from a mass-orientation to an individualization of offerings. In doing so, it is acknowledged that consumers’ tastes and preferences are often highly heterogeneous, leaving many unfulfilled with standard goods or services (Franke & Piller, 2004; Piller & Müller, 2004; Weightman & McDonagh, 2003). A business strategy aimed at addressing this growing demand of individualization is to offer consumers the opportunity to mass customize products. In mass customization, consumers take active part in the design process and act as (co-)designers of their own products. Mass customization can provide consumers with important benefits, because it allows them to purchase a unique product that fits their individual preferences. Nevertheless, nowadays, mass-customized products take up only a small percentage of the total market of consumer durables. Although mass customization is not yet implemented often, the concept is not new. Pine presented the
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The concept of mass customization was introduced in 1993 (Pine II, 1993) and Toffler already suggested in 1980 that consumers will be replaced by ‘prosumers’, individuals who are both the producer and the consumer of a product (Toffler, 1980).

There are several reasons why only a relatively small number of companies have implemented mass customization in products so far. From a technical perspective, the implementation of mass customization is generally complex and costly. Moreover, consumers may not always be interested in mass-customized products, which may have contributed to the current small market share as well. To successfully implement mass customization in products, companies need to understand and know how to optimize consumer responses to mass customization. The goal of this chapter is twofold. First, we provide an extensive overview of the literature on consumer responses to mass customization. Specifically, we explore why consumers may (not) appreciate mass customization and under which conditions consumers’ evaluation becomes more positive or negative. Second, based on this understanding, we present several strategies for companies to optimize consumer responses to mass customization.

The chapter is organized as follows. We start with a discussion of the potential benefits (e.g., better fit to preferences) and the potential drawbacks (e.g., complexity) that mass customization may bring about for consumers. In the subsequent sections, we discuss the different conditions that may affect consumers’ appreciation of mass customization. Specifically, we explore why consumers may (not) appreciate mass customization and under which conditions consumers’ evaluation becomes more positive or negative.

THE BENEFITS AND DRAWBACKS OF MASS CUSTOMIZATION FOR CONSUMERS

Past research concluded that mass customization through consumer co-creation/co-production can increase value perceptions and overall satisfaction with a product (Bendapudi & Leone, 2003; Kamali & Loker, 2002). The potential benefits of mass customizing products for the consumer are twofold. First, the consumer can mass customize the product in such a way that it better fits his/her utilitarian and aesthetic preferences than a standard off-the-shelf product does (Franke & Piller, 2003; Schreier, 2006). Franke and Piller (2004) showed that consumers have highly heterogeneous preferences: in their study, 165 consumers designed a total of 159 different watches, suggesting that standard off-the-shelf products may not optimally correspond to consumers’ individual preferences. Consumers can mass customize the functionality and/or appearance of a product. Mass customization of a product’s functionality results in a product that fits an individual’s utilitarian desires. For example, a Dell computer (http://www.dell.com) can be customized to fit one’s preferences with respect to a personal computer and an Adidas shoe (http://www.miadidas.com) can be customized to improve the fit to one’s feet. In addition, mass customization enables consumers to choose the specific functionalities they will use, without having to pay for unwanted functions/options (Bardakci & Whitelock, 2004). If the product’s appearance is mass customized (e.g., Nike ID shoes, http://nikeid.nike.com; Timbuk2 bags, http://www.timbuk2.com; 121Time watches, http://www.121time.com), the product is perceived as better fitting to the consumer’s aesthetic preferences. Furthermore, mass customization of
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