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How “ready” are customers for mass customisation? An exploratory investigation

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Abstract This paper examines the concept of mass customisation from the point of view of the customer. Although the theory of mass customisation has received considerable attention in recent years, the emphasis has been on identifying and classifying the ways in which mass customisation can be implemented efficiently and effectively. There appears to have been no empirical evidence to support the notion that customers are indeed ready for this approach. The aim of this study is to examine how far customers are “ready” for mass-customised products, using the UK new car market as its basis for analysis. A framework is developed and results presented which suggest that a sizeable section of the market is ready to accept the “inconveniences” of mass-customised products. However, the main inconvenience of mass customisation is identified as increased price, even for “ready” customers. It would seem, therefore, that both global standardisation and mass customisation strategies are appropriate in this market.

Introduction

Since Levitt (1998) argued that advances in technology in relation to transport and communication were the drivers of the globalisation of markets, there has been much debate on the feasibility of globally standardised products. Producing for a global market is said to lower prices, with Levitt (1998) concluding that people would sacrifice their preferences to have “modernity’s allurements” for the sake of consistent quality at low prices.

Pine’s (1993) theory of “mass-customisation” appears to contradict the globalisation approach. According to Pine (1993), people are no longer willing to sacrifice their preferences but are looking for exactly what they want and need and are willing to pay extra for such products. Moreover, with advances in computer-aided manufacturing, economies of scale can be achieved with a small batch size, and even individual products can be provided cost effectively. Pine (1993) argued that through technology, anything that can be digitised can be customised. Based on this premise, a number of theoretical works have emerged in the literature which identify and classify the ways in which mass customisation can be implemented efficiently and effectively (see, for example, Pine, 1993; Lampel and Mintzberg, 1996; Gilmore and Pine, 1997; Andersen and Pine, 1997; Feitzenger and Lee, 1997). However, there appears to be no systematic empirical evidence to support the notion that customers are indeed ready for this approach. The aim of this exploratory study is to begin to examine how far customers are “ready” for mass-customised products. In other words, it examines the demand side



of the market, rather than the supply side as has been the case in previous research. By doing so, the study seeks to discover whether mass customisation is a viable strategy, and considers it in relation to the theory of the globalisation of markets.

A review of the literature

Davis (1996, p. 177) defines mass-customisation as follows:

... mass-customisation of markets means that the same large number of customers can be reached as in the mass-market of the industrial economy, and simultaneously they can be treated individually as in the customised markets of pre-industrial economies [...] The ultimate logic of ever-finer differentiation of the market is markets of one, that is, meeting the tailored needs of individual customers and doing so on a mass-basis.

Based on this definition, Davis (1996) argued that mass-customisation is the most advanced form of segmentation, or “finer segmentation”. This idea is also supported by Kara and Kaynak (1997). The interest of mass customisation is to satisfy one customer at a time, as opposed to mass production and global marketing, which aim to satisfy one segment at a time. Therefore, the mass customisation approach aims to satisfy as many needs as possible for each individual, in contrast to conventional techniques which are based on trying to reach as many customers as possible while satisfying a number (always limited) of customer needs (Peppers and Rogers, 1997). It may be argued as a result that mass customisation is the ultimate expression of being customer-driven and, hence the ultimate form of contemporary marketing.

When the primary objective becomes satisfying as many needs as possible, individual customers must be positioned at the beginning of the firm’s activity sequence, as shown in Figure 1. Since the logic is that each customer is a segment, each individual is invited to become involved in the final design of the product. That is, the design and production process is initiated by the customer, who becomes “prosumer” (Moffat, 1990) or “co-designer” (Kubiak, 1993). In other words, the customer is so involved in the design process that it is difficult to differentiate between producer and customer (Toffler, 1980).

Drivers of mass customisation

Three main assumptions have driven the theory of mass customisation and similar marketing approaches such as post-modern marketing, real-time marketing and one-to-one marketing during the last decade. These assumptions seem to negate the

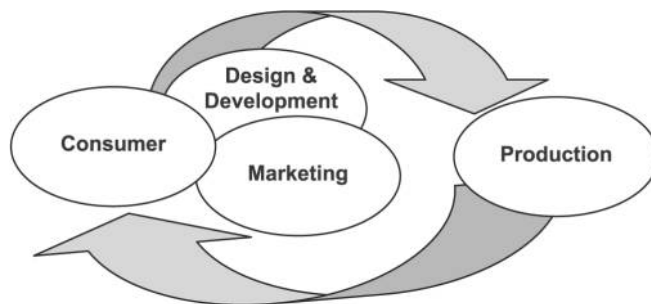


Figure 1.
Customer-driven
competition activity
sequence
