

Critical Mass

BY BETH ANN KAMINKOW

TRACYLOCKE

Retail and manufacturing gurus alike predict that “mass customization” will shape the future of what — and how — consumers buy. They may be right. Wikipedia — the mass-customization resource for looking up what mass customization means — defines it as the “production of personalized or custom-tailored goods or services to meet consumers’ diverse and changing needs at near mass production prices.”

Enabled by technologies and lean production, mass customization promises the ultimate stage in market segmentation, where every customer can have exactly what he or she wants. At its limit, it is the mass production of individually customized goods and services. At its best, it provides strategic advantage and economic value.

Mass customization offers irresistible opportunities to re-think brand identity.

Innovators from Amazon to Apple to BMW have already made mass customization techniques a successful part of their moments-of-truth experiences. A moment-of-truth experience is what building brand and building loyalty is all about.

The process of mass customization may be more important than the actual product itself. For both producers and consumers, mass customization may be less valuable as an innovative medium for producing “better” products or services than as a platform for personalizing and individualizing self-expression.

Creating new chances for consumers to personalize and individualize brands creates opportunities to deepen their relationship and

brand loyalty. Everyone may want the “same thing” but — especially in an austerity economy — the desire to individualize is greater than ever before.

We talk so much today about giving consumers control and listening to consumers through social networks. Mass customization takes these conversations to entirely new levels by inviting greater consumer involvement at the richest point-of-engagement. If the end game of all marketing and selling is to create loyal users, this refocus of mass customization gives brands the greatest array of options at the best possible price.

What personalization and individualization interactions should marketers, manufacturers, or retailers invite? How can we brand them? How can we co-create with the consumer and the shopper at the product and service level?

DIFFERENT LIKE EVERYONE ELSE

The concept of mass customization is attributed to Joe Pine’s 1992 book by that title. However, the idea of mass customization has been around for many decades. In both industrialized economies and emerging markets, consumers from the youngest ages have the desire to personalize and customize their purchases and possessions.

If you are around my age, you may remember the Cabbage Patch doll phenomenon where we mailed away for a part plastic/part fabric doll that was supposed to resemble our own features in a cotton-foam stuffed offspring. This has given way to the American Girl Doll and Build-a-Bear workshops of today with a much more hands-on interactive experience.

LEGO is a global leader that spans these generations and led the way into the digital DIY — Do-It-Yourself — customization category. LEGO-loving children use their blocks to express their creativity, ingenuity, and personality. LEGO’s products and website are built to facilitate personalization and self-expression. They have brilliantly taken a generic plastic building piece and made it the foundation for endless construction possibilities, making every child a true architect of his or her own play.



The ability to personalize, differentiate, and creatively express one's self is the real core of customization. Features, functionality and price are important, but more consumers want more ways to put themselves into their chosen brands. Consumers are all gravitating to the same mass products—from automobiles, sneakers, handbags, mobile devices, healthy foods, beverages—while benefiting from the ability to express individual style. What we're seeing emerge are "individualization and customization ecosystems" around core products, services and brands.

For example, while Apple supplies utility, must-have products, other companies are benefiting from giving consumers the ability to make them their own from skins to apps to ear-bud covers. Of course, some of these elements of customization are more cosmetic versus substantive. Some are more personalized and individualized while others are available to a broader audience.

The core similarity and continuity is that companies are connecting more deeply with consumers by allowing them to make them unique—just as ringtones signal the desire to give our identity its own ring. As denim jeans exploded in popularity in recent years, the original—Levis—gave consumers the ability to self-tailor to their individual preference and cut. Nike ID led the way in custom-designed sneakers (see page 22).

Over the past few years, Crocs became a wildly successful fad in footwear. Yet the real genius was in the company that came up with the accessories that cleverly fit into the design of the shoe. The Schmelzers (bet you've never heard of them) started a basement

business called Jibbitz to sell mini faux flowers, buttons and charms for Crocs. They were eventually purchased by Crocs for \$20 million in December 2006.

These companies discovered the power of making consumers an innovation partner and platform for their brands. By doing this, they create a deeper connection to establish loyalty and brand preference. Today, the ability to make ubiquitous products individualized and personalized will further fuel the opportunity to exploit this trend.

People also become human billboards for these brands. When people are empowered to express their signature identity through your products there is no stronger endorsement of brand identification. The internet makes this model available to more companies and the possibilities become endless. It also elevates to a global opportunity when consumers around the world have equal access to the ability to customize a brand, service or experience online.

There's no shortage of global examples for inspiration and emulation, from bivolino.com (a European apparel company that has enabled large retailers to offer customized items within established e-commerce sites) to mymuesli (first company to allow users to custom-mix and mail-order their favorite cereal and ingredients).

Zazzle is a great example of this—whether it's how the platform has enabled anyone in the world to open his or her own merchandising store with a custom assortment online, or how the platform has allowed established brands to enable mass customization online.

THE RETAIL OPPORTUNITY

A chain like Whole Foods taps into aspects of mass customization through its bulk bins and salad bars. Retailers need to explore more how they can use their environment to inspire and enable opportunities for customization.

This is an area ripe for manufacturer and retailer co-creation. When brands like G (Gatorade) allow Mom to pick her assortment of flavors, or when Frito Lay allows her to mix-and-match her exact combination of snack packs, an unmet need is being fulfilled in a simple way. The new fountain-drink dispenser found in some quick-serve restaurants that allows for hundreds of unique flavor combinations begins to tap into this mass customization movement, as well.

One way to innovate at retail is through customer service. The role of sales clerk to facilitate a customized experience transforms the retail experience. Take Sephora, where the sales people sample products and will give consumers a full make-over demonstration designed just for them.

Or, imagine if Whole Foods had nutritionists on staff who designed a weekly food plan for the family, complete with shopping list. Best Buy tapped into this with its Geek Squad and are now further enhancing it with its Blue Label, where they partner with consumers and brands to build custom laptops.

Manufacturers have long known that the ability to give retailers “limited time only” customized editions of their products enhances the value. Bringing the consumer into this equation further enhances the connectivity, the stickiness, the engagement/experience and, ultimately, the loyalty.

The use of ‘technology’—whether the internet, software or mobile—facilitates the ease of this model and the ability to adopt it quickly. Retail is often more of a battleground than a shared space when it comes to building brands. There is inherent tension between who owns the “shopper”—the retailers or the manufacturers. What is more important: building the retailer brand or the myriad of brands that make up the selection within the retailer?

Ultimately, both need to thrive in order for business to grow and mass customization may be a critical tool to bridge both. The purest examples come from retailers where the brand and retail channel are one—such as flagship and experience stores.

Take stores like Niketown, Nokia, T-Mobile, Lacoste, and Louis Vuitton, where the mix of interactive media and craftsmanship creates entirely new experiences for the consumer. When the retail channel is aligned

with the online channel to create personalized service, you have a virtuous cycle of one-to-one individualized and yet mass-relationship management.

This trend permeates every type of product and service. Mini Cooper exploited it brilliantly with its Nike ID cars. Daimler’s Smart microcar just recently launched a highly successful customer co-creation contest where consumers created more than 50,000 custom designs within just weeks. This type of thinking—that goes beyond a brand by consumer co-creation of services, experiences, and products—is the ultimate in mass customization innovation.

Pandora.com creates thousands of personalized music streams every day based on an automated music recommendation system. Pandora makes it simple for users to personalize their music repertoire and has helped transform the entertainment industry as result.

Clearly, mass customization taps into a deep-rooted human need and desire. Consumers want much of what everyone else does; that has not changed. Mass products and services have not lessened in the marketplace, but the ability to personalize and customize enhances value exponentially.

Virtually every brand and service can be put through this filter to inspire innovation. However, this is innovation that is created and co-created by consumers themselves—or the salesperson. The beauty of this is it cuts across age groups, demographics, psychographics and cultures. It also serves R&D, manufacturing, retail/sales, and marketing.

All companies and marketers should be considering how to configure and structure their business model to give people choice, variety and, more important, freedom to self-express and personalize. All of this can now be done without a corresponding increase in cost or supply-chain production.

Think of the consumer insight this yields. No longer do you need to guess at the innovations your consumer desires or how to satisfy micro targets while you are serving mass appeal. That is the power of a mass-customization model. ■



BETH ANN KAMINKOW is president and chief operating officer of **TracyLocke**. A strong advocate of insights-inspired marketing programs, she is a pioneer in strategic-planning research methodologies. Contact: bethann.kaminkow@tracylocke.com or (203) 857-7616.