

# SIGNIFICANCE OF PSYCHOLOGICAL FACTORS IN MASS CUSTOMIZATION AND PERSONALIZATION PROCESS

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**Abstract:** *Psychological concept of the processes of mass customization and personalization is a management approach to product design and realisation achieved through the cooperation and communication between consumers and company.*

*The essential role of the mass customization lies in the planning of company operation thus presenting the response to the need for individual approach to the consumers, while connecting organisation development strategy with consumer requirements in product creation.*

*A very significant role of the mass customization is achieved through the prism of the attitudes of stakeholders which need to remain positive. The consumers have got certain impact to the company business activity or define the realisation of its future objectives. The knowledge about the consumer psychological factors may significantly contribute to positive perception of new stakeholders in terms of the improvement of the market position of a competitive product designed by the consumers.*

**Key Words:** *Consumer psychology, Psychological factors, Mass Customization and Personalization.*

## 1. INTRODUCTION

Psychological science provided a wide theoretical framework for the research of customer behaviour and other issues relating to marketing, such as advertising, psychological characteristics, rationality, or irrationality of demand and production factors, etc.

Mass Customization and Personalization are a part of contemporary communication culture with customers where the customers, doubtlessly, present a very important segment and central subject matter of many researches [11].

Contemporary operation and market orientation of the whole business philosophy of company places consumer in focus, as well as the principle that any business decision must be made through the process of customer demand i.e. behaviour [8].

The Mass Customization process is several years old business strategy based on the inclusion of the

consumers in the process of product forming and creation. Within the Mass Customization concept, services are also created based on demand of individual

producer, but efficient mass production is strived for as a response to global market [8].

What distinguishes this approach from others is mutual activity with customer, obtaining of specific orders where the needs for a specific product of the customers are precisely defined. In this way, the customer is directly involved in the product creation process, and, in this manner, he is involved in company operation, therefore, the consumer may be considered associate in operation. The customer role is to impact the production designing certain product and determining desired product characteristics [7].

The application of the psychological science within the area of the Mass Customization contributes to higher consumer satisfaction, because it provides higher choice and its final outcome includes the improvement of consumer life quality [5].

## 2. MASS CUSTOMIZATION AND PERSONALIZATION SIGNIFICANCE FROM PSYCHOLOGICAL ASPECT

The issue of companies to primarily think of their needs and less of the customer needs is increasingly seen. Even the companies making effort to focus to the customers often miss their message, because the listening is based on their own interests. Operational change originates in the decision that it is necessary to observe the products with the eyes of the consumers and understand the customer's way of life. It is important to understand his unspoken needs, understand his problems [3]. Through formal interviewing of their needs, it is difficult to understand their problems. However, developing the relation of confidence, empathy, and understanding of their desires, involvement of the producers in the product creation is a ticket to enter their world [13]. The Mass Customization has got a special importance, because it is the response to changes and enables the provision of desired service level to customer. Therefore, it is necessary to provide more to the customer and demonstrate that he is important to us. Achieving efficiency along this route means the readiness to redefine the roles of all of the system members. In XXI century, the customer relation strategy must be focused to delighting the customer

in any sense. The essence is the use of as higher number of communication modalities as possible [4].

Communication adjustment means that different forms of communication are implemented within different consumer segments which are increasingly specific i.e. shallower and narrower.

Integrated communication paradigm is also conditioned with the growth of significance of Internet, interactive communication ensured by computer technology, changed consumer position, media, and distribution [7].

Within the process of such communication, the consumer may be individually interactively involved and individually integrate any of the available information regarding product creation. Complete information control and communication may be made interactively both because of the alternatives at media level and because of the alternatives within the choice of product creation and other elements significant for purchase decision making.

In that manner, contemporary consumer within the communication process will have an increasing role of message sender coding his needs and desires [3].

The Mass Customization sets up direct, personalised relation with an individual customer through interactive communication.

The practice demonstrates that such communication method using activities is significant both due to its effectiveness and response promptness, and due to ensuring possibility to the consumers to create an end product according to their personal affinities [2].

### **3. IMPACT OF PSYCHOLOGICAL FACTORS WITHIN MASS CUSTOMIZATION PROCESS**

Theoretical framework in the approach of studying consumer behaviour in the paper is observed from the aspect of transactional psychological approach. The transactional approach treats the Mass Customization as a psychological exchange, which is the basis of its application in counselling and application of transactional analysis at companies. The transactional analysis deals with the analysis of message exchange and it is, indeed, focused on the communication which is a significant Mass Customization business tool [9].

The application of the Transactional Analysis ensures designing of as quality and efficient strategic approach on the idea of the possibility of free choice as possible.

To communicate the message which is, at the same time, the invitation to participate in product creation means to assume responsibility and initiative by the company, which leaves a strong impression on consumer [10]. In this manner, the company invites consumers to use their knowledge, experiences, and to rationally use their ideas stimulated by desires resulting in different product perception. The Mass Customization deals with consumer perception, which may differ among individual producers.

Managing the perception psychology is significant from the aspect of man's behaviour which is conditioned by subjective perception of a situation. The man is, with his conscious activity, willing to change his own behaviours, believes, skills with the aim of gaining benefit achieved by such activities.

One of the most significant characteristics of man includes the disposition to change himself. Changes in

individuals' behaviour take place within our referential framework, through three processes: in relation to oneself, other people, and the world around himself [14]. Our referential framework organises mental processes, and one of the most important functions is to assign significance to the perceived (apperception function). "We must filtrate and structure the stimuli (both internal and external) to understand them in the manner enabling us to achieve our needs [9]."

#### **3.1. Assigning Sense: Apperception**

The main function of the Referential Framework is to assign the exact meaning to different stimuli registered by our senses. Assigning the exact sense to the stimuli registered means the definition of the stimuli.

There is the difference between mental process of observing (perception) and assigning meaning to the perceived stimuli (apperception). There are numerous situations in which it is very useful that man responds very quickly to a stimulus. For this reason, both perception and apperception are very quick processes, almost compact, thus, many people wrongly believe that they perceive sense [9].

When an assigned sense is correct, in accordance with the change reality, then, it is good that those processes are prompt and there is no need to differ perception from apperception. However, when somebody assigned wrong sense, then, it is necessary that such processes are defined and separated and that the person understands that he is the one actively assigning the sense. It is important that the person understands that he is responsible for the way of assigning the sense, rather than the assigning of the sense "happens". When the person understands that the assigning is the activity he makes and when he accepts the responsibility for assigning, it is then possible to begin to assign different, correct meaning when the acceptance of the change begins. The apperception process is, indeed, one of the most significant with the consumers, as active process members. The way in which the Mass Customization process will be accepted depends on the method of company presentation though the final responsibility and decision lie on the consumer [2].

#### **3.2. Assigning of Importance: Valuation**

Valuation is the process of assigning meaning and this is a very important function of the referential framework, i.e. of the part of the referential framework called value system. After the person who has registered a stimulus assigned a specific meaning to the stimulus, this is followed by the valuation process when the person assigned importance to that assigned meaning [9].

Valuation is a very important process, because it helps a person to orient in relation to the stimuli by ranking them according to their importance. In such manner, the person defines the priority stimuli and priority reactions. Assigning importance is crucial for the occurrence of emotional reaction. Any time the person evaluates something as important, the result will be emotional reaction. If it is evaluated that something is not important, the emotional reaction will lack. Information processing process has got the following stages ( Figure 1):

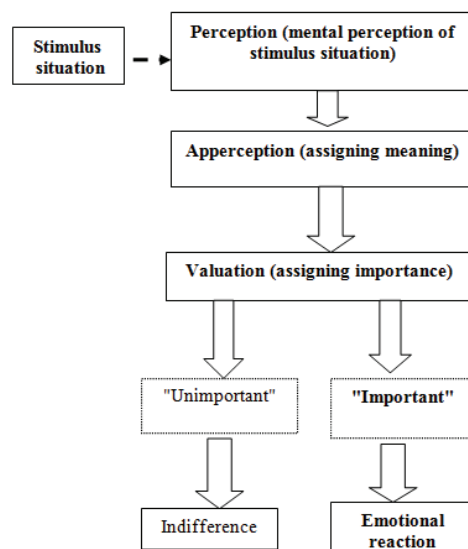


Figure 1. Information processing process  
(Source: Poelje, S. and Steinert, T., 1996.)

Stimulus situation is represented by mass customization and personalization concept. The perception of such process is different among the consumers, and, based on perception, the consumers assign the meaning to it and determine the degree of that process through personal benefit. In the situation when the consumers consider that the mass customization is important for them, they, accordingly, develop an attitude which includes significant emotional component and reaction which is positive in sense of the outcome resulting in positive action and involvement within the very process of product creation (Figure 1).

### 3.3. Referential Framework Activities

Referential framework is the global structure which assigns sense to all stimuli, therefore it is continually active. The Referential framework is active even when we sleep because we register the stimuli from our environment and our body even then and assign them meaning and significance. Since the referential framework is, indeed, used to understand reality, both of the world around us, and ourselves, the referential framework is a firm, rigid structure [14].

Adaptation and referential framework are significant expressions which designate mutual harmony of two structures. When we say that somebody is adapted, then we think that there is a state of relative harmony between his objective reality and his referential framework. On the other hand, non-adaptation or maladaptation means that there is a non-harmony between somebody's referential framework and actual environment. For the Mass Customization process, it is significant to offer the participation of the consumers in the manner which is fit in their mental framework.

There are two basic ways of achieving or improving adaptation through application, and depending on whether the change occurs in the external world or in the referential framework, they are called *aloadaptation* and *autoadaptation* [13].

*Aloadaptation* is when a person acts upon the external reality and causes the changes in it to fit it in its RF.

*Autoadaptation* occurs when the person adjusts its referential framework to the external reality. In other words, while the reality remains unchanged, the beliefs of the person's referential framework change. Since the referential framework is a very rigid structure with adults, the change is relatively slow. On a situation-by-situation basis the referential framework adjusts the interaction of the person and his environment. The information from all three fields of the referential framework is processed, and, afterwards, compared. In that sense, any person, at any moment answers three questions unconsciously asked to himself: what do I want, what does the other want, what does the world require?

Based on the answers to the raised questions, the person is adjusted and accepts the changes if they are in harmony with his perception of the newly arisen situation or, yet, if they are contrary to it, the resistance to the change gets increasingly bigger, which requires the organisation's commitment with the aim of getting the advantages of the value system imposed by newly-arisen circumstances closer.

The Mass Customization process business strategy based on the involvement of the consumers in the product creation process is a response to individual perception and opinion of the consumers conditioned by a subjective perception of a situation or product [7]. Despite the fact that numerous motives, feelings are characteristic for all people, every man strives to preserve his individuality in the mass.

### 3.4. Attitudes

Personal criteria refer to the connection of the product with the psychology of an individual. Based on how people see themselves, they will create the products reflecting such concept. In the Mass Customization process, the consumer has got a chance to, based on his knowledge, experience, expectations, fantasy, attitude participate in and create the product characteristic for him. The satisfaction resulting from individual, social, or psychological interpretation of the product is closely related with the attitudes i.e. image of the product. The image of the product is rational-emotional experience where the existing associations mostly indicate the attitude to a product [6].

The attitudes are the statements of the people showing their relation to an object. The relation to the object may be positive or negative. The attitudes include three basic components: emotional, cognitive, and behavioural components which commonly impact the consumers' perception.

- *Emotional component* relates to the feelings to the object of the attitude and shows what we exactly feel.

The feelings may be pleasant or unpleasant regarding the object.

- *Cognitive component* of the attitudes refers to our knowledge and information we have got concerning the object of the attitude.

- *Behavioural function* refers to taking action and determines our behaviour to the object of the attitude.

The company's attitude to the consumers is significant from the aspect of the consumers' perception and assessment whether the company and its products are positive or negative. In the situation when the consumer positively perceives the company, this certainly impacts

the creation of his positive attitude resulting in active behaviour and access in the product creation.

With the aim of active consumers' participation it is important to understand the selections of the consumers' criteria which has got significant implications to product forming. Decision-making on partnership with the company is based the most on the individual factors which include perception, motives, attitudes, observation, learning, information processing, personality characteristics. Besides individual factors, social factors and culture factors are also included in decision-making.

Level of the consumer's commitment will be conditioned with the assessment of importance for him, the gain he has got, the outcome he wants to achieve. In accordance with that, the customer will assess whether he wants to participate or not in that process.

The final outcome for the consumer is the feeling of satisfaction which is important to be achieved, and it depends on the customer whether it will be achieved, while being involved only at the level of ideas or thinking further in sense of the product purchase [11]. The interest of the consumer reflects the degree of his involvement, and high level of his involvement reflects positive purchase power of the customer, because the product is a part of him, i.e. it has resulted from his idea.

The task of the companies is to increase the knowledge relating to psychological factors significant in the consumers' decision-making for active approach to the Mass Customization [7]. The first and most important step which needs to be taken is the bridge between the consumers and company, but it is also the ticket for the consumers to the partnership with the companies providing them certain degree of freedom [12].

Within the Mass Customization process, the consumer has got an opportunity to, based on his knowledge, experience, expectation, fantasy, attitude, participates in and creates the product characteristic for him [6]. The consumers' involvement reflects the degree of its importance and significance, increase of responsibility degree. The criteria of the consumer's choice are conditioned with the consumer's personality. The product purchase decision-making act is in accordance with the customer perception and needs after which the customer has got the feeling of plenitude and satisfaction. The knowledge of the customer selection criteria has got significant implications to the product forming. Personal criteria concern the product or service relation to the psychology of an individual.

#### 4. CONCLUSION

It is assumed that in the future, the Mass Customization will be unavoidable concept of the operation of almost any successful company because of increasingly higher requirements of the market and the desire that any individual gets right what he wants [1]. The Mass Customization provides a rare strategy which may guarantee the strengthening of market position of the company in the future, due to, indeed, very close relation with the consumers.

The companies using the knowledge and researches from individual psychologically applied disciplines in their operation show the willingness to learn, they are

better positioned on the market, and send the message to their consumers that they are their important partner in business [8]. Special attention is paid to the researches relating to the behaviour of the consumers, purchase decision-making methods, fidelity, and expectations of the consumers relating to the company products.

To achieve as better business results as possible and to create relevant strategies, it is necessary that the companies implement researches regarding public opinion, different target groups, change of consumer life styles, on a periodical basis. The change in approach to the consumers is a splendid base for the company growth and development providing an opportunity to the consumers to develop themselves [4].

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