



central europe

6th International Conference on Mass Customization and Personalization in Central Europe (MCP-CE 2014)

Managing Co-Creation and Personalization in Central Europe

September 23-26, 2014, Novi Sad, Serbia



DILEMMAS AND CONTROVERSIES OF MC BRAND(ING)

Slavka T. Nikolic, Danijela Lalic, Jelena Stankovic

University of Novi Sad, Faculty of Technical Sciences, Novi Sad, Republic of Serbia

Abstract: *The concept of Mass Customization continues with a forceful trend of growth. Combination of different tendencies of massiveness and individualism (a synonym for customization) opens up many dilemmas and controversies. The contrast of meanings between the mass and individual seeks for clarification. This paper explores whether a consumer's need for differentiation can be satisfied while satisfying mass production; whether the mass production is perceived in traditional sense or is it the logic of multiplication of varieties; whether the One-to-One marketing and CRM are substitutes for MC and is it the correlation or the compensation of these processes evident; whether in the ruling hypertrophy of supply dominates demand rather than production as the initial impulse; and whether the (existing) brand strategies are adapted to MC trend? Exploring the relevant theoretical basis, this paper provides answers and clarification of mentioned dilemmas and controversies.*

Key Words: *Brand(ing), Mass production, Mass individualism, Consumer satisfaction*

“There are two tragedies in life. One is to lose your heart's desire. The other is to gain it.”

George Bernard Shaw

1. INTRODUCTION

The contemporary consumer age is a post-modern age that personalizes the logic of consumption, the economy of diversity, allowing it to be available to all. The issue here is the ultimate diversification of consumers' aptitudes. The consumer age is clearly indicating that it is the agent of personalization, with the consumer becoming some kind of “order issuer” for the manufacturer.

“Marketers have long realized the value of targeting and customization. Customized products and communications attract customer attention and foster customer loyalty and lock-in. (...) The customer loyalty that results from such personalization and targeting can translate into increased cash inflows and enhanced profitability. Customized marketing solutions are useful for both customer acquisition and retention and can engender successful, long term relationships. However, customization has often proved difficult because of

implementation challenges, insufficient customer information, and other factors”[1]. The contemporariness shows that companies aspire to precise answers to the needs of demand, and a faster “tailor-made production” of higher quality, making a metaphorical *Oedipus* becoming the modern *Narcissus*. All of this demands critical reflection on the actions of contemporary branding and brand strategies and their readiness to answer the challenges of the MC (Mass Customization) trend. Considering the nature of MC, the number of acceptable brand strategies is in drastic decline. Answering the questions such as whether One-to-One marketing and CRM are the substitutes for MC, or whether MC suggest the principle of compensation or correlation between the crowd and the individualism should significantly improve success when searching for contemporary brand strategies and solving post-modern (marketing) controversies.

2. CONSUMPTION, TAILOR-MADE FOR NARCISSISTS

The issue that arises here is “a new phase of 'hypermodernity', characterized by hyper-consumption and the hypermodern individual” [2]. The logic of personalization changes all the sectors of social life, in-depth. This personalization tendency “responds to the organization of a flexible society based on information and the instigation of needs (...) creating an environment which allows for the fulfilment of private choices of the highest order” [3]. The issue in question is a “long jump of individual logic” that recognizes individual demands and allows for the creation of one's own, individual experience. Postmodern societies, hungry for identity, difference, relaxation, momentary self-fulfilment” [3] are strengthening the *choice instantism* of the here-and-now kind. There is a growing number of supporters for the attitude that the “end of consumer society” was hastily announced, when it is clear that the process of personalization constantly expands its borders.

“The bells of today's recession, energy crisis, ecological conscience, do not ring for the age of consumerism. (...) It is the post-modern society: it has not overcome consumerism, it is its apotheosis¹, its extension into the private sphere” [3], confronted with

¹ Apotheosis: glorification, celebration

accelerated obsolescence, mobility, and destabilization. The process of personalization glorifies individualism. Metaphorically stated, *Oedipus* becomes the modern *Narcissus*. Narcissism, as the metaphor of the human condition, is expressed via increasing the private sphere priorities, hypertrophy of the ego, emphasizing impulsiveness as a manner of behavior, through the extension of hedonism. The individual is caught up in the “process of fashion and quick obsolescence”, with the accentuated desire to be “absolutely one’s own”. The issue here is the ultimate diversification of behavior and behavioral aptitudes, with the age of consumerism indicating more and more that it is the agent of personalization. The post-modern age personalizes the logic of consumption, the economy of diversity, allowing for it to be available to everyone. Therefore, it is no wonder that post-modernism itself unfolded the red carpet for mass customization. What is more, we can no longer talk of the mass production system in the traditional sense, considering that it retreated in front of the variety multiplication logic, with the consumer becoming a kind of “order issuer” to the manufacturer. Post-modern consumer takes part, ever more noticeably, in the “customization of one’s own world”, influences the final appearance of the product, becoming in the process the “manufacturer of oneself as a product”, creating one’s own image, manufacturing one’s own experience... [4]. There is a hypertrophy of supply (however) in an economy where demand prevails. Contemporariness points out the advantage of marketing over production, since companies aspire more “precise” answers to demand needs, faster and more precise “tailor-made production”. There is an obvious development of a new degree of individualism where “narcissism indicates the emergence of a new individual profile and his/her relationships towards him/herself, his/her body, another person, the world and the time...” [3].

A doubtless characteristic of contemporariness is the individualistic discourse as the fuel of the contemporary consumer. By amalgamating various tendencies of large numbers and individualism, numerous dilemmas and controversies are created. Does the consumers’ need for being different can be satisfied while satisfying mass production at the same time? Does mass customization make individuals to drown their own identities in a sea of togetherness? Does mass customization suggest the principle of compensation or correlation between masses and individualism? It is obvious that this time also does the marketing theory follow marketing practice, trying to understand it.

3. BRAND(ING) IN THE FRAME OF MASS CUSTOMIZATION

„Today the word brand has become part of the vernacular within every department of any progressive company. (...) The issue of branding has become topical in nearly every business, and in recent years it has become even more critical to industries where competition is particularly fierce and where technology has become a disruptive force. We have witnessed the effects of information technology on stock trading, travel

and even shopping (not necessarily on buying), though that will evolve...” [5]. Flying on the wings of strong individualism and branding, one should question one’s position. Is there danger from contemporary branding being stuck in market limbo? Does the branding offer old answers to new questions? In a word, it is time for serious questioning of brand strategies.

Although there is no difference made in colloquial speech when it comes to brands and trademarks, a growing number of marketing experts are expressing their disagreement. One of the key preconditions for brand creation is for the trademark to remain on the market long enough to be recognizable by the broad circle, the critical mass of consumers. In short, the brand is a highly recognizable, strongly perceived trade mark. Expert literature [6] accepts this distinction between trade mark and brand, pointing out the brand with a small “b” and a capital “B”.

It should be recognized that many practicing managers, however, refer to a brand as more than that—defining a brand in terms of having actually created a certain amount of awareness, reputation, prominence, and so on in the marketplace. In some sense, a distinction can thus be made between the AMA definition of a ‘small-*b* brand’ and the industry practice of a ‘big-*b* brand’ – that is, a ‘brand’ versus a ‘Brand’. It is important to recognize this distinction because disagreements about branding principles or guidelines often revolve around the definition of what it meant by a ‘brand’ [6]. The brand with the small “b” reflects the approach of “formalism and identification” to treatment and understanding of the brand, while the brand with the capital “B” reflects the “approach of position and value” when it comes to understanding it. Any market where the key factor is price is, by definition, a market of commodities. This is the reason why almost every brand that follows this tendency can be reduced to the level of commodity. „Almost every brand in existence today can be reduced to the status of commodity if it fails to effectively evolve both its products and its marketing communications. You can’t do just one or the other“ [5]. The distinction between *brand* and *Brand* is of extreme importance for the key aspect of this paper, the questioning of brand strategies in the conditions of an ever tighter embrace of mass customization. „The 20th-century idea of a brand is inadequate protection these days (...) Needed is fresh thinking on a brand’s new responsibilities“ [5]. Are the (existing) brand strategies ready for the MC trend?

Branding is a dynamic process by means of which the company singles out and individualizes its production offer in regard to the offer of the competition. A brand is a marketing statement of a reached critical mass of differentiation and recognizability of a product in regard to other products that satisfy the same need, fulfil the same wish or solve the same problem. Differentiation, the creation of differences is “more than a theoretical concept (...) it is a kind of primary energy substance,” [7].

Branding derives its power from the paradoxically dual human nature – the desire to belong and be one’s own at the same time. On the other hand, MC combines the use of mass production and distribution with the

ability to produce multiple efficient settings, with the goal of obtaining more exciting needs of individual consumers or the market segment. Finding the common denominator is important for the creation of adequate brand strategies that could work in spite of or in accordance with evident distinctions of key features of mass customization and branding. Considering the nature of mass customization, the number of applicable brand-strategies has been drastically reduced. MC appears above all as an element of maintaining the vitality of a brand and creating additional value for an already established brand, not as the element of creation of a new brand. In short, MC presents (only) the criterion, a new quality added to an existing value of the brand. In the future brands will have to be “much smarter when it comes to negotiating the rapids they come up against”. They will have to understand that the speed is not as important as getting to the destination safely, considering that among the known brand strategies only the *brand extension strategy* finds its applications in the conditions of an ever more emphasized mass customization. Special need should be paid to the element of mass that can lead to the dilution of a brand, the mortal sin of brand management. One of the safer ways to make something less special is by producing more of it. Mass market platform is not a desired brand stage.

Brand extension represents additional use of an already recognized brand in order to introduce new products on the market. Generally observed, the corporative brand type is more suitable for extension than the production type is, considering that only a brand with a wide range of activities can secure so many specific experiences for the consumers. A too static or too narrowly defined brand possesses all the preconditions to lose the battle in a mass customization environment. However, applying the brand extension strategy in MC conditions has its own limitations. On the one hand, the undesired cannibalism of the original brand might appear, and on the other hand, each brand has its extension limitations and extending it too much can lead to it “breaking down”. Only the possibility of using brand extension strategies is too small a circle for contemporary brand radius. The marketing theory has to find new strategies for new trends that marketing practice is painting in clear shapes and colours.

4. ONE-TO-ONE VS CRM VS MC :NOT SUPSTITUTES, BUT PRECONDITIONS

Contemporary business strategies need to combine strategies related to *mass customization*, *personalization*, i.e. *one-to-one marketing*, while *managing customers relationships (CRM)* wherein digital environment provides a growing number of options and possibilities.

Nuances determines competitive advantage: if companies have a same conditions and know all stated principles, their resourcefulness and innovativeness in customer relationship will differ them from market rivals and bring them significant market priority. In today's market conditions, it is necessary to be focused on customers and building relationships with them.

Therefore, it's very important to do more than catering new markets or delivering custom-made

products at lower prices. It is necessary to transform marketing practice, hence redefining marketing and business strategies in MC context.

The literature also knows the expression *customerization* [8], as a new type of mass customization with the customized marketing. Unlike the mass customization, which involves product adapting, *customerization* also includes adjustments in marketing activities, that is recast of business strategy and customer interfaces to be buyer-centric. In this context, when we talk about new level of marketing strategies, we need to consider all of the characteristics of modern consumers, ie. a *prosumers*² in production processes. Therefore, it is necessary to take into account the evolution from *consumerism* to *prosumerism*, which is on a good way to grow into a new phase of „*customized consuming processes*“ – *prosumerisation*, with a prominent **proactive** role of the consumer.

Table 1. *Similarities and differences between Personalization, One-to-One marketing and Customerization* [8]

	Personalization	1-to-1 marketing	Customerization
Locus of control	Customer/ Company	Company	Customer
Customer co-design	Low	Low	High
Prior data about customers	Low	High	Moderate
Links to production/ supply systems	Low	Low/ Moderate	High
Link to customer system (especially B2B)	Low	Moderate	High
Does it require build-to-order system?	No	No	Yes

One-to-one marketing is based on the idea of companies knowing its customer and learning how he or she wants to be treated. Hence, companies would be able

² The increasingly tight, intertwining union of consumption and production has resulted in the emergence of the coined word *prosumer*. Whether the word *prosumer* was coined from *professional + consumer*, *producer + consumer*, *producing + consumer* or *proactive + consumer*, the common denominator communicating the essence of the newly-created concept is the consumers' active participation in creating desired products or services, methods of production or modes of consumption [9]. The prosumer is the outcome and agent of a new civilization [10].

to treat its customer differently than others [11]. "Customer experience" is not just a way to treat customers politely or even sometimes wow them. Customer strategy is increasing the value of the company by increasing the value of the customer base [11], and customer experience is an important part of executing that strategy. The „future prosumer“ will expect proactive protection of their interests by the company.

As Table 1 indicates, differences in personalization, 1-to-1 marketing and customerization are particularly salient in B2B companies. Rationality in decision-making exists only in theory and B2B markets become more „emotional“, with completely transformed channels and exchange relationships to be more buyer-centric.

Mass customization may also be considered as an enhancement of one-to-one marketing, because customer proactively specifies one or more elements of his or her marketing mix. On the other hand, *personalization* occurs when some company decides what marketing mix is suitable for (each) individual [12]. Therefore, we can conclude that *one-to-one marketing* can be initiated by the customer – in the form of *customization*, or by the company as *personalization* (Figure 1).

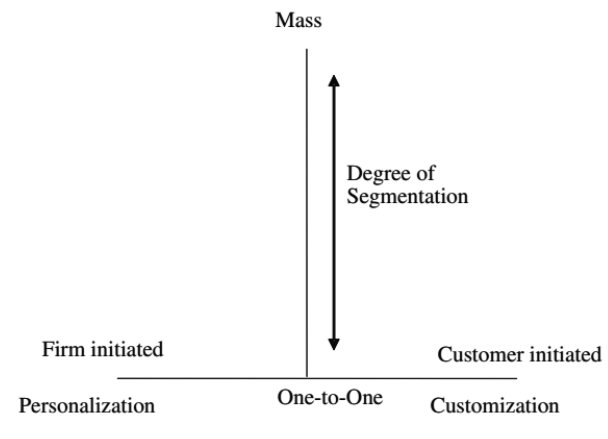


Figure 1 *Personalization vs Customization* [12]

On the wings of strong individualism, branding also needs to re-examine its position. Branding and *MC* are contemporary trends the flow of which can strengthen, but also weaken one another. Is there an effect of synergy between these trends and their "love at first sight and for a long time" or are they simply a potential source of conflict waiting to escalate? Will the masses crush individualism or will the special quality surpass the masses? Synergetic action of this trends needs both the masses and the special quality.

Obviously, we are talking of a challenging and, most of all, demanding marketing task.

Companies customize only a part of the product attributes because of its high costs and allow limited options for each of these attributes [12], but new technology may lower these costs.

It is a „double-edged sword“ – companies accommodate customers' requests regarding some physical characteristics (because key to success is customer satisfaction) and at the same time, they are reluctant because of the need to alter their basic styles due to

concerns of compromising their brands. The „dark-side of customization“ is exactly the damage caused to the status goods, because their goal is to project an image of exclusivity [13] and competing exclusively with customized products. Companies may lose all differentiation advantages, and they may not want to eliminate their standard products [14]. On the other hand, Keller [15] states that branding may become more important in a customization environment. Companies will need to rely more on the rich associations and experiences which consumers have with the brands, rather than just product attribute differences.

Changing customer needs and desires moved standardized production toward customized production and customized marketing. *Customerization* represents a form of mass customization with high level of both operational and marketing customization (Figure 2).

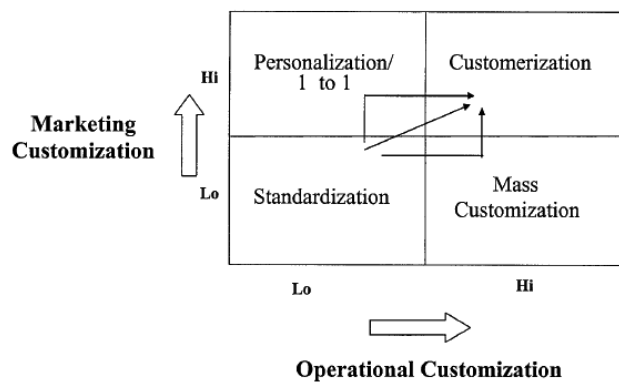


Figure 2 *Pathways to Customerization* [8]

Online environment enables better identification of customer preferences and focus their products and services as well as their messages on meeting the needs of each individual, or allow the customer to customize it all. Depending on degree of segmentation (Figure 1) marketing will need to change „its face“, that is everything we take for granted in marketing we know (Table 2). What product, price, distribution and promotion strategies are appropriate in a world in which customers set their own conditions? And what does segmentation mean in a world in which every customer is a segment?

From traditional branding and co-branding strategies, new model of marketing brings us the „*personalized branding*“. According to characteristics represented in Table 2, marketing managers need to determine optimal combination of mass marketing, direct marketing and interactive customized marketing, all together with digital marketing in order to target the right segments and right step of business cycle. Do companies with *customer relationship system (CRM)* have better success of one-to-one marketing effectiveness? And does CRM represent a substitute for mass customization?

Table 2. *The Changing Face of Marketing* [8]

	Old Model: Mass & Segmented Marketing	New Model: Customerization
Relationship with customers	Customer is passive participant in the exchange.	Customer is an active co-producer.
Customer needs	Articulated	Articulated and Unarticulated
Segmentation	Mass market & Target Segmentation	Customized segments and “segments of one”.
Product and service offerings	Line extensions and modifications.	Customized products, services and marketing.
New Product Development	Marketing and R&D drive new product development.	Customer interactions drive new product development. R&D focuses on developing the platforms that allow customerization.
Pricing	Fixed prices and discounting.	Customer determined pricing. Value-based pricing models.
Communication	Advertising and PR.	Integrated interactive and customized marketing communication, education and entertainment.
Distribution	Traditional retailing and direct marketing	Augmented by direct (online) distribution and rise of third-party logistics services.
Branding	Traditional Branding & Co-Branding.	The customer’s name as the brand: My Brand or Brand 4 me.
Basis of competitive advantage	Marketing power.	Marketing finesse and “capturing” the customer as “partner” while integrating marketing. Operations, R&D and information.

If they want to succeed, companies need to streamline customer-interfacing business processes. In order to target an individual customer based on previous history and purchasing behaviour, companies need to establish some IT application, such as *CRM system* [16]. CRM system is both a process and a product which improves the way companies manage customer relationship. Only by tracking the sales interaction, „customer relationship can be truly managed, maintained and nurtured“ [17].

Understanding *who, what, when, where, why* and *how* want from the company is „the foundation of the one-to-one marketing that is needed to implement a successful CRM system“ [17] which will lead them to successful customization.

CRM, viewed as a strategy to attract, grow and retain customers, is complementary with the personal approach of *one-to-one marketing* that can aid in bringing, staying and returning customers to the company [18] - and both of them provide a customized result for customers, that can lead to competitive advantage.

5. CONCLUSION

The doubtless feature of contemporariness is the individualist discourse as the fuel of the contemporary consumer. The post-modern environment demands new optics, since the old one gives a blurry and distorted image of the business environment. Branding, like many other processes, is prone to offering old answers to new questions. Contemporary business requires serious re-examination. It is necessary to transform marketing practice, hence redefining marketing and business strategies in MC context.

MC predominantly appears as the element which preserves the vitality of the brand and creates additional value to an already established brand, not as an element of new brand creation. Considering the nature of mass customization, the number of applicable brand strategies drastically declines. Only a brand with a wide activity range can secure enough (read: a lot) of the special experiences for the consumers. The possibility of applying only the strategies of brand extension is too small a circle for the radius of a brand today.

Generally, customerization requires synchronization and effective integration of all business processes: operations, R&D, marketing, finance and information system. In addition, it requires reinvention of companies' orientation, processes and organizational architecture, necessary for supporting process' integration.

Adaptation were not missed out the brands, too. An “extreme” case of brand adaptation represent *brand customization* which involves discretionary changes that are usually (but not necessary) made by the organization to please the foreign market [19]. Brand customization heightens its importance mostly in foreign environment where consumers have greater freedom and spectrum of products to choose from. On the other side, negative perceptions of the product category can “kill” the market for brands which might otherwise be customized.

Therefore, market research needs to determine the brand attributes that must be relayed to “brand globalization” [19]. The idea of this strategy is to reduce

“brand customization” as much as possible through the incorporation of attribute-standards from around the world. The “globalization” strategy may be a *brand standardization* approach, and localized strategy may be better understood with the tag of brand adaptation or brand customization.

Marketing theory needs to come up with new strategies for new trends that the practice presents in clear shapes and colours. Marketing theory and practice must find their place of intersection, and, as soon as possible find answers to the current and very certain problems of branding on a post-modern market. Since One-to-One and CRM are not the substitutes, but strong preconditions for MC, branding must find its allies in them, who will strengthen its own trend. Attitudes like this do not bring about dilemmas or controversies; they are “only” looking for solutions.

6. REFERENCES

- [1] Ansari, A., & Mela, C. F. (2003). E-Customization. *Journal of marketing Research*, 131-145.
- [2] Lipovetsky G., Charles S.(2006). Hypermodern Times, Polity Press
- [3] Lipovetsky G. (1987). Doba praznine: ogledi o savremenom individualizmu. Književna zajednica Novog Sada, Novi Sad.
- [4] Venkatesh, A.; Sherry, Jr., J.F.; Firat, A.F.: Postmodernism and the marketing imaginary, *International Journal of Research in Marketing*, Vol. 10, No. 3, 1993, pp. 215-223
- [5] Bedbury Scott (2002) A New Brand World – 8 Principles for Achieving Brand Leadership in the 21st Century, Penguin Group
- [6] Keller, K.L. (2003) Strategic Brand Management – Building, Measuring and Managing Brand Equity, 2th Edition , Prentice Hall, New York
- [7] Cooper, R. And Burrell, G. (1988) „Modernism, Postmodernism and Organisational Analysis: An Introduction“, *Organisation Studies*, Vol. 9(1), pp. 91-112
- [8] Wind, J., & Rangaswamy, A. (2001). Customerization: The Next Revolution in Mass Customization. *Journal of Interactive Marketing*, 13-32.
- [9] Nikolić, S., Tumbas, P., Kostreš, M., & Stanković, J. (2013). The New Marketing Management Approach: The Glocal Prosumer. In H.-J. Bulinger, & D. (. Spath, *Chapter VI in Engineering Management - Challenges for the Future* (pp. 103-126). ISBN 978-3-902734-01-3: Faculty of Technical Sciences (Novi Sad, Serbia), Fraunhofer IAO (Stuttgart, Germany) and DAAAM International (Vienna, Austria).
- [10] Toffler, A. (1980). The Third Wave. New York, NY: Morrow.
- [11] Peppers & Rogers Group. (2013, October 1). Customer Experience. Retrieved April 10, 2014, from: <http://www.peppersandrogersgroup.com/blog/2013/10/customer-experience-a-link-to.html>
- [12] Neeraj, A., Xavier, D., Anindya, G., Hess, J. D., Iyengar, R., Jing, B., et al. (2008). Putting one-to-one marketing to work: Personalization, customization, and choice. *Marketing Letters*, 305-321.
- [13] Amaldoss, W., & Jain, S. (2005). Pricing of conspicuous goods: A competitive analysis of social effects. *Journal of Marketing Research*, 42(1), 30–42.
- [14] Syam, N., & Kumar, N. (2006). On customized goods, standard goods and competition. *Marketing Science*, 25(5), 525–537. doi: 10.1287 / mksc.1060.0199.
- [15] Keller, K. L. (2001). Building customer-based brand equity. *Marketing Management*, 10(2), 14–19.
- [16] Mithas, S., Almirall, D., & Krishan, M. (2006). Do CRM Systems Cause One-to-One Marketing Effectiveness? *Statistical Science*, 223-233.
- [17] Coravue Inc. (2002-2003). *CRM: Taking One-to-One marketing to the Next Level*. Los Angeles, CA: Coravue Inc.
- [18] Jackson, T. W. (2007). Personalisation and CRM. *Database Marketing & Customer Strategy Management*, 24-36.
- [19] Medina, J., & Duffy, M. (1998). Standardization vs Globalization: A New Perspective of Brand Strategies. *Journal of Product and Brand Management*, 223-243.

CORRESPONDENCE



Dr Slavka T. Nikolic, Assoc. Prof.
University of Novi Sad
Faculty of Technical Sciences,
Trg Dositeja Obradovića 6
21000 Novi Sad, Serbia
slavican11@gmail.com



Dr Danijela Lalic, Assist. Prof.
University of Novi Sad
Faculty of Technical Sciences,
Trg Dositeja Obradovića 6
21000 Novi Sad, Serbia
danijelalalic@uns.ac.rs



Jelena Stankovic, Teach. Assist.
University of Novi Sad
Faculty of Technical Sciences,
Trg Dositeja Obradovića 6
21000 Novi Sad, Serbia
stankovicj@uns.ac.rs