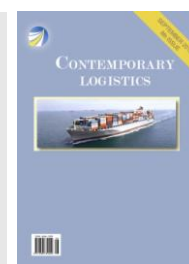




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Customized Marketing—Marketing Innovation in New Economic Conditions

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ABSTRACT

Changes of enterprise's environment in new economic conditions require unceasing marketing innovation of enterprises. Owing to the application of information technology, customized marketing becomes a marketing innovation model that may meet customers' individual requirements. Customized marketing has the features of in-depth market segments, basing sales in production, non-inventory, customers' participating in new product development and changes of customers' position in value chain. Without doubt, customized marketing needs to concern on the following problems: customized marketing shall not only be limited to product customization but it shall prevent higher extra customization costs than profits from customization and provide high quality products.

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Since the ancient times in China, the concept of customization has already existed, for instance, tailor cut the coat according to the figure of customers. In the new economic conditions, customized marketing become a new marketing mode occurred after large-scale marketing.

1 Changes of Enterprise's Environment in New Economic Conditions

1.1 Connotation of new economy

New economy refers to knowledge economy in essence. Such new economy takes high technology industry as the pillar and intellectual resources as the main support.

The reason why new economy is new because of the motive forces those promote its generation and development –new revolution of brand meaning in information and technology revolutions. Being different from all previous technological revolutions, what is changed by the information and technological revolution is not the mode of people utilizing natural resources.

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1.2 Changes of enterprise's environment in new economic conditions

In the new economic conditions, globalization of competition and increasingly vaguer dividing line between the manufacturing industry and service industry. Meanwhile, the market changes rapidly with each passing day.

1.2.1 Rapidly developed science and technology as well as the fast and transparent information

New technology, material and techniques all develop rapidly in such new economic conditions and social information dissemination is rather faster and more transparent. In such environment, amount of information obtained by competitors and customers is very fast and abundant.

1.2.2 Shorten life cycle of product

Along with the rapid development of science and technology, new products are emerging constantly. As both people's income and amount of information increase and astonishing changing rate of customer's demands, life cycle of products is becoming shorter and shorter.

1.2.3 Accelerate enterprise innovation

Facing fierce competition and shortened product's lifecycle, enterprises must innovate constantly for adapting to the fast changing market.

1.2.4 Rapid service

Under the circumstances when "Quality is not an issue", the matter of "Time" becomes the maximum parameter for satisfying customers. "Time" means the waiting time of buyers or consumers. Many enterprises increase consumer satisfaction by shortening the waiting time.

1.2.5 Noticeable trend of high quality and low price products

With the progress of science and technology, product quality of enterprises becomes higher and higher; however, as competition becomes fiercer and fiercer, but product price cannot be increased along with competition, the trend of high quality and low price is becoming rather more obvious.

2 Enterprise's Marketing Innovation in New Economic Conditions ----- Customized Marketing

In new economic conditions, for the application of information technology, totally different market and target customers are appearing: in the past, sellers owned more information and had more priority and now customers have the priority as they possess more information and options. Therefore, enterprises have to create new marketing philosophy, mode and strategy to adapt to changes of customers' requirements and strength their loyalty.

In August, 2000, Haier released "customized refrigerator", which means a customer might design the refrigerator that he wanted and the enterprise might make the customized refrigerator according to design requirements raised by customers. In only one month, Haier received over 1 million sets of orders from website. That was equivalent to one third of the refrigerator volume of full-year production and marketing of Haier. It is clear that the innovative network technology may bring ideal results to enterprise marketing.

3 Features and Types of Customized Marketing

The so-called "customized marketing" means conduct market's ultimate segmentation on the basis of enterprises' large-scale production, judge each customer as an independent fine sorted market and determine marketing mix according to specific individual demands. In ideal state, manufacturers provide different products or service to each purchaser for satisfying specific requirements of each customer. It is a new marketing opportunity brought by rapid development of manufacturing industry and information industry.

3.1 Features

Application of network technology enables marketing personnel to contact individual customer directly and provide unique products and service, which makes customized marketing possible. Customized marketing has following features:

3.1.1 Customized marketing is market segmentation in depth

Customized marketing deepens market segmentation, realizes the status of one market for a customer, satisfies customers' individual requirements and reflects humanistic care to customers. Therefore, it received great welcome from customers. For example, the popularity of "customized refrigerator" of Haier and success of Dell PC, for which are both good evidences.

Meanwhile, such kind of ultimate market segmentation may enable enterprises to obtain premium price of unique products

3.1.2 Basing sales in production with non-inventory

Customized marketing is a kind of operation mode of selling at first and carrying out production. "Customized marketing" is a kind of mode that enterprises face to consumers directly without any intermediate link. For enterprises, non-inventory and no occupation of capital may thoroughly eliminate poor market and overstock, accelerate enterprises' capital turnover, decrease waste of social resources, save costs and realize a win-win state between enterprises and customers.

3.1.3 Customers' participating in new product development

While producing products according to customers' requirements, customers participate in enterprise's new product development from the very start so that there is zero distance between enterprises and customers. All signs indicate that customers like such mode. This provides inspiration and train of thought to enterprises' large scale product development and production, enables enterprises' quick respond to market changes and saves market investigation expenses for enterprises.

3.1.4 Changes of customers' position in value chain

In traditional marketing, customers were in the significant end of value chain at least and they had to buy what the market sold. And whether customers really need the products of enterprises could only be examined by the market. Therefore, poor market and overstock were unavoidable. In customized marketing, customers are positioned in the most front end at first and product definition and production are jointly completed by customers and manufacturers. Customers are not only the starting point but also the end point of value chain. Customized marketing truly realizes transfer from product-oriented mode to customer-oriented mode.

3.2 Types of customized marketing

Customized marketing may be divided into product customization and service customization according to its content or the customization of tangible product and intangible product in terms of the form of customized products. It can also be divided into participation type in form of thinking, participation type in form of experience as well as participation type in form of choice, according to customers' level of participation.

Participation type in form of thinking means customers blend their design thinking, life idea and detailed requirements into product design, for example, "customized refrigerator" of Haier.

Participation type in form of experience means customers raise requirements for products during the process of product experience and enterprises continuously modify the products designed according to their requirements, for example, customized garment and jewelry.

Participation type in form of choice means enterprises design relevant range for products of complex structure in advance and consumers select the changes and assembly according to requirements, for example, computer direct marketing of Dell Inc. and customized sales of some brands of automobile etc.

4 Matters in Customized Marketing that We Should Pay Attention to

4.1 Customized marketing shall not be limited to product customization

Both product and service may be customized. In terms of the integral concept of products, any part in the concept such as customized sales conditions or customized technical service etc. may be generally judged as customized marketing.

4.2 Prevent increase in customization costs from being higher than profits from customization

As a result of scale economy, the large-scale production and marketing mode "Made by Ford" provide affordable products to almost people; due to the individualization and diversification, customized marketing provides people to what they want. In competition with large-scale marketing, customized marketing shall provide acceptable price to customers and make itself be large-scale customization. Large-scale customization may effectively prevent increase in customization costs from being higher than profits it brings.

For realizing large-scale customization, corresponding development and design system, flexible manufacturing system and information processing platform shall be equipped for ensuring individualized product design, manufacturing and rapid delivery. In addition, standardized modular production is also necessary.

4.3 Provide high quality products

Products provided in form of customized marketing are bound to decrease customer satisfaction if they were out of customers' expectation. It may make customers feel disappointed in case, final product quality is not satisfactory even if they feel satisfied during the process of anticipating in product customization. For satisfying customers, customized products must be in line with customers' prospective quality or higher than their expectation.

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