

Flow Experience and Consumer Willingness to Pay in Online Mass Customization Processes

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ABSTRACT

This research aims to identify the effects of perceived product value and flow experience during product design on willingness to pay (WTP) and purchase probability in online mass customization. The participants were asked to design shoes to their taste in a custom shoe website. After the design experience, the participants were asked to complete the questionnaire. The analyses suggest that flow experience has a direct effect on consumers' WTP and an indirect effect on purchase probability through the mediating role of perceived value of mass customized products. Furthermore, perceived value of a mass customized product has a significant effect on purchase probability and no effect on WTP found in the analyses.

KEYWORDS

Flow Experience, Mass Customization, Online Shopping Experience, Willingness to Pay

INTRODUCTION AND BACKGROUND

This study's point of departure is that although mass customization is an extremely attractive and popular concept, it has so many obstacles. The co-design process in mass customization has some complex, risky, and uncertain features that may take customers away from participating in customization (Piller et al. 2005:0). For instance, customers may be confused due to the many options offered in the design process or may perceive a risk of being misled by the online presence of the product they want to acquire. This problem may cause customers to give up buying the items that they co-designed or to reject paying more for the products.

When it comes to business, the researchers indicate that customization allows (and forces) businesses to charge higher prices for their co-designed products and services (Dewan et al. 2003; Cavusoglu et al. 2007; Jiang et al. 2015) due to two reasons. Firstly, customers are frequently ready to pay a premium that reflects the added value of satisfaction that emerges from customization. Secondly, the raised cost of integrating technology with the customization process requires higher price charges or higher unit costs (Cavusoglu et al. 2007). Therefore, proper management of customization processes by the businesses that desire to apply mass customization as a strategic marketing tool is of great importance. Whereas these reasons are not sufficient, there is another aspect that needs to be focused on by the customization-oriented business under heavy competitive market pressures, i.e.,

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online marketing dynamics. It is relatively fast and easy to compare prices in online markets, which supports online customers that are after bargain prices. For instance, the main reason why Turkish consumers prefer online shopping is that they want to access more reasonably priced products (PWC Retail Survey, 2016; Webloyalty Consumer Research, 2016). Similar findings with European sampling were offered by Aichner and Coletti (2013) and found that for 65% of buyers, the price was the primary source of consumers' attraction. However, as mentioned before, prices for mass customized offers are somewhat higher than standard products, which may reduce consumers' intention to buy mass-customized products and their intention to pay more for them.

In sum, online customization is an attractive strategic tool that offers benefits and obstacles to both businesses and customers. When overcoming the barriers, handling the customization process is the first point to focus on. In their work, Jiang et al. (2015) emphasized that as customization activities become more enjoyable, consumers are likely to engage in them more often. They also suggested the concept of "process value" and related it to Csikszentmihalyi's Flow Theory (1975). Nevertheless, their measure of process value was limited to covering "flow experience" fully. However, Novak et al. (2000) have reported that flow experience is an essential variable in understanding online consumer behaviors in the online environment. Franke and Piller (2003;12), whose works are frequently referenced in mass customization studies, identified a research gap and emphasized that flow experience should be examined as a variable in mass customization studies.

Merle et al. (2010) defined the mass customization experience value as "the interaction between the individual and the product design using a specific method of preference revelation." Csikszentmihalyi (1977, p.36) defined the flow as "the holistic sensation present when acting with total involvement; it is what people feel when they enjoy what they are doing." The term resonates with Merle et al.'s (2010) concept of the hedonic value of mass customization experience.

Considering the research gap pointed and the resonations of the terms offered both in mass customization literature and flow theory, the present paper suggests that if mass customization experience is enriched with an ecstatic state of deep concentration (Csikszentmihalyi describes this ecstasy state as flow) while conducting mass customization, it will increase mass-customized product value. Consequently, customers' probability of buying and WTP more for the designed product in an ecstatic state will be positively affected.

As mentioned before, while overcoming online mass customization obstacles, handling pricing is the second point to focus on. It is challenging to sell customized products, which are somewhat higher to the consumers for whom low prices are known as the most significant source of motivation in preferring online shopping. Ferguson et al. (2014) have stated that economic and cognitive limits are essential factors to consider; if these limits are exceeded, a well-customized product will not be purchased.

Offering consumers a process of designing their products may be perceived as a complex, uncertain, and risky process. Besides, there are online shopping and price dynamics to be considered. Also, it is unknown whether the complicated process of mass customization creates a "flow experience" for the customers. Even if it creates a flow experience, this experience will also affect the product's perceived value. This observation makes up the main problem of this study.

Based on the obstacles mentioned above, the objective of this study is; to empirically identify the direct and indirect effects (through the mass-customized product value) of flow experience on purchase probability and WTP.

THEORETICAL BACKGROUND

Mass Customization and Mass Customized Product Value

Stan Davis (1987) used the term "mass customization" for the first time in his work *Future Perfect*. He defined mass customization as "a process that provides a one-of-a-kind product manufactured

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