

Tailoring to Taste

– Defining a Positioning Strategy and Product Collection for a Mass Tailoring Manufacturer of Products with Low Repurchase Rate.

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Abstract

For industries based on mass tailored products with an extremely low repurchase rate, relevant data on customers and end-users can be very difficult to find. Gathering individual customer information over time is not applicable when a product is purchased only once or twice in a person's lifetime. This paper proposes a model based on general information on social and cultural classes, and aesthetic preferences. In this particular case the model applies as a basis for product positioning and defining a product collection for a Mass Tailoring company. However the model is not only applicable in a Mass Tailoring context. In most industries where aesthetic taste and sociocultural aspects influence customer behavior, the model can contribute to a better understanding of the market.

Keywords: Mass Tailoring, Low repurchase rate, Customer information, Sociocultural groups, Aesthetic taste, Product collection strategy, Staircases.

1 INTRODUCTION

A true Mass Customization and Personalization industry is based on knowledge of the preferences of each individual customer. Piller [1] emphasizes the creation of a long lasting relationship with each customer where individual data is stored over time. However, this approach is seldom applicable when the time gap between repurchase is substantial [2].

We have studied a Norwegian manufacturer of wooden staircases for private homes. In the staircase industry a repurchase may occur after 10-20 years, or perhaps never. In this setting the customer data gathered from one purchase is unlikely to be useful at a later stage. Some general data on market size, main competitors etc. are mostly available. But data on customer and end-user preferences are extremely difficult to obtain. Moreover, in the staircase industry about 70% of the staircases are sold through construction firms, limiting end-user involvement. This means that only 30% of the sales numbers reflect end-user preferences. And these 30% are not likely to be representative for the market in general. At the same time, satisfying the end-user is critical from a long-term branding point of view.

Skjevdal [3] proposes the term *Mass Tailoring* to describe companies evolving from a craftsmanship-based, one-of-a-kind production paradigm. This is the situation in the staircase industry where every product is a unique item fitted to the dimensions and design of one specific building. In addition to the dimensional tailoring of each staircase, aesthetic customization is an increasing demand. Every house owner has a set of aesthetic preferences, and the staircase is increasingly considered an item of aesthetic design value. The impact of aesthetic taste on consumer behavior is rapidly increasing in the staircase market.

This paper suggests a model based on sociocultural market data and aesthetic preferences to facilitate the process of product positioning and defining a suitable product collection. By using data from similar industries and general market information on a social and cultural

level, a company can establish a basis on which to make strategic market and product decisions.

The paper starts by discussing the relations between sociocultural aspects and consumer behavior. Then the three steps of establishing and applying the CaT-Model is presented; gathering relevant market information, establishing the model for a specific market and finally evaluating products and product collections. Next the model is evaluated concerning accuracy and relevance in different industries and cultures.

2 SOCIOCULTURAL FACTORS AND THEIR INFLUENCE ON CONSUMER BEHAVIOR

Hofstede [4] defines culture as the collective programming of the mind which distinguishes the members of one group or category of people from another. Culture is a result of social environment and upbringing, not genes. Kotler [5] states that cultural and social factors exert the broadest and deepest influence on consumer behavior. Culture is a determining factor of a person's wants and behavior. Both Hofstede [4] and de Mooji [6] have studied global cultural differences, showing how different countries and cultures are based on different values influencing customer preferences and behavior. Cultural values provide customers with a base for making purchase decisions, and customers buy products according to how the products fit with their value system.

In addition to cultural values, our belonging to a certain social group provides a reference that influences our behavior. A social class can be characterized by income and wealth, but also by education level, occupation and religious belonging [5]. Understanding the relevant social groups and cultural setting in a market, provides a way of identifying the different customers and end-users. Sub-cultures and social groups within a country can be very different, and need specifically designed products. One may also find greater similarities between similar social

groups in two different countries, than between different social groups within the same country.

The relation between aesthetic taste and socio-cultural belonging is presented in Bourdieu's Distinction [7]. Taste classifies a person. People differentiate themselves by the distinctions they make between beautiful and ugly, and thus express or unveil their social position. Further studies based on Bourdieu show a correlation between social class and preferred interior design [8]. When furnishing a home, social and cultural aspects seem just as important as functional aspects.

3 THE CAT-MODEL - COMBINING CULTURE AND TASTE

3.1 Step 1 – Gathering relevant market information

Sociocultural groups

The correlation between sociocultural group and aesthetic taste is the basis for the Culture and Taste-Model (CaT-Model) developed in this study. Social and cultural understanding of a market requires information on daily life, goals and values, rather than age, gender and demographic data. Such data are available from several sources like marketing consultants and research groups. The current CaT-model is based on long-term studies performed by Sociovision.com. Their Sinus-Milieus® approach provides an overview of groups of individuals who share the same aspirations in life, value systems and lifestyles. Sinus-Milieus for most European countries, USA and Russia are available from www.sociovision.com [9].

In the case of the staircase manufacturer, the German market is of particular interest due to its size, and the company's previous experience in the market. The German SINUS-Milieus are presented in Figure 1.

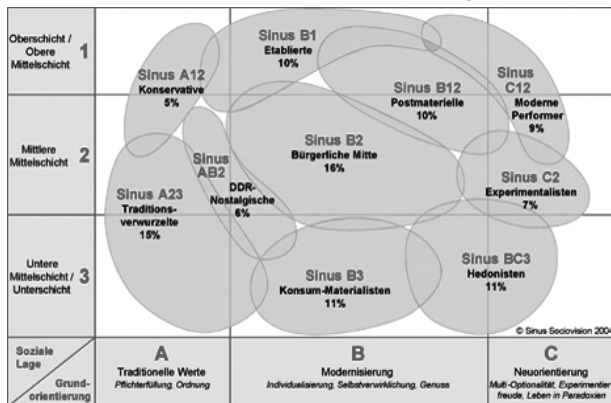


Figure 1: SINUS-Milieus in Germany (www.sociovision.com)

The different groups are organized according to two axis; vertically from low social class to high social class, and horizontally from a traditional value system to a new and experimental value system. The vertical axis on social level provides information on income/economic situation, but also level of education. The lower levels tend to have less education than the upper levels. The horizontal axis shows level of conservativeness versus modern and liberal attitudes. This axis also show a correlation to age as the traditional side has a higher average age than the modern and reoriented side.

Categories of aesthetic taste

Aesthetic taste is one of many values influencing consumer behavior. Taste is a personal preference manifesting itself by the choice of a certain product style, or a mix of styles. In order to know what kind of product style a person is likely to purchase, that person's aesthetic taste must be identified.

A research on interior taste in the German market [10] provided data on six different taste categories combined with demographic data (Table 1). The visual characteristics of each category are:

- **Innovativ** [Innovative]:
Geometric shapes and lines
Minimalistic and slim
Fair and bright colors
- **Younges Wohnen** [Young Living]:
Simple shapes and lines
IKEA – like
Bright colors
- **Modern** [Modern]:
Combination of organic and geometric shapes
Symbolism and association
Colorful
- **Klassisch** [Classic]:
Sturdy and comfortable
Ornamented
Inspired by historical styles
- **Gut Bürgerlich** [Estate Bourgeois]:
Bulky and heavy shapes
Heavily ornamented
Colorful
- **Tradition, Landhaus** [Country Home]:
Bulky, handcrafted
Ornamented
Dark, natural colors

These taste categories are specific for the German market, and can not automatically be transferred to a different country. However, the categories may resemble the categories one may find in other European or

Interior Taste	Education	Economy	Residence	Age	Other
Innovativ [Innovative]	High educated	High income	Urban	30+	Brand conscious Architect/designer
Younges Wohnen [Young Living]	Normal/high education	Normal income	Urban	20-40	First-time home buyers Not brand conscious
Modern [Modern]	Normal/high education	Normal/high income	Irrelevant	30+	Brand conscious
Klassisch [Classic]	High education	High income	Irrelevant	40+	Brand conscious Academics
Gut Bürgerlich [Estate Bourgeois]	Low education	Low income	Rural	40+	Not brand conscious Workers
Tradition, Landhaus [Country Home]	Low/normal education	Low/normal income	Rural	20+	Not brand conscious Traditional occupations

Table 1 : Categories of German interior taste and related demographic data

(Prognosesenteret AS, 2004)

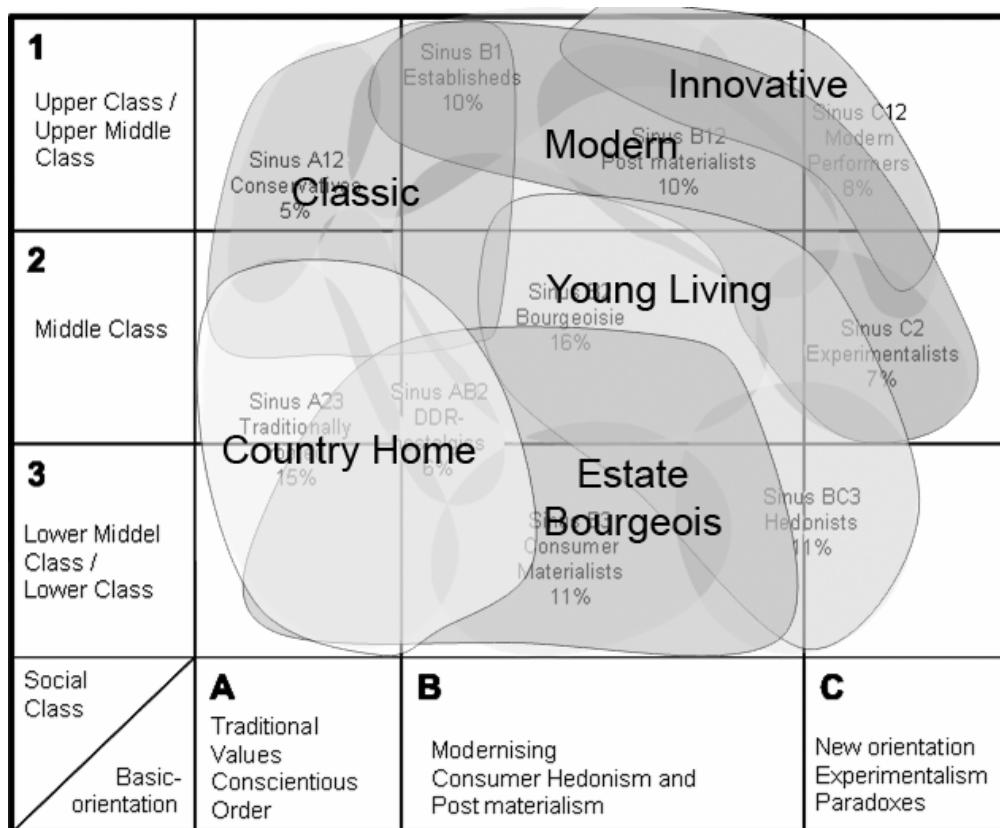


Figure 2 : The CaT-Model established for the German market for interior products. The model depicts the variety of people and preferences in the market.

Western countries.

A profound understanding of the taste categories is key to the further process. Examples of interiors in each category should be presented, studied and discussed by the company or design team to obtain a common insight and vocabulary.

Some taste categories may have some unexpected characteristics, like the Estate Bourgeois category. This taste does not correspond with the SINUS-group "Bürgerliche Mitte" [Bourgeoisie]. It is rather a taste common among low-income workers aspiring to make their home look like an up-scale estate through heavily ornamented and voluminous items.

The Modern category can also have some unexpected sides. The term 'modern' is a relative one, as each generation often considers its ways to be more modern than the ways of previous generations. However 'modern' or 'modernism' is also used to describe an aesthetic style mainly created by the professional, aesthetic elite during the 1920s through 1950s in Europe. The modernist vision was to create products free of superfluous ornamentation and well fitted for industrial mass production. The style has much in common with the characteristics of the modern taste, and items of the period may still be considered modern. At the same time the style has a strong connection to previous generations giving it a classic or "retro" aura which may appeal to more traditionally oriented social groups.

3.2 Step 2 – Establishing the CaT-Model for a specific market

By considering the demographic data of the taste categories alongside the level of tradition or modernity, the taste categories can each be allocated an area according to the SINUS-milieus most likely to belong to

the category (Figure 2). There is no one-to-one relationship between taste and social group. Taste categories may overlap in certain social groups. Variations will occur since the social groups are not entirely homogenous.

The process of allocating the taste categories according to the social groups, requires the company to establish a certain aesthetic understanding and knowledge base. The characteristics of each taste category should be carefully studied and discussed to enable the company to distinguish between them and obtain a common, aesthetic understanding.

A thorough understanding of the characteristics of the social groups is also of great importance. In addition to the data available from sociovision.com, methods like storytelling and scenarios can be suitable for this purpose [11]. The methods are widely used in design processes to gain an up-close understanding of the user.

The idea is to create a fictive but realistic set of characters (a person, a family, a couple etc) to personify a certain social group. The characters are given names, age, residence, interests, occupation etc that are representative for the group. The goal is to create a sense of personal acquaintance to the characters, and thus facilitate the process of predicting the characters' choices.

After the characters have been established, scenarios can be created to place the characters in different value dilemmas. Would the character choose price over quality when purchasing a certain product in a certain setting? Is the character's social status more dependent on belongings or on personal development like education, travels etc? The characters and scenarios are helpful in the process of establishing a thorough understanding of the different social groups.

In step 2, the learning process within the company is just as important as the resulting graphic representation of the market shown in Figure 2. The process increases the understanding of customer groups and helps establish a vocabulary on aesthetics and taste. It also facilitates the further discussions concerning products and style. A company of limited aesthetic and design experience may benefit from including an aesthetics professional, like an architect or designer, in the process.

3.3 Step 3 – Evaluating products and product collections

The third step in the process is to evaluate existing products and variants in relation to the different market segments and end-users. The current product collection of the company is the starting point. Each product is placed in the area of the CaT-Model where it is most likely to appeal to the customers. When the product collection has been placed in the model, the company can evaluate how their products seem to fit the market.

Placing products in the CaT-Model

There are several aspects of a product that will influence its location in the CaT-Model. Product style, price and quality are here considered the main factors.

Product style is the factor requiring most attention in order to successfully evaluate the products. Product style is a result of the overall gestalt¹ of the product; the shape of details and components, product architecture, materials, surfaces and colours.

In the German market, ornamented, wooden materials with natural colours will put a product closer to the traditional side. Resemblance to historical styles like Art Nouveau, Victorian, Rococo and so on, will place the products within or close to the Classic area. Exaggerated ornamentation will fit closer to the lower social classes in the Estate Bourgeois area, whereas simpler ornaments tend to follow the higher classes.

Simple shapes without extra ornamentation tend to follow the modern side of the model. Unexpected materials and combinations of materials and colours are perceived as modern. Extreme minimalism fits with the high social classes to the right. On the other hand, symbolism and emotions are part of many products in the modern area, mainly among the middle classes. A good example is the kitchen range from Alessi where some of the products have funny looking faces just to evoke emotions.

Price and quality are also factors to be considered alongside the product style. High prices and quality tend to make the products less available to the lower classes, whereas very low prices may be less attractive to the high social classes. Discrepancies between style, price and quality may be discovered in the process.

In the case of the staircase manufacturer, 25 different staircases were evaluated and placed into the CaT-Model.

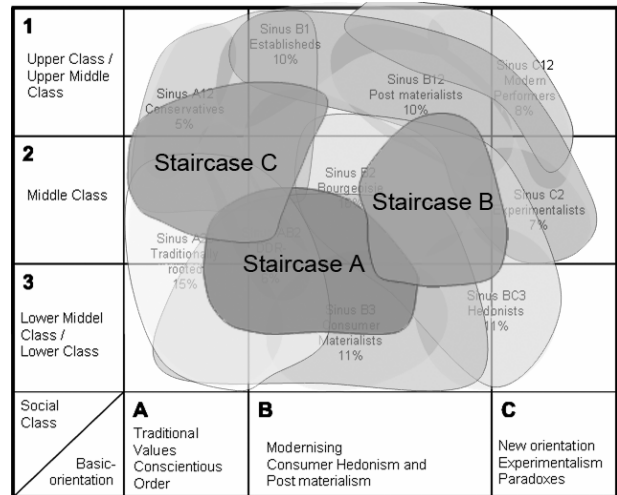


Figure 3 shows examples of how different stairs are assigned to different areas in the model.

Staircase A is a simple, ‘value-for-money’ product. It has simple, conventional shapes and no superfluous ornamentation. Only the handrail has a shape that evokes some traditional associations.

Staircase B is also without any ornaments and has straight, simple lines and shapes. The staircase has a combination of stainless steel and oak in a suspended construction that gives this product a modern look. Materials and quality resulting in a higher price, make this product most fitted in modern, middle-class SINUS-milieus.

Staircase C is a heavily ornamented product with turned, wooden balusters and voluminous components. The carriers are laminated in a curved shape, causing the production cost to rise extensively. Some resemblance to Victorian or Baroque style can be found. This product is more likely to appeal to the middle and upper-middle classes on the traditional side.

The process of considering style, price and quality according to the taste and social groups was performed on all products in the current collection. This resulted in a base for the following evaluation.

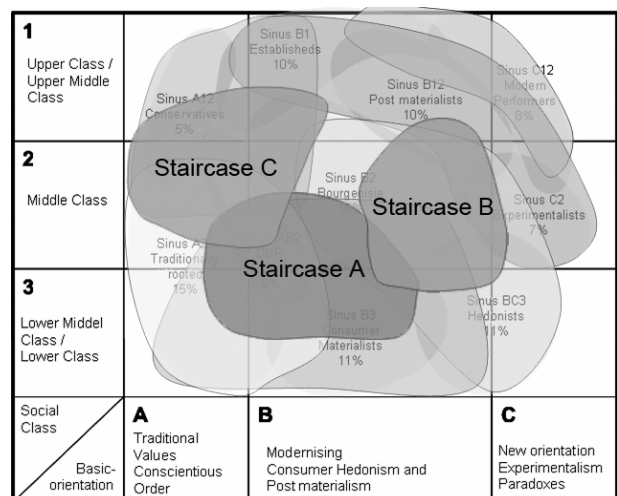


Figure 3: Example of areas covered by different staircases within the product collection.

Evaluating the current product collection

When the entire product collection has been placed into the CaT-Model, a map of the current situation appears.

¹ Gestalt theory focuses on the mind's perceptive processes. Gestalt theorists followed the basic principle that the whole is greater than the sum of its parts. In other words, the whole (item) carries a different and altogether greater meaning than its individual components.

Products will overlap in certain areas, and other areas may still be empty. In Figure 4 the dotted line shows the area covered by at least one of the 25 staircases. Areas 1, 2 and 3 are of special concern in the discussion below. The resulting map should be evaluated according to the company's strategic intentions:

- How is today's product collection situated in the market?

One may find that the current collection is resulting in an over-representation in some areas and under-representation in others. The study of the existing staircase collection revealed three areas of special concern as shown in Figure 4. Area 1 on the traditional side turned out to be severely over-represented with 19 out of the 25 products within or partially covering the area. On the other hand areas 2 and 3 representing innovative products and modern products, had only one or two models partially covering the areas.

One of the strategic points of this particular company is to provide a broad range of products. The strong bias towards traditional styles then needs to be adjusted, and more modern style products are needed to cover area 3. Area 2 needs further discussion since the development of truly high-class, innovative products will require special resources both in design and product quality. The strategic decision should be discussed thoroughly.

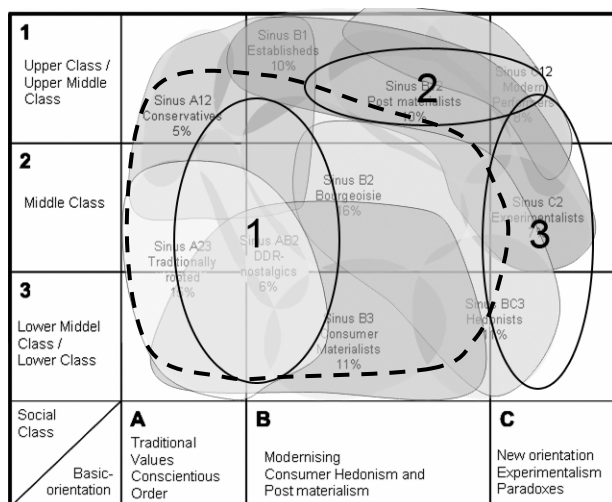


Figure 4 : The dotted line shows the area covered by at least one staircase. Areas 1, 2 and 3 demand special concern in the further strategic process.

- Is the type of product relevant for the whole market, or just parts of it?

Staircases may not be a relevant product in all the SINUS-Milieus. In our study, none of the 25 staircases seemed to fit well in the lower right corner by the Hedonists. When discussing why, the company argued that this social group is not likely to own their own homes, and even less likely to buy staircases. Thus this segment of the market is not in need of new staircase models, and the company should focus on the higher social classes on the modern side.

Another aspect of the staircase market is that new houses are more often bought by young people starting their own home. Elderly people tend to stay in their existing homes, or buy one floor apartments to avoid stairs due to reduced health. As the SINUS-Milieus in columns B and C have a lower average age than

column A, the company needs to develop more products fitting these areas.

- Are there models where style and price do not match according to social class?

In the case study, one or two models were found to fall between categories caused by incoherence between style and price. The models were heavily ornamented and fitted into the Estate Bourgeois taste according to style. However the price of the models was too high for the working classes who tend to prefer this style. The models ended up being something the lower classes would dream of possessing, but the lack of funds prevented them from actually purchasing them. On the other hand the upper middle classes would consider the models too ornamented and bulky for their taste. Such maladjusted products will require special concern in the further product development process.

Similar problems may occur if the company puts a low price on a product that can be perceived as innovative and trendy. With a minimalistic style, the production costs may not be all that high. But to keep the exclusiveness of the product, the price may need to be at the high end.

Strategic conclusions

In the process of evaluating each product, the CaT-Model provides a visual representation of the results. Products may overlap in the same segment causing in-house competition, or there may be openings for new products in neighboring segments.

Relevant topics of discussion and strategic questions will differ from one company to another. For the staircase manufacturer the main concerns were to provide a broad range of models, provide a certain number of alternatives in most taste categories to awake interest, and finally to communicate diversity through the product collection. This resulted in the need for removal of some models and development of new ones in different areas.

To other companies, other questions than the ones mentioned above may be relevant. The strategic conclusions from applying the CaT-Model will depend on the intentions and situation of each company.

4 MODEL EVALUATION

The main purpose of the CaT-Model is to be a basis for communication and decision making within a company as a supplement to other available market information. The process of obtaining insight into the relevant taste and style categories of the industry is key to the final result. The increased knowledge obtained by the company through discussions of style and taste is just as important as the final graphic representation of the market. The model is a tool that enables the company to decide which products are more likely to appeal to certain groups and facilitates the location of special opportunities or obstacles in the market.

It is, however, important to notice that the sociocultural groups, taste categories and styles are not fixed entities. They all have flexible boundaries to some extent. Some will overlap and there is not a one-to-one relationship between social group, taste and style. This means that the final results provide guidelines rather than clear answers to the strategic questions. As a quality assurance, we propose a control study of the main competitors and their products. Competing products can be evaluated according to the taste categories. Similarities or discrepancies may help point out areas of

special concern and assure the quality of the decisions made in the process.

Relevance in different industries

In the current study interior taste and interior products have been the main focus. The taste categories provided do not only apply to staircases, but also furniture and to some extent interior goods like textiles and decorative products. The current CaT-Model could very well be applied on the German furniture industry.

Kotler [5] states that culture and social class influence customer taste more or less in any purchase situation. In most consumer product industries like clothing, cars, furniture, kitchen appliances etc., personal taste has great influence on consumer behavior. Relevant taste categories can be gathered for each industry and inserted into the CaT-Model, providing a general map of the market. The challenge is however to understand the values and meanings connected to the product type, and to establish a suitable set of taste categories. In interior design, aesthetics play by far the most important role. But when buying a car, the combination of aesthetics, performance and brand may define different taste categories.

Relevance in different cultures

The current CaT-Model is based on a representation of German social groups. A similar representation should be specifically designed for the particular market at hand. SINUS-sociovisions provide social groups on most European countries, USA and Russia. When marketing a product in different areas of the world, companies may prefer to focus on a nation at a time. However a cultural group or society may be spread over several countries. The difference between these entities is important to understand [4].

It is also important to notice that the sociovision-representation is developed in a European or western setting. This fact influences the way the data is presented in the axis of the model. In a western setting, tradition and modernity are regarded as opposites or contradictions. De Mooij [6] explains that this is not the case in all cultures. In Japan, the two are considered to exist side by side. A Japanese may very well be both a traditionalist and a modernist.

Another cultural aspect is the duality of both axis in the model, from low social class to high, and from traditional to modern. Duality as a way of categorizing, is a western concept. Japanese are used to more pluralistic views.

These findings on differences in culture throughout the world will to some extent limit the suitability of the representation from SINUS-Sociovision. The representation of each culture should be considered when operating in areas differing significantly from one's home market.

5 CONCLUSIONS

We have presented a model aimed at providing a framework for market understanding based on cultural and social data in combination with preferences on aesthetic taste. The model was developed during a case study where customer and market information was hard to find. In this setting the CaT-Model was developed on the base of more general information as a guiding map of the market.

The model has proved promising in the particular case of a Norwegian staircase manufacturer operating in the German market. The model has given input to the process of establishing a suitable product collection

according to the characteristics of the market, and the results were approved by the company's local dealers in Germany.

On the matter of relevance in other industries and cultures, the question of relevant taste categories is one that needs further studies. The process of providing the correct data for the model is crucial for the final results.

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