

Customer Purchase Intention and Pricing Strategy Analysis of Personalized Products

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Abstract

In order to meet the preferences of consumers, a number of companies rushed to launch customized products. However, the market for personalized products is still developing. So, what is worth paying attention to for enterprises? This paper holds that enterprises can stand on the cusp by accurately grasping consumers' purchase intention and pricing strategy. The purchase intention of consumers is related to the price, degree of individuation, delivery date and other factors of customized products. The commonly used pricing strategies of enterprises include cost-oriented pricing and customer-oriented pricing, both of which have their own advantages and disadvantages. I hope this paper can bring some business enlightenment to enterprises.

Keywords

Personalized products, Pricing strategy, Customer purchase intention.

1. Introduction

At present, the product on the market is multifarious, in the past, consumer likes to follow suit consumption, think the product that sells much is good product. With the rise of industry 4.0 and the change of consumer demand psychology, niche, personalized products stand out. Personalized products are to distinguish themselves from competitors. Enterprises seek innovative and improved new product forms in terms of product functions, appearance and quality, so as to better meet the unique needs of consumers. At present, the trend of personalized consumption is becoming more and more obvious. Consumers like personalized products, not only because of the products themselves, but because of their unique psychology. For standardized products, consumers do not participate in the design and production, the sameness, and personalized products, consumers can put their own preferences, feelings into them. The model of "factory + customer" for computer, home furnishing and other products has been very mature. Jewelry and other luxury goods that can highlight consumers' aesthetic taste and taste are even more popular in the field of customization. For consumers, the sheer volume, the unique design and the special cachinnation outweigh the value of the product itself, while the personalized product allows consumers to assert their privileged status. In this trend of global personalization, we see consumers' pursuit of quality of life and positive and optimistic attitude towards life.

As early as 1998, the American company Martel allowed girls to design their own barbie dolls, including eyes, hair and skin, with the aim of making every girl own a unique doll [1]. At that time, because the manufacturing technology and information technology is relatively backward, still cannot carry on the large-scale promotion. With the development of Internet of things technology, enterprises must open up new space if they want to win profits. After years of development, enterprises have found that the best way to understand users' needs and conduct precision marketing is to let customers participate in the design and fully express their needs. With the progress of information technology and the upgrade of manufacturing technology,

manufacturing enterprises led by DELL take the lead in launching the customization strategy of personalized products to meet the needs of consumers in pursuit of individuality [2]. Then, Nike, Adidas, Haier and other enterprises also launched their own customized products, customers can choose their favorite colors, styles, personalized logo and so on through online channels. For example, Nike's "NIKEiD customized" project allows consumers to choose their own needs through its official website.

This paper analyzes the reasons for the emergence of personalized products, personalized products are not as many customers as standard products, which needs to be slowly accepted by people, at the same time, enterprises through technological upgrading, reduce the cost of manufacturing personalized products, so that more consumers can afford. The next part analyzes the influencing factors and pricing strategies of consumers' purchase of personalized products.

2. Customer Purchase Intention

The purchase intention of customers is affected by a variety of factors. The higher the functional value perception of the products, the better the evaluation of the products and the stronger the purchase intention of customers [3]. In addition, personal value also affects customers' purchase intention. Personal value perception focuses on customers' personal orientation to product consumption, including internal personal value perception and external personal value perception [4]. Dierkes [5] et al. believe that good word-of-mouth communication among customers is usually the most effective communication guide for them to generate purchase intention, and will significantly promote the occurrence of cross purchase, which is likely to be the consumption of extension products.

There are obvious differences between personalized products and standard products. At present, standard products have a very mature marketing system, but personalized products in the market share is still relatively small. Compared with customers' perception of functional value and personal value of products, the main influencing factors of customers' purchase of personalized products include the following aspects:

(1) Customized price

Since personalized products cannot be produced in large quantities at one time like standard products, but in small batches, the time and labor costs are relatively high. Therefore, this part of the price of personalized products that is higher than that of standard products is called customized price [6]. When consumer is buying the product, the primary factor to consider is the price, the customer will be the price of the individualized product compared with standard price of the product, if the price is more expensive, consumers are likely to give up the purchase, after all, on the function, some standard product can completely replace the individualized product. There will be a segment of consumers unwilling to spend too much money to meet personalized demand. Therefore, enterprises need to use more advanced technology and production lines to achieve flexible production and reduce the production cost of personalized products.

(2) Degree of individuation

Personalized products mean that customers can participate in the design and production of products and other links. Haier has now established a "personalized customization factory", where customers can participate in the design of products through the whole process and can also see the production links through remote control. Products blend into customers' emotions and preferences, enabling customers to obtain great satisfaction. Personalized products divided into personalized appearance and personalization, if do not have a high level of a personalized product, such as made some changes in appearance, and need consumers to pay a large cost, this will lose a lot of customers, so the real personalized products as much as possible is the

ability to meet the needs of customers, can according to customer's willingness to modify products.

(3) The date of delivery

Nowadays, people pay more attention to efficiency. For example, when buying a product on JD or taobao, consumers expect to see what they have bought as soon as possible, thus bringing rapid improvement in the delivery speed. Unlike standard products, personalized products do not have inventory, so there is no way to get the goods to consumers immediately. Therefore, compared with the standard products, personalized products will inevitably have a certain delivery delay. As an enterprise manufacturer, we should shorten the delivery delay as much as possible. If the waiting time is too long, customers will lose patience and enthusiasm for the product, resulting in the loss of customers.

(4) After-sales service

Personalized products are jointly built by consumers and enterprises and completed according to consumers' will. However, some processes are uncontrollable, so there may be defects in products. However, due to personal factors, personalized products cannot be sold again. However, enterprises still need to take active measures, such as remanufacturing and cash subsidies, to make consumers satisfied, improve the popularity of enterprises and achieve a win-win situation.

3. Pricing Strategy

Many scholars have studied the pricing of products. Syam et al. (2005) [7] assumed that there were two enterprises providing products with two attributes in the market, and studied the price and attribute competition among enterprises considering consumers' different preferences for product attributes. Choudhary et al. (2005) [8] studied the pricing problem of two enterprises providing personalized products based on consumers' willingness to pay. Some scholars also study the pricing of dual-channel supply chains, Hsieh et al. (2014) [9] considered the pricing and order quantity decision of multiple manufacturers and a common retailer in the face of uncertain demand in the supply chain. Panda et al. (2015) [10] discussed the pricing and replenishment decision of a manufacturer Stackelberg dual-channel supply chain consisting of physical stores and network channels.

In recent years, the development trend of personalized products is getting faster and faster. When we are committed to introducing production technology, realizing mass customization, and meeting the personalized needs of consumers, we should also pay attention to the price issue. In order to meet their unique needs, consumers can pay higher costs than standard products, but if the price is unreasonable, consumers will give up their personalized needs and buy standard products instead. Therefore, it is also an important task to pay attention and set reasonable prices.

3.1. The Basis for Pricing Personalized Products.

(1) The value matches the price

Consumers want to be able to buy "cost-effective" products, is the so-called "You get what you pay for". Therefore, the pricing of personalized products must match the actual price of the products. There is no market for a standard product that has been turned into a sky-high price simply by tweaking it.

(2) Prices conform to market demand

Personalized products can happen in all walks of life, monopoly is impossible. Therefore, there will be competitors in the market, there will be more than one enterprise to provide personalized products. Since the price of a product reflects the supply and demand of the market, the price fluctuates around the value. According to market conditions, the prices of

products in short supply can be appropriately raised, while those in oversupply can be appropriately lowered. Enterprises have a keen observation of the market and make appropriate adjustments according to the actual situation.

(3) Flexibility and stability

Prices fluctuate around value, but are also influenced by external factors, such as seasons and regions. Consumption habits and spending power vary for different regions. In addition, according to the characteristics of personalized products, the delivery date and degree of personalized customization, the price will also be different. In short, personalized products must be tailored to the specific circumstances, set flexible and flexible prices. However, the prices in different regions should not be too far apart, and they should not be changed from time to time and adjusted frequently. Otherwise, in the minds of consumers, enterprises will become a negative image, and even think that the management of enterprises is chaotic, which will discourage consumers to buy products. The range of each adjustment should not be too big.

3.2. Personalized Product Pricing Strategy.

For product pricing, we need to consider a number of factors, such as market supply and demand, competitors' pricing, product costs, expected profits and management marketing expenses. However, specific pricing strategies can be divided into the following two types.

(1) Cost-oriented pricing

This kind of method is in the product pricing, the cost is the first consideration, based on the cost of pricing. It mainly includes cost plus pricing, break-even pricing and marginal cost pricing. The cost-plus pricing method is conducive to maintaining the stability of profits and can avoid or reduce the competition among peers to a certain extent. Because of the lack of price elasticity, it is not conducive to enterprises to reduce costs, and sometimes they may make wrong judgments. All in all, the three pricing methods have their own advantages and disadvantages, and should be applied flexibly according to the specific situation.

(2) Customer-oriented pricing

Customer-oriented pricing is a pricing method based on the response of market supply and demand and customers. If the customer has a strong desire to buy, the price will be higher. If consumers have strong bargaining power, prices will be lower. In this way, the price of the product will fluctuate within a wide range. The customer experience will also be bad. The customer who buys the product at a high price will feel cheated and will not make the second purchase. Customers who buy products at low prices will still feel that there is room for the price to fall, and the shopping experience will still be poor.

This pricing method is difficult to form customer loyalty, nor will it lead to a win-win situation. In today's market, sellers can make fewer and fewer choices, and the game between the two parties makes every transaction close to the bottom price of the product. With this method of pricing, consumers will demand more and more, and salesmen will choose to lower the price of products in order to obtain better performance, thus forcing manufacturers to cut costs continuously. In the long run, this can lead to a market in which bad money drives out good, with customers unwilling to spend more and businesses unable to offer better products or services. In the end the market is flooded with undifferentiated low-priced, low-quality products.

4. Conclusion and Prospect

In recent years, with the increasing diversification of consumer demand, personalized products have gradually entered people's vision and become another big field for enterprises to pursue profits. So, what do consumers pay most attention to when buying personalized products? How will personalized products be priced so that manufacturers can maximize profits? This paper

mainly solves these two problems. Consumers' purchase intention is mainly affected by customized price, product personalization, delivery date and after-sales service, so enterprises need to focus on these aspects. While consumers can pay extra for a "one-of-a-kind" product, they can also lose interest if the price is too steep. If the product is only a slight change in color or shape, it is not enough to attract consumers. If the delivery period is too long, consumers will gradually lose their enthusiasm for new products. Imperfect after-sales service will make the shopping experience worse and it is difficult to generate loyalty to the enterprise.

Whether for enterprises or consumers, the pricing of products is concerned. For enterprises, pricing is directly related to their profits, which are related to many factors, such as labor cost, procurement cost and product sales volume, but not as directly as product price. For product pricing, enterprises should not blindly follow competitors, nor should they be independent, so that the price of products is higher or lower than the price of the industry, otherwise it is not conducive to the development of enterprises. For consumers, reasonable product pricing can attract them. Therefore, the pricing of products for enterprises is a crucial issue, must be taken seriously.

This paper only considers the purchase intention of consumers and the pricing strategy of products, but the actual business problems are much more complicated. The future research direction can be considered from the following aspects: first, the research scope can be specific to an industry or enterprise, making the research more valuable; Second, consider the market distribution of personalized products and standard products; Third, we can consider the profit distribution of personalized products and standard products to manufacturers and retailers respectively.

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