

Situative Approach and New Term Individualization

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Abstract: This article shows the transformation of the term “individualization” and its assignment in theory. In former days the focus was on the person as an individual. Nowadays there is a more situation-orientated view. The situation factors are: time, place, use, person/individual, knowledge, mobility and technology. This paper analyzes situation factors and gives a brief integration into the organizational theory. The new term individualization is part of a situative approach and therefore we can use the knowledge of situative factors in a situation-based marketing. To use customer data, modern management needs updated databases, like (mobile) Customer Relationship Management it provides. In combination with modern technology “apps” (applications) are useful and give different levels of new individualization.

Key words: individualization; situation approach; competitive factors; situation factors; mCRM; organizational theory; application

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1. Introduction

To date the term individualization has been spoken of in the literature in a narrow sense (Hildebrand, 1997). All the activities of the business company have been based on the behaviour of the customer and his individuality. Today behaviour is changing — from person to situation. This means that the personal preferences of customers change from situation to situation.

These changes are accompanying the usual economic and technological developments. Just take a close look at e.g. smart phones and tablet PCs with the convenient use of preferred applications (apps). Apps are taking over our daily life more and more. Even if users use different operating systems (IOS, Android,...) on their preferred smart phone and tablet PC, they will always have the same applications. Also cloud computing and users’ free space can be seen as market drivers for more individualization.

This paper shows the changing term individualization. In this context, we can implement the Situative Approach or the Contingency Approach in the organizational theory (e.g., Child, 1992; Lawrence & Lorsch, 1967; Kieser & Kubicek, 1992). The Situative Approach like Situative Marketing does not have any standardized understanding in research but can be specified in different approaches like Contextual Marketing, Direct or One-to-One Marketing, Geographical Marketing, Individual Marketing, (m)Customer Relationship Marketing, etc. (Kenny & Marshall, 2000; Grönroos, 1990; Bruhn & Homburg, 2010).

2. Traditional Individualization

To understand the changing term individualization, we must take a look at developments in the last 50 years. They have been influenced by three typical factors:

- General economic factors of companies: e.g., almost complete markets, globalization, competitive strategies (Porter, 1990), less customer loyalty.
- General technology factors: e.g., acceptance and use of internet technology, acceptance of e-/m-commerce, better hard- and software opportunities, but also the information overload of customers/users.
- Customer behaviour/society: e.g., demographic changes, permanent changes in values, significant price and quality sensitivity, information overload.

During this period we saw the customer and his individuality in his personality. This means in the literature we saw the person as an individual. With the changing understanding of marketing and the introduction of individual marketing, all business activities were focused on this person.

The person as an individual is the centre of all activities of the business company. Today behaviour is changing — from person to situation (Kriewald, 2008; Homburg, 2011). Personal preferences of customers change from situation to situation.

These changes are accompanying the usual economic and technological developments. However, individualization is more like pseudo individualization in the form of product configuration on the basis of standard products, e.g., Dell computers. Companies prefer this kind of individualization because otherwise they would have to develop numerous “segments of one” from the small market segments. This kind of selling is very expensive (e.g., Kotler, 1989). Pine and Piller use the term “Mass Customization”. They explain this form of selling as a combination of mass products and individualization where the customer becomes a co-producer (Pine, 1993; Piller, 1998). But individualization is only seen here in the preferences of the customer.

3. New Understanding of Individualization

Due to the changing environment which has been discussed above, we can broaden individualization depending on the situation, in which the customer is found.

Personal situation factors are defined by individual requirements. The situation indicates these factors:

- Place: the place being the geographic coordinates. For example, the customer is at home and therefore he is interested in other offers (for instance, TV programmes) than when he is on the way to work (for example, traffic info).
- Time: this factor describes the point of time, which could be on a regular basis or sporadic, at the present time or later, short or long. For example, current trading info for making changes to investment portfolio.
- Use: in this situation the target is meant; the current target and how this target can be reached. The aim may also determine the usefulness or the direction. But then other situation factors will come into play and influence this factor. For example, when buying a product, the target could be visiting a city (for shopping).
- Person: personal habits influence the situation at a high level. Besides this, individual preferences are so different that we can say that this factor is the most important one. This factor influences the situation massively. The person as a whole is the meaning understood by traditional individualization. But this situation is also affected by the user’s mentality. Customers who are mentally blocked act differently in a situation to customers

who are mentally fit. For example, a store is closed due to an inventory day and the customer wants to buy a specific product which can only be purchased at that store or one specializing in the same range of items. The customer knows that about 400m away there is a store where he could buy the specific product. If the customer is mentally fit, he would take this choice. If he does not know the possibilities, he would not go to the other store and might be frustrated.

- **Knowledge:** this factor describes the knowledge of the customer and the collected knowledge. The knowledge of the business company has not been examined. Most of the time knowledge is unconsciously available, but the situation is formed by unconscious and conscious knowledge. For instance, you receive the most updated traffic info on FM radio stations.

- **Technology:** this factor asks about technology or device used. There are huge differences between stationary devices and mobile ones, with or without radio or wireless equipment and software. Knowing about the technology used is important for the potential offers. But not all devices are able to have all equipment on board, e.g., Java Applets and PDF data cannot be read on several mobile phones.

- **Mobility:** mobility does not only mean the geographic position of a user/customer. It also relates to the means of transportation, e.g., car, plane, train, on foot. If the customer is on a train, he is not in a position to react to offers. However, a user/customer in a car could react to offers next to his route.

These comments show that more than one factor — not just the person — influences the situation of the individual. It also tries to explain that influences affect specific factors to varying degrees and that these factors are more or less independent. This means the interaction of all factors influences the situation. Hence, these factors are necessary for customer satisfaction. But the degree of influence of the factors has an effect on the offer, e.g., the customer orders flowers with a call from his mobile on the way home. He points out that it is urgent and he wants an SMS after the delivery. The salesman tells him that an email is also possible. Another time the same customer orders flowers via mobile internet. He says that the delivery could also be made the next day and he again wants the status of the delivery as an email. Now we can see that different factors form the situation: technology (mobile phone, SMS, email), knowledge (different confirmation methods, ways of ordering), place (mobile, stationary), mobility (customer acts variable), time (pointing out urgency) and use (ordering flowers). What are not really necessary are the person and his individuality. The person and his individuality are not really crucial here.

After evaluating each single situation we see that when placing the first order, the use, the technology, the time and the place are at the forefront of the situation but in the second situation, the technology and the mobility are more prominent in the evaluation (Kriewald, 2007).

Link & Seidl (2012) focused in their research on four typical situations: waiting, looking, emergency and quasi-static. It can be seen as a macro-structure in which situative factors are integrated as micro structure to concrete the situation.

The following Figure 1 shows all the factors for the new understanding of individualization and the need for individualized offer.

Now it is up to the company to use situation factors for individual offers. Therefore it is necessary to update the database of the company regarding some situation factors. This could be the *casus belli*. To obtain all the information, the company must have huge databases and staff who fill in the needed data or buy the essential information such as the geographic point, e.g., from the mobile phone provider. Here we can say that mobile phone providers have the best position in the value chain. On the other side we see “apps” as a concrete

application in b-to-c markets. Apps could solve the data-problem. Users give their data for getting the preferred app. At this point data privacy and users rights are not clear. It depends on the country or origin.

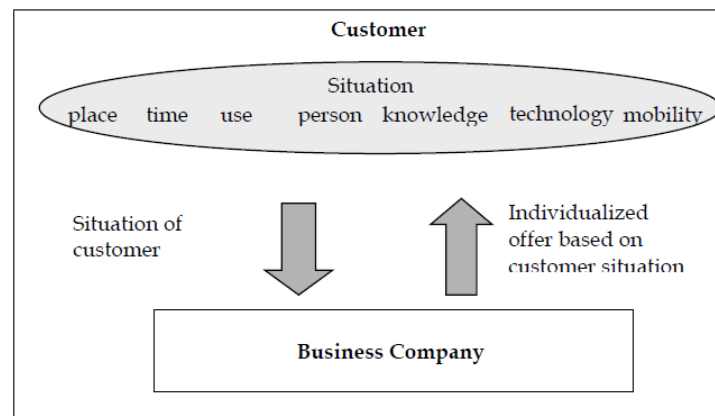


Figure 1 New Understanding of Individualization

As we know “apps” — Applications will not be rejected from all surfaces of smart phones and tablet PCs; even Microsoft’s new operating system “windows 8” uses apps. The hype about these little icons is not about to end. When we take a close look at this market, we find market players like Apple Inc. or Google Inc. Apple’s “App Store” with more than 1.200,000 apps and about 85.000 million downloads is the market leader on devices like the iPhone, the iPad and the iPod. Google’s “Play Store” with about 1.300,000 apps and 20 million downloads serves devices with android as their operating system (www.apple.com; www.androlib.com/appstats.aspx).

Behind these icons users will find convenient applications like educational tools (like online tutorials, videos), business utilities, games, news, social networks. If users want more than standard applications like “light version” or versions with reduced content they pay for a “full version” or “inapp” purchase for specific applications. If apps are more personalized companies have a high potential for increasing their income.

Here we can see apps as one implication of the new understanding from individualization. They fulfill the situative approach (see next paragraph) in an excellent way and are used in different macro-situations.

4. Theoretical Basis and Implementation

The following paragraph shows how the new situative specialization can be integrated into Contextual Marketing. In the second half of the twentieth century we find the first scientific publication on the Situative Approach or the Contingency Approach (Child, 1972; Lawrence & Lorsch, 1967; Thompson, 1967; Kieser & Kubicek, 1992). This research broadened the System Approach. Methodological innovation methods were integrated into the previously known organizational research. Relationships between companies and their subsystems were declared with interaction factors (Rühli, 2002; Ebers, 1992). As a result we saw that different situative factors influence organizations. But we cannot generalize these research results (Ebers, 1992; Kieser, 1995). Even at the end of the 1970s the situative approach of the organizational theory lost its dominant position.

Companies are understood as open systems with exchanging factors to other stakeholders (Link, 1985). But companies must handle the complexity of their environment and the permanent changes. This has led to contextual marketing as a new situative specialization. We have integrated geomarketing, direct- or

one-to-one-marketing, individualized marketing and content marketing into our new situative specialization with the described situative factors.

The Figure 2 below shows the development of contextual marketing.

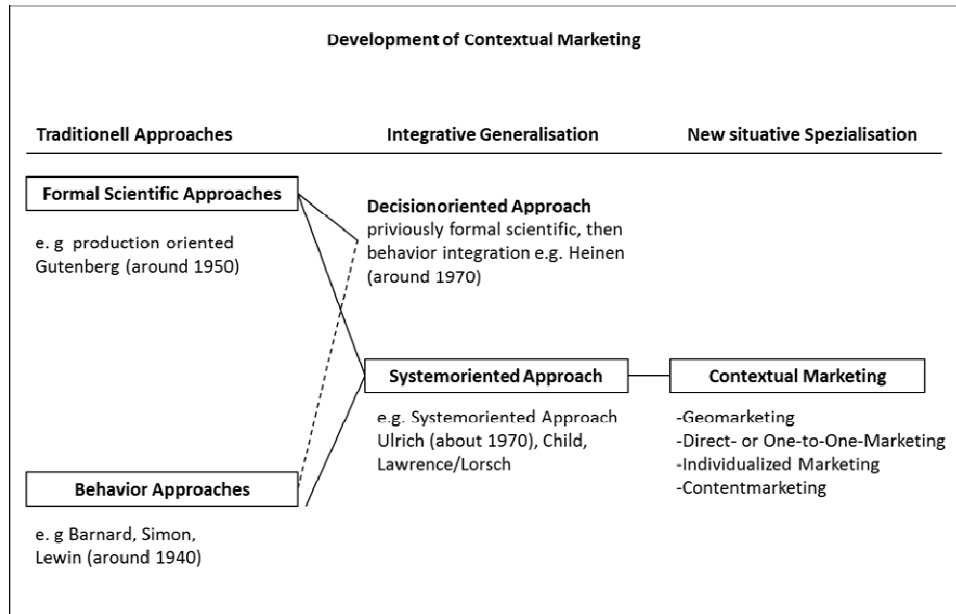


Figure 2 Development of Contextual Marketing

5. Discussion and Summary

The new understanding of individualization is based on the changes to the person as an individual during the last 50 years. This has parallels with the changing marketing theories. Nowadays, the customer wants to fulfill his individual requirements in almost all situations he finds himself in. This leads to a changing understanding of individualization. The new understanding of individualization is based on the different situation factors which the customer is in. The situation factors are: place, time, use, person (as known in the traditional understanding of individualization), knowledge, technology and mobility.

Using (m)CRM and the situation factors, companies have a way of being permanently successful with their customers. The only restriction could be seen with the collection of geographical data. Therefore companies must buy this data, be a mobile service provider, or have strategic alliances with one. On the other side companies can use apps. Users give their data for free and pay for a level of individualization.

6. Direction for Future Research

The importance of individualization could be evaluated by different levels of individualization from apps. Also, it could be interesting to see whether young or elderly people have different behaviour.

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