

# Mass-Customization Strategies in a Multi-Market Oligopoly

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Cite as:

Cohen-Vernik Dinah, Pazgal Amit (2022), Mass-Customization Strategies in a Multi-Market Oligopoly.  
*Proceedings of the European Marketing Academy*, 51st, (107749)

Paper from the 51st Annual EMAC Conference, Budapest, May 24-27, 2022



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## **Abstract**

In recent times, we witnessed a dramatic shift from mass production to mass customization. Today, nearly all consumers expect some level of customization in the products they purchase, and brands selling anything from dress shirts to consumer packaged goods are offering customized products. While the existing literature has mainly focused on customizing firms' pricing decisions in a duopoly, we take a broader perspective: we investigate the interplay between firms' pricing and customization range decisions in a multi-market oligopoly. We find that a-priori symmetric firms may employ asymmetric customization and pricing strategies in equilibrium. We explain how our model's richer market structure and more realistic (as compared to the existing literature) two-part customization cost structure are necessary to understand firms' customization strategies and pricing decisions. We also demonstrate how the technological ability to offer customized products may generally be detrimental to firms' profits.

**Keywords:** *mass-customization; competitive strategy; multi-markets*

**Track:** Marketing Strategy & Theory