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# Customization in Capital Goods Manufacturing Business

## ABSTRACT

*In the capital goods industry, customization has been the dominant paradigm. However, its meaning is broadly understood. In this study, customization was studied in a capital goods environment to determine how it is implemented, and whether any differences might exist between engineering, manufacturing, and sales. Four capital goods manufacturers were selected and 13 persons were interviewed concerning the advantages, disadvantages, and difficulties involved in customization. Customization was found to have the greatest impact on engineering. For other functions, the effects were minor. The perceived advantages were related to increased sales and increased customer value. A common disadvantage was that customization ties up resources, especially in engineering. Four different frameworks were tested to classify customizations. A mass customization framework could not be used to classify capital goods, since no mass markets typically exist for customized capital goods.*

**Keywords:** Customization, Capital goods, Operations management

## INTRODUCTION

Customer-focused strategies and customized products have become increasingly popular in the 1990's (Lampel and Mintzberg, 1996, Pine, 1993). However, in capital goods markets customization is nothing new (Spring and Dalrymple, 2000, Håkansson, 1982, p. 165). Quite often capital goods are not only manufactured but also designed based on individual customer's needs. Customization can offer a competitive advantage with increased customer value and