

# **‘Paying twice to have it your way? The backfiring effect of mass customization on a product’s resale value.’**

## **ABSTRACT**

Across industries, mass customization has been hailed a winning strategy because customers are willing to pay substantially more for being able to purchase a unique product that is customized to their individual preferences. In this research, we highlight a so-far hidden downside of this strategy.

Results based on a data set containing more than 500,000 cars offered on the secondhand car market suggest that customers pay a second time for customization: when selling their products.

In particular, we find that the more unique a car’s color, the lower its resale value.

A series of controlled follow-up experiments show that the effect is generalizable and causal. While consumer-designers are willing to pay more for more unique products, the opposite applies to customers on the second-hand market. Finally, we demonstrate that this loss can be minimized by making consumer-designers aware of the second-hand market at the time of selfcustomization.

While consumer-designers’ willingness-to-pay for the resulting self-customized product does not change, they increase their products’ resale value by proactively considering the preferences of others in their self-customization.

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