Self-Customization Effects on Brand Extensions

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Past research has shown that self-customization delivers superior value to customers. This is the first study that explores effects of self-customization on behaviors that go beyond the customized product, in particular, customer brand-relationships (conceptualized as brand attachment) and acceptance for noncustomized brand extensions.

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The Costs and Benefits of Consumer Labor
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Paper #4: The IKEA Effect: Signaling and Restoring Feelings of Competence
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SESSION OVERVIEW

Consumers are increasingly acting as co-creators of value, rather than as just passive recipients of it (e.g. Prahlad and Ramaswamy 2002; Vargo and Lusch 2004). Numerous companies have emerged that allow customers to design their own products, both through mass-customization toolkits and crowdsourcing sites. Moreover, firms continue to expand the involvement of customers in the promotion of their products, by encouraging them to create and distribute brand related content. This trend has lead to an unprecedented amount of labor being outsourced to the firms’ customers. In this session we present diverse perspectives on the costs and benefits of consumer labor for both the firms, and the consumers themselves.

The first paper examines some of its costs, by showing that people may be insensitive to their earning rate, and thus work to the point where they are tired, rather than when they have maximized their overall utility. As such, constraints on the amount people can earn can lead to higher well-being. The second paper looks at the effect of constraints in creative tasks. It shows that constraints can influence the evaluation of self-created products and the effort devoted to these, and that this is moderated by the identity primed. The third paper shows how labor not only affects the evaluation of the product created, but also how it can affect the overall relationship with the brand. Finally, the last paper examines the mechanism behind the value customers derive from their own labor, and shows how this can be used to increase the involvement of customers in co-creation. As a whole, this session provides novel and varied views on the consequences of consumer labor.

Labor or Leisure?

EXTENDED ABSTRACT

This research studies how people allocate their time between labor and leisure, a question that is relevant to every consumer who needs to work in order to earn what she/he wants to consume. Do people ever overwork – endure unpleasant labor to earn more than what they believe they can possibly consume?

Although these questions are apparently important, they are hardly answerable in the real world, because the real world is too complex for researchers to determine what the right amount of work or the right amount of earning is; hence to define what overworking or over-earning is.

Instead of studying overworking or over-earning in the real world, the current research seeks to achieve the following more modest and specific objectives: to introduce a minimalistic paradigm that allows researchers to define and study overworking and over-earning in a controlled laboratory setting, and to use this paradigm to demonstrate when and why people overwork and over-earn.

The Paradigm

Participants are run individually using a personal computer, and each participant is required to wear a set of headphones. The experiment consists of two consecutive phases, each lasting five minutes. During phase I, the participant can either listen to music and earn nothing (leisure) or listen to noises and earn chocolates (work). The default is listening to music. At any time she can press a dedicated key on the computer keyboard to disrupt the music and listen to a short, 0.2 sec, beep-like noise, and for every certain number of times she listens to the noise, she will earn one piece of chocolate. The noise is pretextted as less pleasant than the music. Throughout phase I, the computer screen displays the number of chocolates earned and the time elapsed. The participant may not eat the earned chocolates in phase I.

Once phase I ends, phase II commences. The computer instructs the participant to take the number of chocolates she has earned in phase I from a jar on the table and start to eat them. She does not have to eat all the earned chocolates, and if there are any remaining ones, she has to leave them on the table and cannot bring them home. The participant may not listen to more noises or earn more chocolates in this phase.

Every aspect of the procedure is explained to the participant before the experiment starts; she knows what type of chocolate she will earn and what type of noise she will hear. In addition, the participant is told that it is entirely up to her how many chocolates to earn in phase I and how many to eat in phase II, and that her only objective is to make herself as happy as possible in the entire experiment. The main dependent variables are how many chocolates she earns in phase I and how many she eats in phase II.

We define overworking as forgoing leisure (music) to earn more chocolates in phase I than the predicted optimal amount. (In this paradigm, overworking and overearning are the same, and we will use these terms interchangeably.) We define predicted optimal amount as the number of chocolates the participant herself or somebody in the same situation as the participant predicts that she will eat in order to make her most satisfied, and we empirically establish this level in pretests.

Findings

Using this method, we have conducted a series of studies to explore when and why participants overwork (or underwork). Because we already introduced the method above and also because of the space limit, we will not elaborate on each study. Instead, we will summarize the main empirical findings below:

- When the earning rate was low (e.g., earning 1 chocolate every 10 times one listened to the noise), participants underworked, i.e., stopped working and earning before they earned the predicted optimal amount. When the earning rate was high (e.g., earning 1 chocolate every time one listened to the noise), participants over-
worked, i.e., continued to work and earn after they had earned the predicted optimal amount. These results imply that low-income people tend to underwork relative to what they need and high-income people tend to overwork relative to what they need.

- The above effects occurred, because participants were insensitive to the earning rate or to the utility of their earning; they worked until they felt tired, rather than until they had enough.

- Predicted optimal amount was quite accurate, that is, quite similar to the actual consumption amount. Note that this similarity was not due to participants’ desire to be consistent between prediction and behavior, because the predicted optimal amount was elicited from a separate group of participants and the main participants were not aware.

- Participants who overworked were less happy than participants who did not. It suggested that people overworked, not because they enjoyed working.

- Finally, we tested a paternalistic intervention method – not allowing participants to earn more chocolates after a certain point, though still allowing them to work (listen to noise) if they wished. This method produced two effects: First (less interesting), it curtailed overworking. Second (more interesting), it increased participants’ happiness. It suggested that (high-income) people lack the self control to stop working and stop earning after they have already earned more than what they can possibly consume and not allowing them to make excessive earning can reduce their tendency to overwork and, more importantly, can make them happier.

The Influence of Identity on Creative Outcomes

EXTENDED ABSTRACT

While much of creative consumption involves creating a product for personal use, the bulk of work on consumer creativity focuses on “objective” evaluations of an outcome by someone other than the individual who created it. When creating for oneself, we propose that identity motives interact with constraints provided at the time of design to influence consumers evaluations of their own creative outcomes.

Prior literature has shown that constraints both enhance and inhibit creativity (e.g., Dahl and Moreau 2007; Moreau and Dahl 2005; Sellier and Dahl 2012). Through studies all involving actual creative tasks, we show that identity motives influence the relationship between constraints and evaluations of self-created outputs. Importantly, this relationship also depends on the structured nature of the creative task itself (i.e., an unstructured drawing task vs. customization via a structured toolkit).

Identity, what comes to mind when we think of ourselves, includes two major components: a personal identity related to the independent self and a social identity related to the interdependent self (Kirmani 2009; Oyserman 2009). Cheng et al. (2008) suggest that activating an identity makes related knowledge structures accessible for creative tasks. This knowledge structure accessibility may make creative tasks easier, but it can also lead to more habitual and less objectively creative outcomes (e.g., Aarts and Dijksterhuis 2000). Across three studies, we examine how priming identity-related knowledge influences both effort expended and evaluations of one’s own creative outcomes.

In Study 1 all participants (N = 97) receive a blank piece of paper along with colored pencils (high constraint = 6 colors, low constraint = 12 colors) and are asked to draw a picture that could be used on a customized product. Those in the “identity” condition are told to draw something that represents something interesting or important to them (participants in the “no identity” condition are simply asked to think about products that could have customized designs). We find a significant interaction of the two manipulated factors on evaluations (F(1, 96) = 3.81, p = .05). When identity is primed, participants with high constraints evaluate their drawings more positively than those with low constraints (M Identity, Low Constraints = 4.08 vs. M Identity, High Constraints = 4.96; F(1, 96) = 4.87, p < .03). When identity is not primed, input constraints do not have a significant influence on evaluations (M No Identity, Low Constraints = 4.29 vs. M No Identity, High Constraints = 4.19; F(1, 96) = .06, n/s). We find that effort expended mediates design evaluations such that when participants are not primed with identity, they exert more effort when constraints are low. However, when primed with identity, they report exerting more effort when constraints are high. From this study, we conclude that in an unstructured task environment, when identity motives are not active, participants prefer low constraints. But when motivated by identity, participants prefer higher constraints.

In the following studies, we examine the interaction between constraints and identity motives using online customization toolkits. Like other constraints, we propose that the structured nature of these task environments make participants less reliant on their own memories and accessible knowledge structures, leading them off the Path of Least Resistance (e.g., Fink et al. 1992; Moreau and Dahl 2005; Ward et al. 2002). To test this theory in our next two studies, all participants engage in creative tasks using online customization toolkits. We capture product evaluations both at the time of design and several weeks later at delivery.

In Study 2, all participants (N = 89) design a “skin” cover for a cell phone or MP3 player. Again we manipulate identity motive (absent vs. present) and input constraints (low = option to upload images or use library, high = library images only). We find that consumers evaluate their designs more favorably when constraints are low (M Low Constraints = 5.41 vs. M High Constraints = 4.37; F(1, 88) = 13.57, p < .001). This difference is enhanced when an identity goal has been activated and the interaction is significant (F(1, 88) = 3.92, p = .05). This pattern holds 10 days later when we deliver the product. As in Study 1, we find that effort (captured as time taken) mediates the effect of the manipulated factors on evaluations at the time of design.

Study 2 demonstrates that in a structured task environment, consumers given greater design freedom evaluate their designs higher and are more satisfied at delivery than those given less design leeway. In our next study, rather than broadly motivating identity, we independently motivate two competing identity-based motivations: personal identity and social identity (e.g., Oyserman 2009).

In Study 3, all participants (N = 82) design a customized travel mug (all participants actually receive the product they design, allowing us to capture satisfaction measures 6 weeks later at delivery). Two factors are manipulated across participants: input constraints (high vs. low, as in Study 2) and identity motives (social vs. personal). A two-way ANOVA reveals a significant interaction (F(1, 81) = 3.70, p = .05). Participants reported higher evaluations of their designs when constraints were low (vs. high). This effect was more pronounced for those primed with personal identity motivations (M Personal, Low Constraints = 5.43 vs. M Personal, High Constraints = 4.23; F(1, 81) = 10.14, p < .01) than with social identity motives (M Social, Low Constraints = 5.15 vs. M Social, High Constraints = 4.93; F(1, 81) = .38, n/s). These results hold 6 weeks later at delivery.

By engaging participants in real creativity tasks, these three studies examine the influence that identity-related motivations have on consumers’ evaluations of their own creations. These studies demonstrate that simply making salient an identity motivation prior to design can significantly influence design evaluations, product satisfaction and the effectiveness of the input constraints.
Self-Customization Effects on Brand Extensions

EXTENDED ABSTRACT

Mass customization (i.e., letting consumers customize their own products) is considered central to current marketing strategies and is gaining growing popularity in practice. So far, the main finding in the literature has been that self-customized products deliver superior value to customers (Franke et al. 2010; Norton et al. 2012; Randall et al. 2005). Four studies in the current research demonstrate that self-customization also positively affect the more general customer-brand relationship, conceptualized as brand attachment (Fedorikhin et al. 2008; Thomson et al. 2005; Park et al. 2010). The resulted brand attachment affects customers’ intention to buy and willingness to pay for a noncustomized brand extension.

Study 1 was a scenario-based experiment to test effects of self-customization on brand attachment. We used scenarios to control for the most common reported outcome of self-customization, namely preference fit (defined as the fit between customer preferences and product characteristics). Following scholars like Bendapudi and Leone (2003), we developed two graphic scenarios to portray different purchasing situations. To allow participants to identify easily, we used a hypothetical figure named Pat. 159 participants were randomly assigned to one of the following conditions: (1) self-customization group, in which Pat was designing an individual PC with a mass-customization toolkit, and (2) the standard choice condition, in which Pat chose one option. All participants were informed that Pat was very satisfied with the self-customized (chosen) PC. The brand attachment measure focused on participants’ connection to the brand (Thomson et al. 2005). We also included questions assessing preference fit and reactions to the graphic scenarios. Manipulation checks suggest that, as intended, preference fit was perceived to be constant (i.e. high) across conditions. Our results indicate that, as hypothesized, self-customization has a significant effect on brand attachment.

In Study 2 and 3 we show that feelings of autonomy and competence that result from self-customization mediate the processes leading to higher brand attachment. This effect is also found to depend on the design freedom granted to consumers: in case of a large (small) solution space the effects are amplified (attenuated) (Study 2). Study 2 was a one-way between subject random design with three conditions. 259 students were randomly assigned to either the standard condition or one of the two self-customization conditions. Those in the standard condition were asked to select a pair of casual shoes; participants in the self-customization groups were asked to design their own pair of shoes in a real customization task. In the high solution space condition, participants had a great deal of options; in the low solution space condition, the number of available options was much more limited. The collection of standard shoes and also the modules and options in the customization tool were pre-tested and developed by a professional designer. Following executing the task, respondents rated items measuring the main variables: brand attachment, autonomy and competence. Autonomy is defined as people’s need to believe that their activities are self-chosen, self-governed, self-determined, and self-organized. Competence is the need to feel capable and effective and to have a sense of achievement. It refers to the anticipated satisfaction derived from completing a creative task successfully. We also measured preference fit and some other control variables (perceived effort of the design/choice tasks and product category involvement).

Manipulation checks suggest that actual solution space significantly affected perceived solution space. An Anova model applied to the brand attachment measure resulted in a significant effect of customization. In particular, mass-customization in the high solution space resulted in a significantly higher brand attachment than in the other conditions. There is no significant difference, however, between the standard choice and the low customization conditions (i.e. effects are attenuated in the customization low solution space condition). Bootstrapping results suggest that feelings of autonomy and competence mediate this effect. Results are robust when including our control variables.

We designed another scenario-based study (Study 3; n = 444) to deepen our understanding of psychological processes and would contribute to the understanding of processes that underlie the formation of brand attachment. Method and procedure was very similar to Study 1. In a 2 (self-customization vs. standard condition) x 2 (preference fit high vs. average) factorial design, we show that both self-customization and preference fit have an independent and positive impact on brand attachment. We again show that feelings of autonomy and competence mediate the main effect of customization on attachment.

Finally, Study 4 demonstrates the mediating role of brand attachment on the effect of mass customization on the acceptance of brand extension of a noncustomized product – highlighting the importance of incorporating brand attachment in the theory and practice of mass customization and brand extensions. We conducted between-subject experiment that involved a real customization (choice) task. Participants (n = 126) were randomly assigned to one of the following two conditions: (1) The self-customization group was asked to design its own muesli mix (using the mass-customization toolkit of the company Mymuesli [www.mymuesli.com]) and (2) the standard choice condition was given the task of choosing one of 10 ready-made mixes. To add realism, participants were delivered the exact breakfast cereal mix they had self-customized (chosen). After product delivery – and after some time allowing for product trial – we measured preference fit, brand attachment, and willingness to pay (WTP) for a moderately dissimilar brand extension (muesli bars). In order to avoid any “cheap talk”, we conducted an incentive-compatible BDM lottery to assess WTP for a brand extension. In line with our previous studies, we find that self-customization positively affects brand attachment. The effect of self-customization on WTP for a noncustomized brand extension is also significant and positive. Customers are willing to pay, on average, 35% more for the brand extension (package of muesli bar). We conducted a product-of-coefficients test to establish our proposed mediation.

In sum, our contributions are as follows: First, we extend the literature on brand attachment to mass customization research; second, we demonstrate the mediating role of brand attachment on the effect of mass customization on the acceptance of brand extension of a noncustomized product. Theoretical implications for mass-customization, brand attachment and brand extension along with managerial implications are discussed.

The IKEA Effect: Signaling and Restoring Feelings of Competence

EXTENDED ABSTRACT

Prior work has shown that consumers are willing to pay more for self-made products than for identical products made by someone else (Franke, Schreier, and Kaiser 2010; Norton, Mochon, and Ariely 2012), an effect labeled the IKEA effect (Norton et al. 2012). In the current work we examine the underlying process behind this effect. We suggest that this premium is due to the role that self-created products have in fulfilling two deep identity-related desires of consumers: their desire to signal to themselves an identity that they
are competent and have effectance, and their desire to display that identity to others. Self-assembly of products fulfills both of these needs: by building things myself I am controlling and shaping my environment, proving my own competence, and by displaying my creations I am demonstrating my competence to others. In support of this theory, we demonstrate that feelings of competence mediate the premium attached to self-made products (Study 1); that allowing consumers to affirm their competence another way reduces the magnitude of this effect (Study 2); and that threatening people’s sense of competence in one domain, increases their desire to assemble goods, and thus reestablish their competent self-view (Study 3).

In study 1 we examine whether feelings of competence mediate the IKEA effect. In this study participants were presented with a Lego car. Builders were given the pieces for the car with the instructions that come with the product, and were asked to assemble it accordingly. Non-Builders were given the car already assembled, and were asked to examine it. Participants were then asked to give their maximum willingness to pay using an incentive compatible BDM procedure. We then measured the feelings of competence associated with the product, as well as participants’ overall mood. Replicating prior work on the IKEA effect, the builders were willing to pay more for their car ($M = 5.12, SD = 1.35$) than the non-builders ($M = 4.07, SD = 1.76; p < .05$). Builders also associated higher feelings of competence with their creations ($M = 4.39, SD = 1.48$) than non-builders ($M = 2.81, SD = 1.34; p < .001$). Importantly, the feelings of competence associated with the product fully mediated the effect of build condition on WTP (Sobel $Z = 2.08, p < .05$). Moreover, while builders ended up with a more positive mood than non-builders, mood did not mediate the IKEA effect.

In study 2, we test our account by both measuring, and also directly manipulating participants’ need to feel competent. If our theory is correct, participants who are allowed to affirm the self another way (Aronson, Cohen, and Nail 1999; Steele 1988) may no longer need to signal competence through the products they create, and therefore should not show the IKEA effect. Participants in this study were randomly assigned to one of four conditions of a 2 self-affirmation condition (no affirmation vs. self-affirmation) x 2 build condition (pre-built vs. build) between-subjects design. Participants were first presented with a manipulation where they either did or did not affirm their values (Sherman, Nelson, and Steele 2000). Following the self-affirmation manipulation, participants were presented with an IKEA Kassett storage box. Builders were given the parts necessary to assemble the box, as well as the instructions from IKEA to assemble it, and assembled the box. Non-Builders were presented with a box that was already built, and were asked to examine it. We then measured participants maximum WTP using an incentive compatible procedure as well as the feelings of competence associated with the product.

The results showed no significant main effect of the self-affirmation or build conditions. However, we found the predicted significant interaction between these two factors ($F(1,115) = 3.90, p = .05$). In the no affirmation condition, we replicated the standard IKEA effect: builders ($M = 5.07, SD = .45$) were willing to pay significantly more than those who received a box pre-built ($M = 4.06, SD = .50; p = .05$). This effect was eliminated for participants in the self-affirmation condition, where there was no significant difference between builders ($M = 0.49, SD = .46$) and those who received a pre-built box ($M = 0.58, SD = .46; p = 48$). Thus, providing participants with an opportunity to affirm the self eliminated the IKEA effect. We further tested a model of moderated mediation to examine whether the indirect effect of competence on WTP depends on self-affirmation (Preacher, Rucker, and Hayes 2007). The results suggest that, as in the previous study, competence acts as a mediator of the effect of building on WTP, but that this effect was moderated by the self-affirmation manipulation. Indeed, the analyses revealed a significant conditional indirect effect of the competence mediator in the no affirmation condition ($Z = 2.80, p < .01$), and a non-significant conditional indirect effect of the mediator in the self-affirmation condition ($Z = 1.34, p = .18$).

In study 3 we examined whether threatening people’s sense of competence would increase their propensity to want to create their own products. In this study participants were first presented with a short math test which was either very difficult (Low Competence Condition) or easy (Control Condition). Participants were then asked to imagine that they had just bought a bookcase from IKEA, and were asked whether they would prefer to assemble it themselves, or would prefer for it to come pre-assembled. While only 33% of participants in the control condition said that they would prefer to assemble the bookcase themselves, 58% of participants in the low competence condition indicated that they would prefer to do so ($p < .05$).

The above results provide convergent evidence that the IKEA effect is driven by consumer’s desire to signal competence to themselves and others. Moreover, these results suggest important practical implications for firms, by demonstrating that customers can be encouraged to participate in co-creation by appealing to their desire to signal competence.

**SESSION CONCLUSION**

This session helps further the conference’s mission of diversity by drawing attention to a growing area in consumer research that views consumers in a novel way: rather than just being passive recipients of goods, under the perspective of this session, consumers are active creators of value. The diverse perspectives presented here should offer a good starting point for the discussion of the advantages and costs of this new model of consumer behavior.

**REFERENCES**


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