WORKING PAPER

2017/05

Gift, Gift Return and Sanction, or how do non-Participants React Towards Empowering Brands’ messages?

Fanny Cambier, Ingrid Poncin
Louvain Research Institute in Management and Organizations
Gift, Gift Return and Sanction, or how do non-Participants React Towards Empowering Brands’ messages? Title in sentence case

Fanny Cambier, Louvain Research Institute in Management and Organizations
Ingrid Poncin, Louvain Research Institute in Management and Organizations

Summary

PespiCo, Danone and Starbucks are examples of firms empowering their consumers for their new product development and their number is growing. Recent research highlighted that non-participants, representing the bulk of the brand audience, are sensitive to knowing that their brand appeals to consumers for developing their offer but their reactions are not always positive. A thorough understanding of the circumstances under which these (negative) effects occur and of how to attenuate them is therefore needed. To address this gap in the literature, we adopt a qualitative approach and we shed light on the unexpected and unwanted reactions from non-participants towards CES. Using gift-giving as a metaphor, we provide a thorough understanding of those reactions and propose a theory able to explain the mechanism behind, both for participants and non-participants in their exchanges with the brand.

Keywords: co-creation, non-participants, gift giving, reciprocity, new products

This work is part of the Fanny Cambier’s doctoral project

Corresponding author:
Fanny Cambier
Louvain Research Institute in Management and Organizations (LouRIM) / Campus LLN
Place des doyens 1, bte L2.01.02
B-1348 Louvain-la-Neuve, BELGIUM
Email: fanny.cambier@uclouvain.be
GIFT, GIFT RETURN AND SANCTION, OR HOW DO NON-PARTICIPANTS REACT TOWARDS EMPOWERING BRANDS’ MESSAGES?

FANNY CAMBIER

Louvain Research Institute in Management and Organizations, Université catholique de Louvain, Place des doyens, 1 bte L2.01.02 - B-1348 Louvain-la-Neuve, BELGIUM

fanny.cambier@uclouvain.be

INGRID PONCIN

Louvain Research Institute in Management and Organizations, Université catholique de Louvain, Chaussée de Binche 151 bte M1.01.01, B-7000 Mons, BELGIUM

ingrid.poncin@uclouvain.be

PespiCo, Danone and Starbucks are examples of firms empowering their consumers for their new product development and their number is growing. Recent research highlighted that non-participants, representing the bulk of the brand audience, are sensitive to knowing that their brand appeals to consumers for developing their offer but their reactions are not always positive. A thorough understanding of the circumstances under which these (negative) effects occur and of how to attenuate them is therefore needed. To address this gap in the literature, we adopt a qualitative approach and we shed light on the unexpected and unwanted reactions from non-participants towards CES. Using gift-giving as a metaphor, we provide a thorough understanding of those reactions and propose a theory able to explain the mechanism behind, both for participants and non-participants in their exchanges with the brand.

Keywords: co-creation, non-participants, gift giving, reciprocity, new products.

1. Introduction

Nowadays, more and more firms develop various tools and platforms to reach a larger number of “empowered consumers”. They engage with them into interactive and dialog-based relationships. Threadless, Muji, PespiCo, Danone, Starbucks are examples of firms empowering their consumers for their new product development (NPD). In this context, this research sheds light on the unexpected and unwanted reactions from non-participants toward brand’s co-creation activities for NPD. Using gift-giving as a metaphor, we provide a thorough understanding of those reactions and propose a theory to explain the mechanism behind.

According to an InSites Consulting recent global study (2012), eighty percent of the consumers surveyed declare they would be willing to help the brands they like in shaping their product offering. Scientific studies about the observing audience also confirm the positive influence of a firm’s user-driven philosophy on non-participants’ attitudes and behavioral intentions toward the empowering brand (Dahl et al., 2014; Fuchs and Schreier, 2011; Schreier et al., 2012). Considering these, one might conclude that brands may always expect positive impacts when labelling innovation as user-designed/selected. Yet, marketers need to understand that Customer Empowerment Strategies (CES) may be risky for the brand’s reputation. Recent quantitative studies highlighted that effects may be less positive (Fuchs et al., 2013; Meissner et al., 2015) but those mostly focused on a “corporate ability-product evaluation” framework. Given the growing interest in CES and the context of greater general suspicion toward brands, a thorough understanding about the circumstances under which these unexpected effects occur is needed (Fuchs and Schreier 2011; Ind et al. 2013).

To respond this call, we adopt a qualitative approach and propose a theory to explain the mechanisms underlying the reactions observed toward a brand’s user-driven philosophy. We mobilize gift-giving and reciprocity theories to develop a theoretical and conceptual framework encapsulating the triadic brand/participants/non-participants interactions and effects.

2. Customer Empowerment Strategies and non-participants
Customer Empowerment Strategies (CES), as so-called by Fuchs and Schreier (2011), allow consumers’ participation in the firm’s new product development (NPD) process. This implies a “collaborative approach [...] to capture consumers’ needs” (Durugbo and Pawar, 2014) and the customer’s involvement in producing and/or delivering the service. CES can be defined as “the democratization of innovation by empowering customers to take a much more active stake in corporate NPD” (Fuchs and Schreier, 2011, p17). The scholars suggest three different forms of customer empowerment: when consumers are invited to vote for product ideas, for instance their preferred flavor (i.e. empowerment-to-select), when customers are empowered to generate ideas for new products (i.e. empowerment-to-create) or by letting customers both generate product ideas and then vote for the preferred idea (i.e. full empowerment).

CES-related research has mostly focused so far on consumers actively participating. Among these participants, there are active versus passive participants. Passives are present on the platforms, as internal observers, and do not affect the performances, have no role in decision-making and/or in creating the event that yields the experience. Inversely, active participants, present on the platforms, do submit or select ideas. But another bigger group can also be studied: the brand audience, not participating to the initiatives but who might be sensitive to knowing that her brand appeals to consumers for co-creating new products.

In 2011, Fuchs and Schreier pioneered empirical research with focus on those non-participants. They showed that labelling innovation as being designed/selected by consumers has a positive impact on perceptions related to customer orientation. Since then, other studies have shown that customer empowerment enhances consumers’ perception of innovation ability in low-tech domains (Schreier et al., 2012) and has a positive and indirect impact on brand preference, through the influence of identification with the firm (Dahl et al., 2014). At last, special cases like luxury fashion industry and technological brands were investigated. Negative effects on behavioral intentions were revealed, for instance due to the high status-relevance of the product category (Fuchs et al., 2010) or the expertise needed (Meissner et al., 2015).

3. Methodology

In pursuit of a deeper understanding of the mechanisms underlying non-participants’ reactions towards customer empowerment strategies, we adopt a qualitative approach and ask questions to non-participants about customer empowerment strategies. We conducted three focus groups (five to nine participants, 60% female – 40% male, 2h-duration/group) and interviewed twelve participants (60% female – 40% male, duration: 45-120 minutes). Respondents were aged between twenty and sixty-eight years old, with various professional categories, education fields and lifestyle.

Data were collected by using semi-directive discussions, on the basis of a guide, made of broad and open-ended questions. Focus groups allow group members to react to and to build upon each other’s responses and also allow engaging the participants in active comparisons of their opinions and experiences (Morgan, 1997). Individual interviews reveal realities of depth different from surface appearance and overcome the effect of group (Malhotra, 2010). Combining the two allows overcoming the disadvantages from each method taken independently.

After integrally transcribing the materials collected (the final corpus is about 104.000 words long), we code the transcripts into basic nodes issued from key themes of the interview guide and integrate the new themes emerging from the data. Then, theory emerges from the saturated data, on the principle of constant comparison, i.e. by systematically confronting open coding results to literature (Miles et al., 2013).

4. Results

Our findings reveal that there exist parallelisms between the participants and the non-participants, in terms of expectations toward the brand and of impacts on the brand relationship.

4.1 Similar expectations for participants and non-participants.

Our results shed light on the growing expectations non-participants develop after exposure to CES-related communications from the brands. Indeed, our verbatim consistently reports that non-participants want to ensure that the empowering brands listen to the participants, respecting their voice
and their ideas. They explicitly reflect that the respondents expect tangible proofs from the brand, namely feedback about the ideas submitted and transparency regarding the rules and the process:

“The brand must show afterwards the consumers’ opinions are followed up with changes [...] What gives me feel that the brand listen to consumers, it’s when they say they made changes or that they commercialized the ideas” (D., female, 52y old).

“Since the ideas are polled, there must be a follow-up and the participating persons must know that their ideas were not selected and why. I think there is nothing worse than receiving no news. You tell yourself you were probably not selected because the brand did not contact you back but in fact, you don’t know. I think it’s very important.” (F., female, 36y old).

“If a brand wants to launch a product and asks consumers’ ideas and if, afterwards, she does not communicate the results, it’s meaningless.” (C., male, 68y old).

We find similar expectations in the co-creation literature about participants. In their study, Ind et al. (2013) show that the participants develop and voice a strong expectation of reciprocity, which they need to see nurtured in order to remain committed. The participating users need to feel that they are listened by the brand and that their ideas are taken seriously. Transparency and feedback are the key tools to achieve this. Transparency facilitates collaborative dialogue (Prahalad and Ramaswamy, 2004) between the empowering brands and the participating consumers and allows setting up the rules of the game. Feedback is key for them to feel they are valued (Ind et al., 2013; Füller, 2010).

4.2 Similar impacts on the brand relationship for participants and non-participants.

The expectation of reciprocity toward the brand among participants grows proportionally with the consumers’ involvement and the level of participation. Key tools to be used by the brand for participants to feel that their contributions are recognized are actually giving direct and honest feedback (Füller, 2010; Ind et al., 2013). If and only if participants receive clear, accurate, and relevant feedback about their contributions, will they feel their participation valued (Ramaswamy and Ozcan, 2016).

When the level of feedback is well perceived, the brand can then be rewarded with enhanced consumers’ perceptions of brand image (Djelassi and Decoopman, 2013; Schreier et al., 2012) and with positive impacts on her consumer relationship (Ind and Coates, 2013; Sawhney et al., 2005). If the organization fails to be transparent about the rules and to give feedback, the participants quickly become irritated and feel exploited (Ind et al., 2013) or cheated (Djelassi and Decoopman, 2013).

Crucially, our verbatim reveals the same impacts, even if our respondents did not participate to the CES. Positive impacts we heard include:

“If everything goes as announced and if it can be verified, I really think it is positive for the brand image I have. If I am still deciding between two brands, that one will perhaps get my preference, just for the competition concept and the consumers’ choice possibility” (C., male, 42y old).

“Knowing [about their customer empowerment initiative] improves the image of that big chain. It is valuable, I think...” (D., female, 52y old).

But also:

“If we know that, deliberately, they did not follow up the winning vote,...There would be a decrease in brand credit. Better not ask the opinion that seek advice and then do nothing.” (R. male, 38y old).

“The brand must be transparent. What she communicates about the initiative must be true, otherwise they’d lose my trust” (C., male, 37y old).
“I reckon [the way they selected the winners] was disappointing. I will keep buying because I currently do not know another brand doing that. But I think it is a pity they did not follow the winning vote. Yes I am disappointed...this was not the plan” (V., female, 37y old)

5. CES as a triadic gift-giving system including non-participants

5.1. The idea a participant submits is a gift and the feedback is a gift return.

To explain the non-participants’ reactions, we mobilize gift-giving and reciprocity theories. We suggest that when requesting a consumer’s input, the brand actually initiates a gift system.

Gift giving theories recognize that donors can be individuals, families or organizations (Belk, 1979). When the recipient is a firm, the gift is usually solicited (Sherry, 1983). By initiating an empowering innovation challenge, the brand then actually develops a “formal precipitating condition” (Sherry, 1983, p.163) and guides its consumers to the service of a particular expectation. It requests the recipient’s input on a direct way through a communication on its website or on social networks for instance.

A gift can be defined as a good or a service which is given to another person or group, on a voluntary basis (Belk and Coon, 1993). It might also be the giver’s time, activities and ideas. Actually, “virtually any resource, whether tangible or intangible, can be transformed into a gift” (Sherry, 1983, p.160).

That is, we suggest here that the ideas, generated and submitted by consumers to empowerment strategies, are services voluntarily provided to the brand and as such, can be considered as gifts.

As soon as the donor has given the gift, he/she is therefore immediately concerned with response induction (Sherry 1983), which is integral part of the dyadic ritual. Inherent to giving and accepting a gift is therefore the social obligation of reciprocity. Reciprocity can be defined as “a subset of exchange characterized by inseparability of the objects exchanged by the partners in interaction” (Lebra, 1974, p.550).

We advocate that feedback and transparency are the symbolic gift return participants explicitly expect from the brand. Their gift return appreciation will then result into a relationship reformulation (Sherry, 1983; Ruth et al., 1999) with the brand. In so doing, we suggest another, new situation of gift exchange between a corporate recipient and an individual donor: the now popular CES initiated by firms. These are characterized by consumers’ expectations of balanced reciprocity in exchange whereas so far, commercial exchanges have usually been imbued either by generalized reciprocity (e.g. charity-giving) or by negative reciprocity (e.g. traditional commercial exchanges, for making profit).

5.2. Customer empowerment strategies, a triadic gift system.

In order to include the non-participants, we extend this dyadic gift system to a triad.

In gift giving and reciprocity theories, exchanges have for long been considered as being dyadic. Yet, a few scholars believe that given the complex reality, the dyad should be extended to broader exchange systems (Lebra, 1975; Giesler, 2006): C, a third party, is then introduced in the exchange between A and B. The extension of the dyad to a triad may either reinforce or suppress reciprocal expectations. This is relevant in our CES context as recent empirical studies (Dahl et al. 2014; Fuchs and Schreier 2011; Schreier et al. 2012) confirm that the brand audience, not participating to the initiatives, is sensitive to the co-creational exchanges between their brands and other consumers.

Among seven triadic reciprocal types of exchanges, Lebra (1975) refers to the “triadic sanction” where non-participants may be seen as the “vicarious participants [sanctioning] the dyadic reciprocity between A and B” (p. 77). Here, A reciprocates B in expectations of, or in sanction by C, endorsing the role of judge/audience. That is, we loop and propose that observing consumers, who made no gift to the brand themselves, may feel vicariously empowered by the brand though. This explains why they expect the same symbolic gift return from the empowering brand as non-participants, namely feedback and transparency.
Lebra’s (1975) then states that the gift return can be converted into “reputation” and into the audience’s appreciation. In our context, non-participants reward the brand with approval if reciprocal obligations are perceived as fulfilled or, at the other extreme, with sanction if they evaluate the norm of reciprocity (Gouldner, 1960) as not met. The non-participants’ “sanction” or “reward” is then influenced by the perceived brand’s reciprocation to the participants’ gifts.

6. Emergence of a CES conceptual framework of non-participants

To encapsulate our findings and logic, we build on Sherry’s (1983) model of gift-giving behavior, consisting of three stages of dyadic exchanges, and extend it to a triad including the non-participants.

The first stage is the “gestation” that incorporates all the antecedents to the actual gift exchange, including the potential recipient’s elicitation, the donor’s and recipient’s motives and the actual gift search. This stage is the “prelude to creating or strengthening a social bond” (Sherry, 1983, p.164) between the empowering brand and the participating consumers.

Then comes the “prestation” stage, where the actual gift exchange occurs. From the donor’s perspective, this stage is characterized by giving the gift, receiving a donor’s response and evaluating it, according to intentions and goals (Sherry, 1983). This will lead to affective reactions, going from satisfaction to disappointment and will influence behaviors in the next stage.

Eventually comes the “reformulation” stage where the donor pays attention to the “disposition” of the gift, whether it is consumed, displayed or stored by the recipient. Role reversal in the gift exchange, with recipient becoming the donor and reciprocal behavior will then become the key tool through which the relationship between the donor and the recipient is realigned (Sherry, 1983).

We extend this model to a triad, as shown in Figure 1, and suggest that non-participants also go through the prestation and reformulation stages by virtue of the vicariousness developed, which results in their own perceptions in each of the two stages.

![Figure 1: Triadic gift-giving framework in a CES context](image)

7. Conclusion

At this stage, this research advances extant co-creation literature in two main ways. First, our study reveals that non-participants develop the same expectations as participants, i.e. fair reciprocity in exchanges, materialized by brand’s feedback and transparency. Second, the use of gift-giving as a metaphor allows us to develop a single theory to explain, both for participants and non-participants, the mechanism by which affective reactions and brand relationship reformulations occur.

But we also contribute to the gift-giving literature by suggesting a new type of exchange between individual donors and corporate recipients: the co-creational exchanges, characterized by balanced reciprocity. Fair exchanges, a new consumers’ expectation toward the brand (Ind et al. 2013) have
already materialized and therefore should be included in the repertoire of the individual donor/corporate recipient gift-giving exchanges.

Managerially, this study allows us to recommend that communicating CES may result in unwanted brand audience’s appreciations. We suggest them that CES should then be seen as a gift system and that the norms characterizing it should be fulfilled in order to avoid negative reactions. Practically, the respect and the publicity of the consumer-brand fair reciprocity are critical, both for participants and non-participants.

To pursue, we wonder first whether this research should be deepened through qualitative methods to better support our theory or if it should rather be complemented by empirical results. If going to experiments, we wonder what should be tested first: feedback/transparency versus the type of empowerment (i.e. empowerment to select, empowerment to create vs full empowerment) in the co-creational process.

Then, the triadic gift system we build implies reactions and realignments of brand relationship, for non-participants and participants independently. In so doing, we build on Dahl et al. (2014) and recognize the existence of a vicarious participation. But we advocate that non-participants develop their own perspective, in function of the pieces of communications they access. As they do not live the same empowering experience as participants, their reactions may differ from participants’ ones. This may imply that the extent to which they perceive customer empowerment might differ from the empowerment they feel vicariously. In turn, we wonder whether the development of a “vicarious empowerment feeling” specific measure is judicious or if we’d rather use existing empowerment measure, adapted from organization literature.
8. References