



# When customers get clever: Managerial approaches to dealing with creative consumers

Pierre R. Berthon<sup>a</sup>, Leyland F. Pitt<sup>b,\*</sup>, Ian McCarthy<sup>b</sup>, Steven M. Kates<sup>b</sup>

<sup>a</sup> Bentley College, Waltham, MA 02452, USA

<sup>b</sup> Segal Graduate School of Business, Simon Fraser University, Vancouver, BC, Canada V6B 5K3

## KEYWORDS

Creative customers;  
Firm stance;  
Strategic response;  
Diagnostics

**Abstract** Creative consumers (defined as customers who adapt, modify, or transform a proprietary offering) represent an intriguing paradox for business. On one hand, they can signify a black hole for future revenue, with breach of copyright and intellectual property. On the other hand, they represent a gold mine of ideas and business opportunities. Central to business is the need to *create* and *capture* value, and creative consumers demand a shift in the mindsets and business models of how firms accomplish both. Based upon their attitude and action toward customer innovation, we develop a typology of firms' stances toward creative consumers. We then consider the implications of the stances model for corporate strategy and examine a three-step approach to dealing with creative consumers: awareness, analysis, and response.

© 2006 Kelley School of Business, Indiana University. All rights reserved.

## 1. When customers get clever

What happens when customers get clever? What should a firm do when creative consumers start to modify products, hack code, and adjust services to suit themselves? The following examples illustrate the dilemmas managers face, and the very different strategies firms employ in dealing with the phenomenon:

- Podcasting is the distribution of audio or video files, such as radio programs or music videos,

over the Internet for listening on mobile devices and personal computers. While the idea had been around since the year 2000, podcasting really took off with the 2001 advent of Apple's ubiquitous iPod. Yet, Apple was notoriously slow in capitalizing on the phenomenon, perhaps fearful of the copyright and digital property implications of its devices being used to store and play content. It was not until mid-2005 that Apple began to include podcasting software with its iPod products or make podcasts available on its iTunes website. To many iPod owners (and to fans of podcasting), it seemed that Apple had, at first, discouraged podcasting. At the very least, the company declined to comment on it in the early days of the phenomenon.

\* Corresponding author.

E-mail address: [lpitt@sfu.edu](mailto:lpitt@sfu.edu) (L.F. Pitt).

- A member of the creative set, pink-haired computer developer Jose Avila made furniture for his apartment exclusively from Federal Express boxes. When the Tempe, Arizona-based creator displayed pictures of the furniture on his website ([www.fedexfurniture.com](http://www.fedexfurniture.com)), however, the shipping firm promptly overnighed a cease and desist letter demanding that Avila take down the website (Morrissey, 2005). While the request was honored, consumer comments on weblogs persist: “This really brightened my day! The letters are classic lawyer exchange. My husband and I laughed and laughed. Lawyers jousting at windmills...” and “FedEx needs to lighten up. Jose is a bright and innovative young man, and instead of making his life miserable, they should give him a great job. With his kind of thinking, he can only improve the company...the first thing he should do is fire the lawyers” (<http://www.bookofjoe.com/2005/08/fedexfurniture.html>).
- Ron Gremban’s car looks like a typical Toyota Prius hybrid, but in its trunk an additional stack of 18 brick-sized batteries boosts the car’s already high mileage with an extra electrical charge so it can burn even less fuel. An electrical engineer and committed environmentalist, Gremban spent several months and \$3000 tinkering with his car. The additional batteries let him store extra power by plugging the car into a wall outlet at his home, all for about 25 cents. Although the Toyota Motor Corporation initially frowned on people altering their cars, the company now says it may be able to learn from such individuals. “They’re like the hot rodders of yesterday who did everything to soup up their cars. It was all about horsepower and bling-bling, lots of chrome and accessories,” said Cindy Knight, a Toyota spokeswoman (Molloy, 2005).
- In an attempt to create cool new things, the BBC is giving web developers and designers outside the organization access to its content. Called [backstage.bbc.co.uk](http://backstage.bbc.co.uk), this initiative gives people who create computer programs, applications, or graphics the chance to put their stamp on BBC digital content. While the beta stage project is only informal at the moment, it aims to drum up interest and proposals for prototypes. Launched in the summer of 2005, it has already garnered significant interest (<http://news.bbc.co.uk/2/hi/technology/4538111.stm>).

These cases represent four different kinds of customer initiatives in four very different industries, and four different corporate responses to customer inventiveness. The organizations’ reac-

tions range from a simple early ignoring, to a threat of legal action, to a begrudging condescension, to an active embracing of customer creativity. So what is a firm to do?

In this article, we explore the issue of creative consumers, those customers who adapt, modify, or transform a proprietary offering. They represent an intriguing paradox for business. On one front, they can represent a black hole for future revenue. Breach of copyright is rife, and the notion of intellectual property is often treated with cavalier disregard. There is also the distinct possibility that customers who meddle with proprietary products can produce something truly dangerous! On the other hand, creative consumers can be a gold mine of ideas and business prospects, as customers identify opportunities and implementations that become sources of revenue, apart from being significant improvements.

The modern business environment provides unprecedented opportunities for customers to get clever. The Internet permits the rapid dissemination and communication of customer innovations. Hobby programmers delight in improvising and improving carefully written code. Modular products, which embody high levels of reconfigurability, and inexpensive hardware (particularly in the form of computer chips and storage media) enable enthusiasts to tinker with technologies. Businesses need to both *create* and *capture* value. The dilemma is that creative consumers demand a shift in the managerial mindsets and business models of how firms accomplish these two feats. We provide a framework for thinking about the phenomenon, which also enables managers to identify their own corporate stance toward customer creativity, in order to be able to develop strategies for dealing with this.

## 2. Clever customers are not lead users

We define the creative consumer as an individual or group who adapts, modifies, or transforms a proprietary offering, such as a product or service. As a phenomenon, the creative consumer has a long and illustrious history; indeed, it is as old as products and services themselves. The automobile serves as an excellent example of a product that, since its inception, has existed in a generally symbiotic relationship with creative consumers. The early Model T Ford was regularly adapted by farmers as a power source for driving generators, mills, and lathes. In the 1960s, motor racing team BRM modified a jet engine to power a successful Le Mans racecar; today, thousands of ‘petrol

متن کامل مقاله

دریافت فوری ←

**ISI**Articles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات