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## Making a face: Graphical illustrations of managerial stances toward customer creativity

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#### ABSTRACT

Creative consumers – consumers who adapt, modify or transform a proprietary offering – represent an intriguing paradox for business. On the one hand they can be a black hole for future revenue, with breach of copyright and intellectual property, while on the other hand they represent a gold mine of ideas and business opportunities. This problem is central to business – business needs to both *create* and *capture* value; the problem is that creative consumers demand a shift in the mindsets and business models of how firms both create and capture value. We develop a typology of firms' stances to creative consumers based upon their attitude and action towards customer innovation. We then consider the implications of the stances model for corporate strategy, and examine a three-step approach to dealing with creative consumers, namely, awareness, analysis and response.

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#### 1. Introduction

How do firms feel about consumers who alter and modify their proprietary offerings? How do managers measure their stances toward this, and what will firms do, or be prepared to do about this behavior? How can the type complex data that would result from this type of investigation be summarized and communicated succinctly and effectively?

Recent reports in the popular business press and in the media in general have highlighted corporate dilemmas in the face of the relentless meddling of "creative consumers". Apple's iPhone 4 was hacked, unlocked or jailbroken (depending on one's views). Microsoft's Kinect gaming device suffered a similar fate, as did a range of Sony's gaming devices. Yet it is not just the marketers of digital technologies that are exposed to the creative wiles of their customers – even simple consumption products suffer a similar fate. The video hosting website YouTube features literally hundreds of videos showing what happens when the well-known chewy candy Mentos is dissolved in Diet Coke (King, 2007). One of the best-known illustrations of this explosive phenomenon, featured

on the David Letterman show, drew mixed reactions from the two brands. Mentos contacted the experimenters and said that they loved what they were doing, and asked how they could help. A Coca-Cola spokesperson, quoted in the Wall Street Journal was far less enthusiastic, stating, "We would hope people want to drink [Diet Coke] more than try experiments with it", adding, "the craziness with Mentos...doesn't fit with the brand personality of Diet Coke." (King, 2007) Some time later, however, Coca Cola changed its stance, and became enthusiastic supporters of the Mentos-Diet Coke experiments. The firm used its corporate Web sites—http://www.coke.com and http://www.cocacola.com—to add The Coke Show, a series of user-generated video challenges, featuring the Mentos-Diet Coke experiments.

The Mentos-Diet Coke experiments emphasize a number of simple, but important facts. First, consumers are creative when it comes to the proprietary offerings of firms, and their creativity is not limited to programmable, high-tech, digital products – it spans a wide spectrum. Second, their creativity is not necessarily focused on making products better, or easier to use - often it is simply about having fun. Third, their attempts at creativity are far more easily broadcast and disseminated in this age of digital social media - one of the Mentos-Diet Coke videos, dubbed "Experiment #137", has attracted more than 8 million viewers on YouTube. Fourth, different firms adapt different stances to the phenomenon of consumer creativity: Mentos was positively disposed toward it, while Coca Cola was (initially) negative. Finally, firms can and do change their stances toward consumer creativity: After becoming aware of, and analyzing the phenomenon, Coca Cola changed its stance and the way it acted - from being placidly against the

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phenomenon to actively supporting it. Importantly, this required the management of Coca Cola to become aware of the phenomenon ("What are consumers doing with our products apart from consuming them, and how are they doing this?") (King, 2007). Having become aware of it, the firm needed to analyze what was happening and the effect it could have (it needed information not only on the creativity phenomenon, but also on general market sentiment toward it). Having analyzed the phenomenon, Coca Cola had to take action. It changed from a firm mildly annoyed by consumer creativity, to one that exploited it for the positive consumer engagement it fostered with the brand.

These are the questions on which this paper focuses. First, is it possible to measure the stance of a firm toward consumer creativity, and more specifically, how well a firm becomes aware of it; how effectively it analyzes it, and how prepared the firm is to take action concerning it? Second, is it possible to summarize these measurements for the individual firm, and at aggregate level, to portray these graphically in an effective way? In other words, is it possible to portray the stance of a firm toward consumer creativity in a simple, yet powerful manner, so that it can be communicated to whoever the firm decides is a target audience management, employees, customers, or a broader public? The paper is structured as follows: First, we briefly review the literature on consumer creativity, and illustrate the notion of firm stances toward the phenomenon by means of recent examples of consumer creativity and firm reactions to these. Next we describe the use of an instrument to measure firm stances toward consumer creativity within a large sample of firms. However, the focus is not so much on the psychometric properties of the instrument, or on a sophisticated analysis of this data as it is on the use of a powerful statistical graphic technique that is used to summarize and display the various stances toward consumer creativity. Therefore, the next section of the paper introduces the Chernoff Faces technique and applies it to the results of the study as a way of illustrating the technique's use in this regard. The paper concludes by acknowledging some of the limitations in the approach, by identifying managerial implications and outlining some avenues for future research.

## 2. Creative consumers: concepts, proliferation, stances and examples

The notion of user innovation - which refers to innovation by end users, firms and creative consumers (von Hippel, 1986, 1989) - has been of interest to researchers and practitioners alike for some time. The notion of the lead user was originally alluded to by von Hippel (1986), who defined them as users whose current strong needs will become general in a marketplace months or years in the future. However, it has been argued that "creative consumers" are different to that of "lead users". Creative consumers have been defined as individuals or communities of individuals who to some extent adapt or modify a proprietary product offering (Berthon and McCarthy, 2007). They are different to "lead users" in three ways: First, creative consumers work with all types of offerings, not just novel or enhanced products (the focus of the lead user). For example, Muniz and Schau (2005) describe a community of creative consumers still using, modifying and creating content for Apple's defunct Newton PDA despite the fact that the product ceased production in the mid-1990s. Second, creative consumers do not necessarily face needs that will become general; rather, they will often work on personal interests that can remain individual, or expand in use to a subset of users. The Mentos-Diet Coke experimenters are satisfying needs for fun, creativity, entertainment and experimentation, rather than attempting to improve the products for physical consumption. Third, while firms tend to use a formal and disciplined process to find, screen, and select lead users (von Hippel et al., 1999), creative consumers rarely ask permission to experiment with a firm's offering, and most firms have no formal processes for identifying them.

Creative consumers are an increasingly prevalent and important phenomenon, due to increases in the modularity and reconfigurability of products, and the availability of Internet technologies that allow them to communicate and disseminate their knowledge and innovations (Mollick, 2005). The digital milieu affords unparalleled opportunities for customers to exercise their ingenuity. The Internet permits the rapid dissemination and communication of customer innovations, and hobby programmers delight in improvising and improving carefully written code. Modular products that embody high levels of reconfigurability, and inexpensive hardware, particularly in the form of computer chips and storage media, enable enthusiasts to explore a range of technologies. The presence of creative consumers has been noted across a range of product categories (Choi and Perez. 2007: Flowers. 2008: Jeppeson. 2005: Lüthie. 2004). as well as other marketing functions, particularly advertising (Muniz and Schau, 2007; Berthon et al., 2008). As these consumers are characterized as having novelty seeking and creativity producing behaviors (Hirschman, 1980; von Hippel, 1989), they are considered to be an important, if not a valuable external resource for firms engaged in innovation (Chesbrough, 2003; Füller, 2006; von Hippel, 1989).

The Mentos-Diet Coke phenomenon discussed in the introduction shows that individual firms might feel differently about creative consumers, and that firms also can, and do, change what they think of, and are prepared to do, about them. Berthon et al. (2008) define how a firm views, and what it is prepared to do about, creative consumers, as a firm's stance, and note that firms adopt a range of stances toward creative consumers. They differentiate between the various stances a firm might hold using two axes: a firm's attitude towards, and action on consumer innovation. Attitude to consumer innovation is a firm's espoused policy or philosophy towards the phenomenon in principle; it can range from positive to negative. The espoused philosophy typically reflects the mental mindset of top management, but can also range from a subtle form of politicking to poor organizational communication. Action on consumer innovation comprises what a firm does once the phenomenon has actually been detected. This can range from active to passive. These two axes delineate a fourfold typology of firm postures to consumer innovation, comprising the stances of discourage, resist, encourage and enable. The four stances are shown in Fig. 1 and described and illustrated below.

#### 2.1. Discourage

The hair loss drug Propecia is medically identical to, but only a 1/5th of the dose, of Proscar, a drug used for an enlarged prostate. A

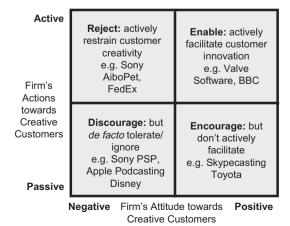


Fig. 1. Firms' stances towards creative consumers.

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