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Consumers and Producers

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Consumenten en producenten

Thesis

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Chapter 1: Introduction

Through the centuries, technological progress has transformed production and consumption. Up to the First Industrial Revolution in the 18th century, the production of goods such as clothing, household items, and tools was mostly artisanal. However, during the Industrial Revolution, innovations such as cotton-spinning machinery marked the birth of the factory. Production progressively turned into an industrial activity, carried out in large factories by hundreds of workers aided by machines. Later on, the introduction of the assembly line in the early 20th century inaugurated the era of mass production and mass consumption. The high volume of mass-produced items and commodities offered at a lower price created a large consumer base: people from the working and middle classes were finally able to afford goods previously available only to the upper classes.

Ever since these developments, and even more after the introduction of modern advertising and retailing, the word *producer* has been associated with the image of a large company that industrially manufactures and sells consumer goods; the word *consumer*, on the other hand, brings to mind an individual who purchases a ready-made product from that company, off the shelves of a supermarket, and brings it home to consume. Producers are commonly regarded as the strongest party and are believed to exert great influence over what type of product and information consumers receive and ultimately purchase. In fact, traditional new product development is a process that takes place behind the closed doors of the company, with little input from consumers; moreover, the way products are advertised and promoted is structured as a one-way flow of information from companies to consumers, where companies craft the messages they want to send consumers via print or TV ads.

Today, however, advances in information and communication technology are redefining the relationship between producers and consumers in the marketplace, bringing producers and consumers closer to each other. First of all, the Internet and social media are tearing down the information barrier that stood between producers and consumers. On the producer side, companies can deepen their insights into consumers' preferences, making segmentation and targeting decisions that are optimized at the individual consumer level. On the consumer side, consumers have unprecedented access to information about products, brands, and companies. In contrast to the past, when producers were in full control of the type and amount of product or brand information that their passive consumers would receive (Von Hippel 2017), consumers can now choose which sources of information to consult and trust: company websites and social media pages, as well as the reviews or blog posts written by fellow consumers. By democratizing consumers' access to information and their ability to interact with each other and with companies (e.g., Porter 2001; Harrison, Waite, and Hunter 2006), the Internet has empowered consumers (Fuchs, Prandelli, and 2010; Labrecque et al. 2013) and shifted the balance of power between producers and consumers.

Technological progress has also blurred the boundary between the very activities of production and consumption (Tapscott and Williams 2006). The roles of producer and consumer are less rigid: nowadays consumers do not only purchase products entirely configured and marketed by companies, but they often play an active role already in the production stage (e.g., Von Hippel 2005; Von Hippel et al. 2012; Schreier, Fuchs, and Dahl 2012). For example, during the design phase, consumers collaborate with companies and co-create products ranging from clothing (e.g., Threadless t-shirts) to toys (e.g., LEGO sets on the LEGO Idea platform), or vote which products should be commercialized (e.g., furniture on

Made.com). Even more recently, the rapid development of sharing economy platforms (e.g., Uber), the growth of online consumer-to-consumer marketplaces (e.g., Etsy, eBay), and the introduction of technologies such as 3D printing, have given consumers access to resources and processes that were previously available only to professional producers or salesmen. Many consumers physically produce products on their own and become consumer-producers. The phenomenon of consumers taking on parts of the production process such as the assembly of IKEA furniture for own use is not new (e.g., Norton, Mochon, and Ariely 2012). What is new is that more and more consumers are turning into consumer-producers, non-professional producers that engage in production with the aim of selling their self-produced products rather than keeping them for their own consumption. Nowadays it is especially easy for these consumer-producers to transact with other consumers online, on consumer-to-consumer marketplaces such as Etsy and Folksy, which count millions of sellers worldwide.

Such changes present opportunities and challenges for both managers and consumers. In the remainder of this dissertation, I present research focusing on the new roles of producers and consumers, and their relationships in the marketplace. In Chapter 2, I focus on consumers in their traditional role of recipients of products and information from companies. However, as argued above, nowadays consumers have more access to information about the businesses they support with their purchases. As a consequence, they often learn about how these businesses operate at a higher, strategic level. Information about company restructuring or outsourcing decisions is increasingly featured in the news. Even if consumers' understanding of these subjects is only partial, they tend to form and voice their opinions about these topics on the Internet and on social media. In Chapter 2, I investigate how consumers react to information concerning company acquisitions. I demonstrate that, especially in identity-relevant product categories, learning about acquisitions can decrease consumer attitudes towards the acquired brand, shift consumer preferences in favor of products from non-acquired firms, and influence the valence of content posted online. Furthermore, I show that acquisitions trigger negative consumer responses because of the brand identity loss suffered by the acquired brand in the eyes of consumers. By demonstrating that acquisitions might have important demand-side consequences, this research complements the current body of academic work on acquisitions in other disciplines such as finance, organizational behavior, strategy, and strategic marketing (e.g., Pinches and Narayanan 1992; Homburg and Bucerius 2005; Schlingemann and Stulz 2005; Weber and Camerer 2003), which has so far considered the impact of acquisitions on other types of stakeholders, such as shareholders and employees. The findings of this research carry important implications for managers, as they highlight the importance of carefully communicating acquisitions to consumers in order to minimize the perception of brand identity loss.

In Chapter 3, I focus on consumer-producers. In the past, consumers were mere recipients of products manufactured and sold by firms. In contrast, nowadays consumers are often involved in the production process of firms, or even create and sell products created by themselves. The research presented in this chapter focuses on understanding the psychology of consumers that create and sell products on ad-hoc consumer-to-consumer online marketplaces such as Etsy, and especially on investigating the factors that keep consumer-producers motivated despite the often scarce economic returns. I find that consumer-producers derive well-being in terms of happiness merely from knowing that their products have been purchased by other consumers, irrespective of financial compensation. I demonstrate that the mechanism behind this effect is the social validation of the consumer-producers' skills as producers and uncover its downstream consequences for work motivation. This research adds to existing literature on consumers' involvement in design and production for their own consumption (e.g., Dahl and Moreau 2007; Fuchs et al. 2010; Norton, Mochon, and Ariely 2012) by looking at a context where consumers instead create products with the specific aim of selling to other consumers. The research presented in this chapter has important implications for the management of consumer-to-consumer online marketplaces and provides insights into how to market consumer-to-consumer marketplaces in order to attract new sellers and increase seller retention.

Finally, in Chapter 4, I focus on individual producers. Nowadays, communication technologies could enable virtually all producers (e.g., workers in a factory) to receive information about the people who consume their products. Drawing from Marx's alienation theory (1844), in this chapter I investigate whether *personizing* the consumer to the producer (i.e., providing the producer with personal information about the consumer, such as the consumer's name, age, profession, nationality, or a short profile) is a viable intervention for reducing the distance between producers and consumers that characterizes industrial production settings. I find that working for a personized (versus anonymous) consumer increases the producer's work satisfaction and leads to better quality products. This research makes a contribution by shedding new light on the relationships between effort, meaningfulness of work, and work motivation (e.g., Ariely, Kamenica, and Prelec 2008; Heyman and Ariely 2003). Moreover, by looking at the effect of giving the producer personal information about a specific consumer, this research extends previous work on the effect of providing personal information about beneficiaries from a prosocial context (Small and Lowenstein 2003; Grant 2007) to a commercial context. The findings presented in this chapter have important implications for managers and for consumers, as they reveal how a simple intervention such as providing the producer with personal information about the consumer can lead to positive outcomes in terms of product quality and higher work satisfaction.

In Chapter 5, I conclude with a discussion of the research presented in previous chapters.

Declaration of Contribution

Chapter 1. I have written this chapter and implemented my supervisors' feedback.

Chapter 2. The research presented in this chapter is in collaboration with my supervisors Professor Stefano Puntoni and Professor Christoph Fuchs. I formulated the research question, reviewed the literature, designed the studies, collected and analyzed the data, and wrote the manuscript. My supervisors provided feedback on all the steps.

Chapter 3. The research presented in this chapter is in collaboration with my supervisors Professors Stefano Puntoni and Christoph Fuchs, Professor Martin Schreier, and Professor Stijn van Osselaer. I formulated the research question during my first year of PhD with Professors Christoph Fuchs and Martin Schreier. Professors Stefano Puntoni and Stijn van Osselaer joined the project at a later stage. I reviewed the literature. I designed the studies and analyzed the feedback implementing my co-authors feedback. I also wrote the manuscript and edited it according to my co-authors' feedback.

Chapter 4. The research presented in this chapter is in collaboration with Professors Christoph Fuchs, Martin Schreier, and Stijn van Osselaer, and with Sarah

Lim, who joined the project only recently. The research question was formulated in collaboration with Professors Christoph Fuchs, Martin Schreier, and Stijn van Osselaer. I reviewed the literature, designed the studies, analyzed the data, and wrote the manuscript implementing the feedback received from Professors Christoph Fuchs, Martin Schreier, and Stijn van Osselaer.

Chapter 5. I have written this chapter and implemented my supervisors' feedback.

♫ When I write, I like to listen to instrumental music. For each chapter in this dissertation, I have noted one of the songs I listened to more frequently while writing it. Working on Chapter 1, I listened to *Intro* (The xx).

Chapter 2: Consumer Reactions to Acquisitions

Background and Overview

Acquiring other firms is one of the most common ways for companies to pursue growth. Globally, the value of acquisitions in 2016 amounted to $3.9 trillion (J.P. Morgan 2017). In many cases, what draws the attention of acquirers is the brand and market position that the target firm was able to create and nurture. While acquirers often have the resources to create and market new brands, they find it challenging and time-consuming to build brands with unique identities. Given the importance of brand assets in motivating acquisition decisions, one might expect that the academic literature on acquisitions has carefully examined how acquisitions impact consumers' attitudes and commitment towards acquired brands. However, existing academic research on acquisitions—in accounting, finance, strategy, and organizational behavior—adopts a predominantly internal, supply-side view on acquisitions (e.g., Larsson and Finkelstein 1999; Moeller, Schlingemann and Stulz 2005). Because of this supply-side focus, the literature is largely silent regarding the impact of acquisitions on consumer response towards the acquired brand. In this research, we address this gap by focusing on consumer reactions to acquisitions. Consumer reactions to acquisitions are especially important to study given today's ease of access to information about companies via social media and other Internet sources.

From an information economics perspective (e.g., Spence 1974), acquisition news should trigger positive consumer responses. If consumers interpret firm actions or strategies as quality signals (e.g., Boulding and Kirmani 1993), they should interpret acquisition news as a positive signal about the quality of the target firm. If, for example, an established social media company acquires a software company, consumers might believe that the software company (and its products) must somehow be "good" (because "otherwise it would not be acquired"). Consequently, consumers might exhibit more favorable attitudes and higher purchase intentions for products of acquired firms. In our work, however, we show that acquisitions can prompt negative consumer reactions. Specifically, we demonstrate that acquisitions harm consumers' perceptions and preferences regarding products of acquired firms in identity-relevant product categories or for identity-relevant brands. The reason for these negative reactions is that acquisitions can dilute the identity of the acquired brands in the eyes of consumers. Thus, the very asset that motivated the acquisition—the brand—can be damaged by it.

In sum, we contribute to the literature on acquisitions by examining when and why consumers might react negatively towards products of acquired firms. Our results demonstrate the importance of complementing an internal, supply-side perspective with a demand-side perspective in order to understand the consequences of acquisitions. In doing so, our findings might add a piece to the puzzle of explaining why so many acquisitions fall short of expectations (e.g., Christensen et al. 2011; Dyer, Kale, and Singh 2003). The remainder of the chapter is organized as follows. We first develop our predictions. Next, we present the results of six studies, featuring both experimental and correlational designs, which provide evidence for our predictions and rule out alternative accounts. Finally, we discuss the findings' implications for research and practice.

Theoretical Background

Acquisitions are transactions where ownership of a firm is transferred to another firm. Since acquisitions are complex operations involving all areas of both the acquirer and the acquired firm's activity, identifying the drivers of their success or failure has been the subject of extensive investigation among academic disciplines such as economics (e.g., Ravenscraft and Scherer 1987), finance (e.g., Moeller, Schlingemann and Stulz 2005), organizational behavior (e.g., Larsson and Finkelstein 1999; Weber and Camerer 2003), and strategy (e.g., Datta, Pinches and Narayanan 1992).

In marketing, research on acquisitions is scarce and concentrates on strategic marketing aspects. This research stream mainly draws from the resource-based view of the firm (Wernerfelt 1984) and investigates acquirer and target firm characteristics that influence the financial value of brands in the context of acquisitions. For example, research in marketing has examined whether a strategic match between the firms involved creates shareholder value (Swaminathan, Murshed, and Hulland 2008); how brands, salesforces, and expertise are redeployed following an acquisition (Capron and Hulland 1999); and the role of marketing integration in determining post-acquisition financial performance (Homburg and Bucerius 2005).

Acquisitions and consumers

Two things strike the reader of the interdisciplinary literature on acquisitions. First, many studies converge on the conclusion that acquisitions often fail to meet their strategic and financial objectives and create little to no value for the firms involved (e.g., Datta, Pinches, and Narayanan 1992; King et al. 2004). Second, existing research primarily focuses on the consequences of acquisitions for the involved firms' employees and shareholders. However, when a firm buys another firm, it also acquires its former and prospective customer relationships. Even though brands are often cited as the main reason why firms acquire (e.g., Bahadir, Bharadwaj, and Srivastava 2008), the vast body of research on acquisitions is silent on the key question of whether acquisition news can have repercussions on consumers, the ultimate audience of brands. To our knowledge, only two papers in marketing examine demand-side responses to acquisitions. Jaju, Joiner, and Reddy (2006) study consumer reactions to alternative brand name redeployment strategies after an acquisition, and Thorbjørnsen and Dahlén (2011) focus on the effect of brand deletion after an acquirer-dominant acquisition. This lack of attention to the possible demand-side consequences of acquisitions is particularly surprising considering the widespread coverage of acquisitions in traditional and social media. Acquisitions are in fact commonly featured in the news and often hotly debated by consumers on Facebook and Twitter.

Signaling theory from information economics (Spence 1974) holds that actions or strategies used by firms can be interpreted as signals by consumers, especially under information asymmetry (e.g., Boulding and Kirmani 1993). Accordingly, consumers might interpret acquisitions as a quality cue regarding the acquired firms and their products, using the heuristic: "If the acquirer is willing to pay money for this firm, its products must be valuable". As a consequence, consumers should exhibit more favorable attitudes and higher purchase intentions towards the acquired brand.

At the same time, we propose that consumers might, in some contexts, react unfavorably to acquisitions. There are many instances when consumers expressed their aversion to acquisitions. For example, when Unilever acquired the ice cream maker GROM in 2015, 83% of consumers polled by an Italian newspaper stated that the acquisition was "bad news" (Bottero 2015). Furthermore, according to the YouGov BrandIndex, which monitors consumer perceptions of brands, The Body Shop's "brand buzz", "satisfaction" and "general impression" ratings plummeted after the firm was acquired by L'Oréal (BBC 2006). The acquisition of The Body Shop suggests that consumer backlash following an acquisition can be strong even when the acquired company is a large multinational. At the time of acquisition, The Body Shop was a global brand, with over 2000 stores and large revenues (The Guardian 2006).

Identity loss as the driver of consumers' negative reaction to acquisitions

The economic system of the 20th century was characterized by mass consumption and mass production. Perhaps as a reaction to the homogeneity and blandness engendered by this efficient production system, in recent years many markets have witnessed a widespread quest for authenticity among consumers (Holt 2002). Despite being a buzzword (or perhaps because of it), authenticity is a broad concept that takes on a myriad of meanings and lacks an agreed-upon definition in common language and in academic research. Depending on the context, the term "authentic" is used to indicate a variety of brands and experiences, including brands that are true and genuine (Thompson, Rindfleisch, and Arsel 2006) or that speak of heritage and traditions (Beverland 2005; Gilmore, and Pine 2007). Another common facet of authenticity is uniqueness (Beverland 2005; Lewis and Bridger 2001). Research on art and music suggests that "authenticity refers to the recognition of difference" (Fine 2003, p. 155). Creative work is more valued when artists are perceived as unique and when they are "judged to have an interpretation that makes their presentation distinctive and clearly recognizable" (Peterson 2003, p. 1093). Relatedly, Moulard, Garrity, and Rice (2015) investigate celebrities as human brands and find that perceptions of authenticity are fostered by perceptions of originality, that is the extent to which a celebrity acts in an "independent, creative and individual manner" and is seen as a "very unique individual with his own style" (p. 179). Along these lines, in his investigation of hip-hop culture, McLeod (1999) states that individualism (i.e., being independent and unique) is central to authenticity. In a market context, many consumers today have an appreciation for what is unique, distinctive and different (Lewis and Bridger 2001), and prefer brands that successfully set themselves apart (Yang et al. 2014) and keep up with that expectation. Similarly, Warren and Campbell (2014) show that a brand is appealing when it is perceived as autonomous and independent. When it comes to brands, perceptions of distinctiveness are rooted in the brand's identity (Kapferer 2008). In fact, it is well established in the branding literature that firms benefit from a strong brand identity because they can connect with consumers more easily and increase differentiation from competitors (Aaker 2012). Recent acquisitions in the retail (e.g., Peet's Coffee & Tea buying Intelligentsia), cosmetics (e.g., Clorox buying Burt's Bees), and beverage (e.g., the wave of craft beer acquisitions by AB InBev) industries suggest that acquirers value brands with strong and distinctive identities. However, we argue that an acquisition might harm the identity of the acquired brand.

The marketing literature investigates several contexts where brands are combined or paired, and their identities come into contact. For example, research on brand alliances examines how consumers use prior attitudes and associations regarding the involved brands in responding to the new combination of brands (e.g., Geylani, Inman, and Ter Hofstede 2008; Simonin and Ruth 1998). The success of a brand alliance depends on the extent of product fit (i.e., the relatedness of the product categories where the brands operate) and brand fit (i.e., the coherence of the values and associations that characterize the brands; Simonin and Ruth 1998;

Van der Lans, Van den Bergh, and Dieleman 2014). An acquisition can also be considered a context where two brands become linked to each other, and spillovers from one brand to the other are likely (e.g., associations that consumers have with respect to the acquirer might be transferred to the acquired brand). However, in our research we do not focus on this transfer of specific associations and contend that an acquisition can affect consumer perceptions of the acquired brand independently of its potential contamination by the brand identity of the acquirer.

Research on identity across different academic disciplines suggests that one of the characteristics of identity is stability and coherence. The branding literature suggests that the identity of a brand requires consistency and stability over time (Aaker 2012; Erdem and Swait 1998). Similarly, the literature on consumer identity discusses how identity has a component of persistence (Urminsky et al. 2014). Moreover, in cognitive psychology, research on how people determine the identity of objects suggests that the causal changes between an object and a later version of that object should not be too radical in order for the object to be recognized as having the same identity (Rips, Blok and Newman 2006). Drawing on this body of work, we theorize that an acquisition is a transformative operation that affects consumers' perceptions of the identity of the firm and its brand. Specifically, our main contention is that identity loss by the acquired firm is a key process driving consumers' negative responses to acquisitions.

In addition, we propose that consumer perceptions of identity loss following an acquisition are more likely when the acquired firm operates in a product or service category characterized by high identity relevance. Consumption is a way for consumers to communicate who they are, that is their identity (e.g., Berger and Heath 2007; Escalas and Bettman 2005; Reed et al. 2012). Here, we define identity relevance as the extent to which a product or service category is used by consumers to communicate something about who they are. Some categories are more expressive of consumers' identities than others. For example, purely functional products, such as dust cloths, are low in identity relevance, whereas jackets or coats are high in identity relevance. In identity-relevant categories, consumers' quest for brands that keep up with their distinctiveness and independence is particularly salient. Thus, if the negative effect of acquisitions proposed above is driven by a perceived loss of identity, this effect should be weaker in the case of purely functional categories. In these categories, we may even observe the opposite effect, with consumers reacting positively to acquisitions, in line with signaling theory from information economics. In this case, being acquired would function as a positive cue regarding the quality of the brand's products, an especially important criterion influencing consumer choice in such categories.

Overview of Studies

We test our predictions in six studies. In Study 1, we set the stage for the remaining studies by showing that the identity relevance of the product (or service) category influences consumer preferences for products from not acquired versus acquired firms. Thus, Study 1 points to contexts where acquisitions might backfire in terms of consumer response. In the subsequent two studies, we focus on the negative effect of acquisitions by showing how informing consumers that a firm has been acquired can influence real choices in the lab (Study 2) as well as online posting behavior (Study 3). Next, we delve into the proposed mechanism, identity loss, and provide process evidence (Study 4a, 4b, and 5). The studies presented in this chapter also rule out alternative explanations for consumers' negative response to acquisitions, such as a general sympathy towards small firms.

In our studies, we determined sample sizes in advance, excluded no participants from the analyses, and report results concerning all the conditions and measures collected (Simmons, Nelson, and Simonsohn 2011).

Study 1

Overview and objectives

Study 1 examines whether consumers' preference for brands and products from not acquired versus acquired firms varies depending on how identity-relevant the specific product (or service) category is. We asked participants to either rate twelve categories on identity relevance or to express their preference between brands and products from not acquired and acquired firms. In line with the proposed identity loss account, we predict that participants prefer to buy from not acquired firms in categories high on identity relevance but not in categories low on identity relevance. This is because in highly identity-relevant categories consumers prefer brands that keep up with their distinctiveness and remain consistent with what they are. On the contrary, in categories low on identity relevance, we expect participants to prefer to buy from acquired over not acquired businesses, in line with economic theory on signaling.

Method

Based on a preliminary qualitative study, we identified twelve categories to be used in the main study, which we predicted would score low (courier service, electric screwdriver, bank, washing machine detergent, printer, antivirus software) or high (ethnic restaurant, bakery, jewelry, hairdresser, handbag, and beer) on identity relevance.

One hundred and eleven students at a Dutch university took part in the study in exchange for course credit. Approximately half of participants (N = 46, 59% female, M_{age} = 19 years) first read a short preamble with an informal definition of identity relevance ("We are interested in the extent to which you think that your choice of a specific brand/product in each of the product or service categories below says something about who you are. Take the example of jackets: does buying a certain jacket from a specific brand say something about who you are?"). Afterwards, they rated each of the twelve categories on identity relevance on 7-point slider scales (e.g., "The brand/product I choose for a bank: 1: does not say anything about who I am, 7: Says a lot about who I am"). The product and service categories were presented in random order.

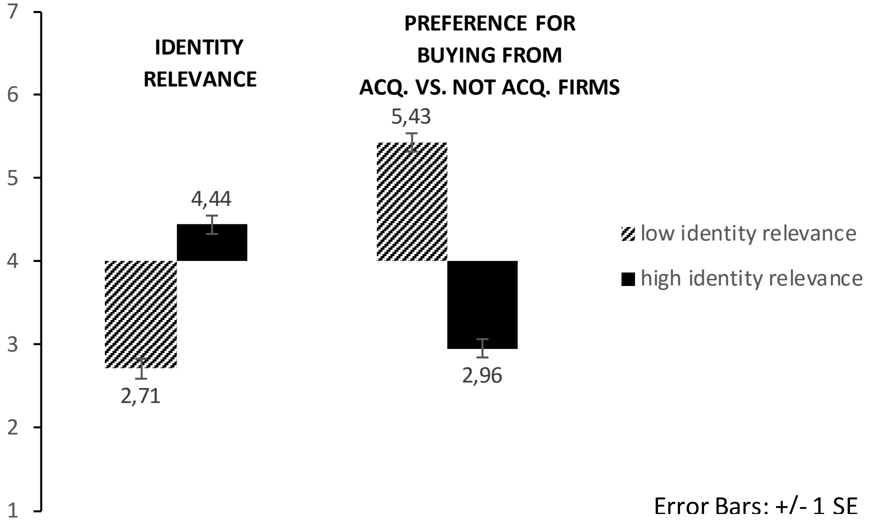
The remaining participants (N = 65, 48% female, M_{age} = 19 years) instead indicated on 7-point slider scales whether they preferred to buy a product (or service) from each of the twelve categories from a not acquired or from an acquired firm (e.g., "Jewelry: 1: would prefer to buy from independent business; 7: would prefer to buy from acquired business). Again, the categories were presented in random order.

Results

We collapsed the twelve categories into two identity relevance tiers (low identity relevance and high identity relevance) according to our expectations (see Table 1 for means and standard deviations of each category). The mean identity relevance ratings in both tiers significantly differed from the scale mid-point, meaning that participants neatly classified the product categories as either low or high on identity relevance ($M_{\text{low identity relevance}}$ = 2.71, SD = 0.79, $t(45)$ = -10.99, p < .001; $M_{\text{high identity relevance}}$ = 4.44, SD = 1.09, $t(45)$ = 2.76, p = .008).

As expected, depending on the identity relevance of the product category, participants had a clear preference in terms of the type of firm from which to buy expectations (see Table 2 for means and standard deviations of each category). The mean purchase preference rating in both identity relevance tiers significantly differed from the scale mid-point. Participants opted to buy from acquired (versus not acquired) firms in the case of products that are low on identity relevance ($M_{\text{low identity relevance}} = 5.43$, SD = 0.90, $t(64) = 12.90$, $p < .001$), while they preferred to buy from not acquired (versus acquired) firms for products characterized by high identity relevance ($M_{\text{high identity relevance}} = 2.96$, SD = 1.09, $t(64) = -9.83$, $p < .001$). Thus, the higher the identity relevance of the product category, the more consumers prefer to buy from a not acquired firm ($r = -.69$, $p = .001$; Figure 1).

Figure 1: Identity relevance and preference for buying from acquired vs. not acquired firms (Study 1)



Discussion

Study 1 provides initial evidence that acquisitions affect consumer preferences, a consequence of acquisitions that has so far been neglected in the scientific debate on the subject. Our results indicate that consumers prefer brands and products from not acquired versus acquired firms in categories high in identity relevance but not in categories low in identity relevance, in line with our identity loss account. In fact, in categories low in identity relevance, participants preferred acquired over not acquired firms, in line with a signaling account.

Note that this boundary condition of the negative effect of acquisition by identity relevance is not consistent with people's generalized sympathy towards small firms as an explanation (Paharia et al. 2011; Paharia, Avery, and Keinan 2014;

Vandello, Goldschmied, and Richards 2007), as this account is grounded in the relative change in the brand's market power that follows the acquisition. Based on this account, one would thus expect consumers to always prefer not acquired over acquired firms regardless of the specific category in which the firm operates.

While Study 1 shows that consumers sometimes prefer brands and products from acquired firms, in the rest of the chapter we focus on situations where consumers respond negatively to acquisitions, because such contexts should be handled with particular care by managers. In the next two studies we further corroborate the findings from Study 1 by confirming that acquisitions can negatively impact consumer behavior. In Study 2 and Study 3 we test our key prediction that an acquisition can negatively affect consumer response. We do so using a complementary methodological approach. In Study 2, we ask participants in the lab to make a real choice between two food products, one of which is presented as manufactured by an acquired firm. In Study 3, we leave the lab and analyze the sentiment of online comments to news articles about acquisitions. Thus, we corroborate the initial evidence from Study 1 that acquisitions can negatively affect consumer behavior in two studies using different behavioral measures, one higher in internal validity and one higher in external validity.

Table 1: Identity relevance ratings (Study 1)

Product category (low identity relevance)	**Mean (SD)**	**Product category (high identity relevance)**	**Mean (SD)**
Courier service	2.46 *(1.42)*	Ethnic restaurant	4.86 *(1.71)*
Electric screwdriver	2.40 *(1.33)*	Bakery	3.48 *(1.69)*
Bank	3.96 *(1.74)*	Jewelry	5.46 (1.26)
Washing machine detergent	2.75 *(1.32)*	Hairdresser	3.78 (1.80)
Printer	2.31 *(1.39)*	Handbag	5.12 (1.68)
Antivirus software	2.40 *(1.44)*	Beer	3.94 (1.88)
Average low identity relevance	**2.71 *(0.79)***	**Average high identity relevance**	**4.44 (1.09)**

Table 2: Purchase preference ratings (Study 1)

Product category (low identity relevance)	**Mean (SD)**	**Product category (high identity relevance)**	**Mean (SD)**
Courier service	5.00 *(1.76)*	Ethnic restaurant	1.89 (0.96)
Electric screwdriver	5.20 *(1.68)*	Bakery	2.03 (1.11)
Bank	5.24 *(1.77)*	Jewelry	3.00 (1.73)
Washing machine detergent	5.42 *(1.41)*	Hairdresser	3.22 (1.81)
Printer	5.79 *(1.20)*	Handbag	3.75 (1.89)
Antivirus software	5.94 *(1.35)*	Beer	3.86 (1.85)
Average low identity relevance	**5.43 *(0.90)***	**Average high identity relevance**	**2.96 (1.09)**

Study 2

Overview and objectives

In Study 2 we aim to demonstrate that acquisitions can have a negative impact on product choice, a crucial behavioral indicator of consumer preferences. In a real choice setting, we examine whether an acquisition can shift consumers' preference for a product from an acquired firm in favor of a comparable product from another firm. We asked participants to choose between two chocolate brands during a lab session. If our prediction is correct, the majority of participants should opt for the chocolate from the not acquired firm. We chose chocolate in this study because hedonic food products like chocolate are generally high on identity relevance (Alba and Williams 2013) and are well-suited for a real choice paradigm in the lab.

Method

Fifty-one students (39% female, M_{age} = 19 years) at a Dutch university participated in the study in exchange for course credit. Participants read some information about two very similar (fictional) Belgian chocolate producers, Klauser Chocolate and Van de Walle Chocolatier. The descriptions were accompanied by the brand and logo of each chocolate producer. We randomly described one chocolate producer as having recently been acquired and counterbalanced the font used for the brand name, the brand logo and the position of the two descriptions on the page (left or right, see Appendix for stimuli). After reading the information, participants indicated their preferred chocolate. Since the study was part of a set of unrelated studies, participants picked up the chocolate from the researcher at the end of the session, before leaving the lab. The chocolate chosen for this study was from different chocolate brands. The two types of chocolate bars were broken into pieces and arranged on plates on the experimenter's desk.

Results

A chi-square test revealed that, as predicted, an acquisition negatively affects the choice share of the products sold by an acquired business. In our study, 80% of participants chose to taste the chocolate from the company that was presented to them as not acquired ($\chi^2(1, N = 51) = 18.83, p < .001$). When Klauser was the acquired chocolate producer, 80% of participants chose Van de Walle, the non-acquired option. When Van de Walle was the acquired chocolate producer, 81% of participants chose Klauser. These two proportions do not differ (z = -.07, *NS*).

Discussion

The results from Study 2 show that an acquisition has the power to shift consumer preferences in favor of a similar, not acquired option. Simply informing participants that a firm was acquired dramatically increased the choice share of a similar product by another firm. In Study 3, we venture outside the lab and aim to investigate how acquisitions affect consumer behavior by looking at online content.

Study 3

Overview and objectives

In Study 2, we investigated how a simple acquisition cue can impact product choice. The finding that 80% of participants decided to taste the non-acquired option supports the idea that consumers take into account the acquisition status of a firm when forming preferences. However, one might question the external validity of the findings as we conducted the study in a highly controlled lab setting. Thus, in Study 3 we aim to replicate the negative effect of acquisitions outside the lab. Acquisitions are frequently featured in the news. On the Internet, information about acquisitions is readily available to consumers, either on news website or apps, or on social media. Consumers react to such information by sharing content on their social media accounts, or by posting comments on news websites or forums. Therefore, we decided to focus on user comments to news articles regarding acquisitions in the craft beer sector and examine their valence through sentiment analysis. Sentiment analysis is an umbrella term for automated methods that objectively categorize the polarity (i.e., positivity or negativity) of statements, generally characterized by high reliability and objectivity (Pang and Lee 2008). We predicted that the sentiment expressed in comments to news articles regarding acquisitions would be more negative compared to the sentiment expressed in comments on news articles that do not concern acquisitions.

Method

Through an advanced search on Google, we identified articles about craft beer which either focused on acquisitions or just on general topics related to craft beer from www.TheGuardian.com, one of the most popular news services on the Internet (Alexa, 2016). Articles in the first cluster dealt with specific craft beer acquisitions. Articles in the second cluster dealt with more general topics such as the rising consumption of craft beer and the growing number of craft brewers in the UK (information about the articles and the corpus of comments is available from the authors on request). The number of comments was comparable for the two clusters. We decided to use articles published in the same outlet in order to rule out differences in terms of target audience characteristics. We selected TheGuardian.com because the website operates an open comment system allowing visitors to freely post at the bottom of each article and because the large volume of comments on this website made a one-site analysis possible. We chose craft beer because it is a highly identity-relevant product category receiving much media attention. It is also an industry that has witnessed many acquisitions in recent years.

We crawled a total of 2786 comments using Scrapy, a data scraping tool, from the comments sections of seven articles (three of which had craft beer acquisitions as their main topic and four that discussed general topics related to craft beer). Our goal was to compare the sentiment expressed in comments on news articles about acquisitions of craft beers with the sentiment expressed in comments on news articles on craft beer in general. Note that two of the articles belonging to the second cluster briefly mentioned acquisitions, even if it was not the focus of the article. Therefore our test is conservative.

We analyzed the sentiment of each comment using VADER, a text-parsing Python algorithm that classifies sentiment from social media data (Hutto & Gilbert, 2014). VADER is based on a lexicon that encodes grammar and syntax common to online conversations and has been reported to capture sentiments with an accuracy of above 80%, higher than the accuracy of other algorithms (e.g., LIWC). After applying the algorithm to the corpus of comments, we obtained a classification output which included negative, neutral and positive sentiment scores for each comment and a compound measure of sentiment (the normalized sum of negative, neutral and positive scores, ranging from -1 to +1). In order to test our prediction, we compared the mean compound score in the cluster of articles concerning craft beer acquisitions to the mean compound score in the cluster of articles on craft beer in general.

Results

As predicted, the sentiment of comments on news articles regarding craft beer acquisitions was more negative than the sentiment of comments on news articles regarding craft beer in general ($M_{acquired}$ = .17, SD = .47 vs. $M_{general}$ = .21, SD = .49 $t(2747) = 2.39$, p = .02, means and standard deviations also displayed in)[1]. The results remain significant when we filter out comments with lower relevance. In order to do this, we performed a content analysis and obtained a "white list" of 25 words that are pertinent to the craft beer context (e.g. "beer", "beers"; see Appendix for the complete list). These words are a subset of the 100 most frequent words in our dataset. We excluded English stop words[2] from the count using a tool from the NLTK (Natural Language Toolkit) library of Python. We then removed all comments that did not contain any words in the list and again found that comments on the news articles concerning acquisitions were more negative than comments on news articles about craft beer in general ($M_{acquired}$ = .20, SD = .49 vs. $M_{general}$ = .26, SD = .53 $t(1733) = 2.68$, p = .003).

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[1] The articles dealing with craft beer acquisitions were homogeneous in terms of valence of the comments (M_{art1} = .16 vs. M_{art2} = .16 vs. M_{art3} = .20, $F(2,1276) = 1.14$, p = .32). However, the general articles on craft beer differed significantly, as comments on one of the articles were more negative ($M_{art1nonacq}$ = .11 vs. $M_{art2nonacq}$ = .31 vs. $M_{art3nonacq}$ = .23 vs. $M_{art4nonacq}$ = .24, $F(3,1503) = 6.78$, $p < .001$). If we remove the comments related to this more negative article, our effect becomes slightly stronger ($M_{acquired}$ = .17 vs. $M_{general}$ = .24, $t(2374) = 3.68$, $p < .001$).

[2] Stop words are natural language words that have little meaning, such as articles ("a", "an", "the"), linking words ("and", "while"), and other similar words. Stop words are usually filtered out by search engines and by large part of natural language processing tools.

Table 3: Valence of comments (Study 3)

Valence of comments on articles regarding craft beer in general	**Mean (SD)**	**Valence of comments on articles regarding craft beer in general**	**Mean (SD)**
Not whitelisted	.21 (.49)	Not whitelisted	.17 (47)
Whitelisted	.26 (.53)	Whitelisted	.20 (.49)

Discussion

These results confirm that acquisitions can negatively impact consumer response. Users posted more negative comments in response to news articles regarding craft beer when the article covered acquisition-related topics. Study 3 complements Study 2 by trading internal for external validity. Thus far we presented evidence that acquisitions can negatively affect consumer preferences and posting behavior. In the following four studies we seek to explore the underlying mechanism.

Study 4a

Overview and objectives

In Study 4a, we offer support for our identity loss account by means of moderation and explore a boundary condition for the negative effect of acquisitions. In our theorizing, we argue that, when a firm is acquired, consumers will perceive its original brand identity as weaker and less distinctive. Such identity loss will then determine a decrease in consumer attitudes towards the acquired brand compared to a situation where the brand has not been acquired. In Study 4a, we manipulate the identity loss experienced by the acquired firm and its brand by varying the role of the founders of the acquired firm after the acquisition. The organizational literature suggests that the identity of the founders shapes and influences the identity of the whole organization (e.g., Ashforth, Rogers, and Corley 2011). In the same vein, anecdotal evidence suggests that the founders are often an integral part of the brand (e.g., Ben & Jerry's ice cream or Kiehl's cosmetics). The identity loss experienced by the acquired firm should be higher when the founders leave the newly acquired firm than when the founders remain involved in the firm's operations after the acquisition. We therefore predict that consumer attitudes towards the acquired brand will suffer less from the acquisition in the latter case.

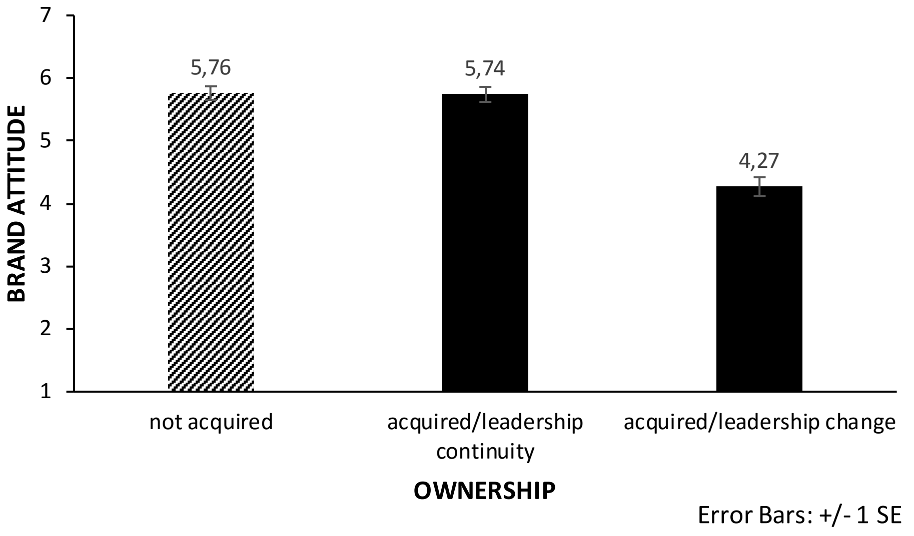
Method

One hundred and eighty-one participants (43% female, M_{age} = 36 years, MTurk) were randomly assigned to one of three conditions in a between-participants design (acquisition status: not acquired vs. acquired/leadership continuity vs. acquired/leadership change). Participants were first introduced to Pinbag, a (fictional) company producing backpacks. In this study, Pinbag backpacks were clearly described as identity-relevant products ("Many people carry a backpack every day. We design our backpacks not only for convenience, but also to help people express who they are"). Participants in both acquired conditions then read that the firm was acquired by a textile and apparel firm. Participants in the acquired/leadership continuity condition read that the two founders maintained their role in the company ("After the acquisition Tom Eagles and Ann Richardson – the two founders – remained in their positions at Pinbag and are still in charge of making decisions about the future of the company"), while participants in the acquired/leadership change condition read that the two founders left after the acquisition ("After the acquisition Tom Eagles and Ann Richardson – the two founders – left their positions at Pinbag and they are no longer in charge of making decisions about the future of the company"). Afterwards, all participants indicated their attitude towards the brand on two seven-point items (negative/positive; bad/good; α = .94).

Results

The results of Study 4a confirm our predictions by showing that an acquisition can lower consumer attitudes towards the acquired brand ($M_{\text{not acquired}}$ = 5.76, SD = 1.17 vs. $M_{\text{acq/leadership continuity}}$ = 5.74, SD = .94 vs. $M_{\text{acq/leadership change}}$ = 4.27, SD = 1.36, $F(2, 178) = 32.20$, $p < .001$). Follow-up contrasts revealed that the negative effect of the acquisition manifests only when the founders are no longer involved in the acquired firm. In this case, attitudes towards the brand are significantly lower than when the firm is not acquired ($M_{\text{not acquired}}$ = 5.76 vs. $M_{\text{acq/leadership change}}$ = 4.27, $t(117)$ = 6.49, $p < .001$). When, instead, the founders remain with the acquired firm, the negative effect of the acquisition is eliminated ($M_{\text{not acquired}}$ = 5.76 vs. $M_{\text{acq/leadership continuity}}$ = 5.74, $t(114)$ = .13, p = .90) (Figure 2).

Figure 2: Role of founders' involvement after the acquisition (Study 4a)



Discussion

Study 4a examined a boundary condition of the negative effect of acquisitions consistent with the identity loss account. We proposed that leadership continuity should reduce the extent of identity loss following an acquisition and mitigate the negative impact of the acquisition on attitudes towards the brand. Confirming this prediction, when the original founders remained involved in the firm after the acquisition, consumer attitudes towards the acquired brand did not change compared to a situation where the same firm was presented as not acquired. In contrast, we observed a sharp decrease in attitudes towards the brand in the acquisition/leadership change condition. Study 4a casts further doubt on an alternative explanation for the negative effect of acquisitions. If the negative effect of acquisitions was driven by a general sympathy towards small firms that are less endowed with respect to financial resources and size of the business, we should expect the acquisition to lead to more negative responses irrespective of whether the founders stay on or not. The findings from Study 4a are particularly relevant for managers formulating press announcements concerning acquisitions, or when communicating the acquisition to consumers via social media.

Study 4b

Overview and objectives

In Study 4a, we did not directly measure perceptions of identity loss following an acquisition. In order to substantiate the evidence in support of the identity loss account, we conducted a subsequent study, Study 4b, where we measured the strength of a brand's identity to assess whether it decreases when the firm is presented as being acquired. If our theory is correct, participants who read that the firm was acquired should see its brand identity as weaker. Such perceptions of identity loss should, in turn, lead to a decrease in attitude towards the brand compared to participants who were not informed about the acquisition.

Method

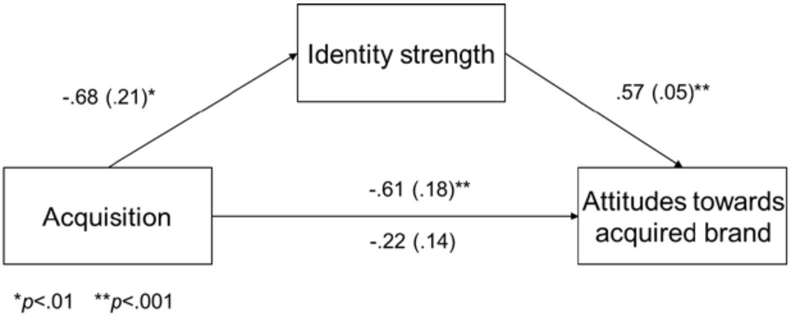
One hundred and thirty-two participants (35 % female, M_{age} = 32 years, MTurk) were randomly assigned to one of two conditions in a between-participants design (acquisition status: not acquired vs. acquired). Participants read the same description of Pinbag from Study 4a. Participants in the acquired condition also read that the firm was acquired by a textile and apparel firm, while participants in the not acquired condition did not receive such information. Afterwards, participants indicated their attitude towards the acquired brand on the same attitudinal measure used in Study 4a (α = .93) and answered a measure of identity strength (four seven-point Likert items: "Pinbag has a strong identity"; "It is easy to tell what Pinbag stands for"; "Pinbag has its own character"; "I think it is easy to distinguish Pinbag from other backpack brands"; 1: completely disagree; 7: completely agree; α = .91).

Results and discussion

The results of Study 4b confirm that acquisitions can have a detrimental effect on consumer attitudes towards the acquired company's brand, which decrease when the company is described as acquired compared to when it is not acquired ($M_{\text{not acquired}}$ = 5.55, SD = .94 vs. M_{acquired} = 4.95, SD = 1.09, $F(1, 130)$ = 11.62, p = .001). Importantly, the brand identity was significantly weaker in the acquired condition ($M_{\text{not acquired}}$ = 5.30, SD = .95 vs. M_{acquired} = 4.61, SD = 1.42, $F(1, 130)$ = 10.45, p = .002).

Since we predicted that the negative effect of acquisitions is driven by identity loss, we tested our process through mediation and the analysis (10,000 bootstrap samples; bias-corrected confidence intervals; Hayes 2013) revealed a significant indirect effect (ab = -.39, SE = .13; 95% LLCI = -.66, 95% ULCI = -.15). Thus, being acquired undermines the identity of the acquired firm, with a subsequent negative effect on attitude towards the acquired brand. By directly measuring perceptions of identity loss, Study 4b further demonstrates how acquisitions can harm the brand identity of the acquired firm, the very asset that might have motivated the acquisition.

Figure 3: Mediation by identity loss (Study 4b)



ab = -.39, SE = .13; 95% LLCI = -.66, 95% ULCI = -.15

Study 5

Overview and objectives

In Study 5, we explore another boundary condition for the negative effect of acquisitions based on differences in brand positioning. In order to create an advantage in the marketplace, brands strive to occupy a clear position in the consumer's mind. When positioning their brands, firms have the option to do so either around attributes that are highly important for identity signaling (such as uniqueness or style of the product; these attributes say something about the user) or, at least for the average consumer, less important for identity expression (such as functionality or technical sophistication of a product or service). We argue, in line with our theory, that acquisitions might harm firms that position their products around attributes that are highly relevant for signaling consumers' identity, but not for firms that position their products around attributes where identity signaling value is of lesser importance. For example, a firm can leverage identity-related aspects in its communication, such as its uniqueness and style, while another firm with a clear technological advantage will focus on functional aspects related to its superior technology. In line with our identity loss account, we expect an acquisition to be more harmful in terms of consumer response for a firm that leverages identity-related aspects in its positioning than for a firm that does not.

Method

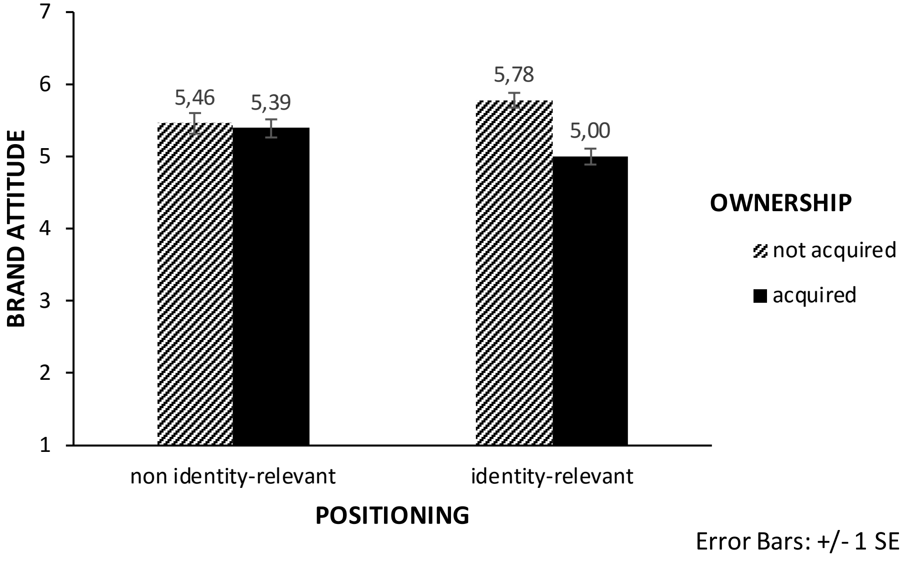
Four hundred and three participants (45% female, M_{age} = 34 years, MTurk) were randomly assigned to conditions in a 2 (positioning: identity relevant vs. non-identity relevant) × 2 (acquisition status: not acquired vs. acquired) between-participants design. The study was framed as a research on personal stylist services. First, participants read a definition of personal stylist services and were introduced to Stylize, a (fictional) company offering personal stylist services. The firm was described either as leading in terms of technology (i.e., the accuracy and optimization of the powerful algorithm responsible for making recommendations to customers), or as leading in terms of identity-relevant aspects (i.e., the unique style of the company reflected in the recommendations to customers; see Appendix). In addition, participants in the acquired condition were also told that the firm had been acquired by a company operating in the same sector. After reading the stimuli, participants answered the attitudinal measure from Study 4a.

Results

In line with our theory, a 2 × 2 ANOVA on brand attitude reveals a significant interaction between positioning and acquisition status (F(1, 399) = 8.56, p =.004). When the firm's positioning was technology-based, being acquired did not affect attitudes towards the brand of the acquired firm ($M_{\text{non-identity-relevant/acquired}}$ = 5.39, SD = 1.26 vs. $M_{\text{non-identity-relevant/not acquired}}$ = 5.46, SD = 1.44, F(1, 399) = .14, p = .71). When the firm's positioning was identity relevant, however, being acquired lowered attitudes towards the brand of the acquired firm ($M_{\text{identity-relevant/acquired}}$ = 5.00, SD = 1.09

vs. $M_{\text{identity-relevant/not acquired}}$ = 5.78, SD = 1.01, $F(1, 399) = 20.01$, $p < .001$). The main effect of positioning was not significant ($M_{\text{identity relevant}}$ = 5.39, SD = 1.12 vs. $M_{\text{non-identity relevant}}$ = 5.42, SD = 1.35, $F(1, 399) = .07$, $p = .80$); overall, the main effect of acquisition was significant, M_{acquired} = 5.20, SD = 5.20 vs. $M_{\text{not acquired}}$ = 5.61, SD = 1.26, $F(1, 399) = 11.93$, $p = .001$, Figure 3).

Figure 4: Moderation by brand positioning (Study 5)



Discussion

Consistent with our identity loss account, Study 5 demonstrates that acquisitions differentially affect consumer response depending on the positioning of the acquired brand. When style and uniqueness were emphasized, the acquisition had a negative effect on attitudes towards the brand. When instead the firm's technology was emphasized, the acquisition did not impact consumer attitudes towards the acquired brand. Therefore, the findings again speak against our effect being driven by a sympathy towards small firms because size was held constant in the two brand positioning conditions.

Based on the findings from Study 1, where we found that in categories low in identity relevance people preferred to buy from an acquired versus a not acquired firm, one might have expected a positive effect of the acquisition in the technology-focused positioning condition. We did not observe such a positive effect, probably because of the overall highly identity-relevant nature of the service category (personal styling).

General Discussion

Whereas previous research in a variety of academic disciplines, including accounting, finance, strategy, and organizational behavior, has focused on the supply-side consequences of acquisitions, virtually no work has examined how acquisitions are received by consumers. This is surprising considering how many acquisitions are carried out in order to take ownership of brand assets. In six studies, we demonstrate that acquisitions influence consumer attitudinal and behavioral responses towards acquired brands. The valence and intensity of these responses depend on contextual factors, such as the identity relevance of the product or service.

Consistent with the main tenets of signaling theory (Boulding and Kirmani 1993; Spence 1974), in Study 1 we find that in categories characterized by low identity relevance (e.g., antivirus software) consumers see acquisitions as beneficial for the acquired brand. However, in categories with a higher degree of identity relevance (e.g., hairdresser), this account is overshadowed, with adverse downstream consequences in terms of choice (Study 2) and type of content posted online (Study 3). We proposed that these negative responses to acquisitions in identity-relevant categories stem from consumers' preference for brands that are able to maintain their own identity, remain distinctive, and preserve their autonomy. In line with this reasoning, we demonstrate that an acquisition leads to perceptions of identity loss for the acquired brand, with downstream consequences for attitudes (Study 4a and Study 4b). Moreover, we show that consumer reaction towards a newly acquired brand is more negative when the brand leverages identity-related aspects in its positioning (Study 5). Corroborating the robustness of our findings, we document negative consumer responses to acquisitions using both correlational (Study 1, 3) and experimental (Study 2, 4a, 4b, 5) designs in a variety of market settings: several product categories in Study 1; chocolate in Study 2; beer in Study 3, backpacks in Studies 4a and 4b; and personal styling in Study 5.

As with many phenomena of high practical relevance, the negative effect of acquisitions is likely to be driven by a multiplicity of processes, and it is possible to identify alternative causal paths for predicting a negative effect of acquisitions on consumer response to brands. Our studies were therefore designed to isolate our proposed identity loss process from other processes. One such candidate process relates to a natural characteristic of acquisitions. In the business world, there are examples of smaller firms buying up larger ones. For instance, the underwear manufacturer Movie Star (300 workers, $51 million in revenue in 2005) acquired Frederick's of Hollywood, a larger company (1500 workers, $139 million in revenue in 2005) operating in the same category (Semuels 2006). However, most acquisitions involve a large acquirer and a smaller acquired firm. This adds company size as a potential confounding factor and brings in an account grounded in a generally greater sympathy for small versus large firms.

Research in social psychology and consumer behavior (e.g., Paharia, Avery, and Keinan 2014; Vandello et al. 2007) finds that when people witness competition, they tend to support the disadvantaged party that seems doomed to failure. In a market context, what determines a brand's status is its market standing (Hoch and Deighton 1989). A larger brand possesses more financial resources and is more likely to benefit from its size and power. On the other hand, a small brand, usually independent and financially less well-off, is at a competitive disadvantage. One might wonder whether the negative effect of acquisitions presented in this research is therefore driven by sympathy towards small firms. However, this mechanism cannot account for several findings in the studies, such as the interaction of identity relevance and preference for products from not acquired versus acquired firms in Study 1; the non-significant difference between the not acquired condition and the acquired condition without management change in Study 4a; the mediation of the negative effect of acquisition on attitudes by identity strength in Study 4b; and the boundary condition by type of brand positioning in Study 5.

Another potential account for the negative effect of acquisitions pertains to beliefs about the managerial priorities of large versus small firms. Accordingly, consumers may believe that large companies prioritize operational efficiency and profits more than small firms, which instead are more focused on customer relationships (Thompson, Rindfleisch, and Arsel 2006). For example, literature shows that family-owned companies tend to be more long-term oriented than publicly-listed companies (Kachaner, Stalk and Bloch 2012). As in the case of an explanation based on sympathy for small firms, however, beliefs about the managerial priorities of large versus small firms cannot account for many of the findings presented above.

In sum, our studies provide support for our identity loss account for the negative effect of acquisitions on consumer response to brands and show that the very asset that motivated the acquisition—the brand—can be endangered by it. Thus, at a more general level and more speculatively, our findings suggest a possible contributing factor to why so many acquisitions fail to meet commercial objectives (e.g., Christensen et al. 2011).

Theoretical contributions

Our research complements the current body of academic work on acquisitions by demonstrating that acquisitions have important demand-side consequences. Research on the subject has so far considered the impact of acquisitions on other types of stakeholders, such as shareholders and employees, but it has neglected consumers.

In particular, by showing that consumers react to acquisition news, our work adds a new perspective to the marketing literature on the subject. Like its counterpart in other disciplines, research of acquisitions within marketing adopts a firm-centric approach, as it concentrates on strategic marketing issues such as how to integrate the marketing resources of the firms involved (Capron and Hulland 1999; Homburg and Bucerius 2005). However, since many acquisitions are carried out specifically because acquirers are interested in the target firm's brand, understanding their consequences in terms of consumer behavior is crucial. In our work, we demonstrate that in contexts where brand identity is an important factor guiding consumer choice, acquisitions can damage acquired brands because they induce perceptions of identity loss. On the other hand, in contexts where factors other than identity, such as functionality or performance, guide choice, we suggest that acquisitions might not hurt, and potentially may even help, consumer perceptions of the acquired brand.

Our research also extends work on brand identity by highlighting acquisitions as another antecedent of perceptions of identity strength (Aaker 2012; Kapferer 2008). Interestingly, our proposed process of identity loss does not require the transfer of specific associations of the acquirer's brand, but is instead a more general mechanism affecting brand identity at large. Thus, it can apply to most acquired brands operating in identity-relevant categories. Moreover, we contribute to the broader literature on identity-based consumer behavior by examining how perceptions of a brand's identity strength and of a product's identity relevance (e.g., Reed et al. 2012) interact to shape attitudinal responses.

More generally, our results show that consumers react not only to marketing tactics, but also to high-level strategic actions of firms, such as acquisitions. We demonstrate that a study of consumer behavior can be informative for corporate strategy decisions and provides an example of how marketing strategy and consumer behavior intersect as streams of research. Thus, our work tries to bridge consumer behavior with marketing strategy research, answering widespread calls for more managerial relevance in consumer research (e.g., Inman 2012; Pham 2013).

Practical implications

Despite their increasing popularity in the corporate world, between 60 and 80% of all acquisitions have been reported to fail to create value (Christensen et al. 2011; Dyer, Kale, and Singh 2003). Even though explaining the reasons behind such high failure rates is beyond the scope of this research, our findings suggest that consumers' discontent following an acquisition might play a role. Therefore, managers should try to anticipate possible consumer reactions when considering the attractiveness of acquisitions. Our findings are informative for brand managers because they discern contexts where acquisitions are more or less likely to damage the brand. In particular, our results offer a word of caution with respect to acquiring firms operating in highly identity-relevant categories.

In addition to pointing out consumers' negative sentiment after acquisitions, our results offer valuable insights into why acquisitions are greeted so unfavorably. The mechanism of identity loss presented in this research highlights the delicate nature of brand identities. While acquirers might think they have secured a stable and valuable asset by acquiring the target brand, our findings show that its brand identity is easily tarnished by the acquisition.

What can managers do to avoid this? One possibility is to carefully work on the way the acquisition is communicated. The findings from Study 4a are particularly relevant in this regard. Study 4a shows that when consumers are informed that the original founders keep their role within the acquired firm after the acquisition, the negative effect of the acquisition itself is attenuated. Since in many cases the original team maintains its role after the acquisition, it is of paramount importance to make consumers aware of this.

In our research, we also point out that not all acquisitions necessarily lead to unfavorable outcomes. In line with our identity loss account, an acquisition is harmful in terms of consumer response for a firm that leverages identity-related aspects in its positioning. However, when a brand's core strength lies somewhere else—for example, in its technological sophistication—it is not as likely to be negatively impacted by an acquisition. It also seems possible that, in some cases, even if identity loss happens, its negative effects might be offset by a separate positive effect. In a supplementary study, we aimed to document how an acquisition may send mixed signals to customers for distinctive brands without functional advantages: a negative one for the brand but a positive one for its technology. We therefore elicited participants' expectations about future brand identity and technology developments of a firm with a strong brand identity but weak technological sophistication, and used such measures as mediators. In line with our theory, we found that being acquired weakens consumer perceptions of the identity of the brand. At the same time, we found that in this context, being acquired ameliorates consumers' expectations regarding the technology of the firm. According to expectations, in this study we did not find a main effect of the acquisition but instead parallel mediators of opposite signs suppressing each other (expectations regarding technology: $ab = .30$, $SE = .11$; 95% LLCI = .13, 95% ULCI = .55; expectations regarding the identity of the brand: $ab = -.19$, $SE = .11$; 95% LLCI: =-.43, 95% ULCI = -.01; for the (direct) main effect of acquisition, $c' = .10$, $SE = .24$; 95% LLCI: =-.38, 95% ULCI = .57). Therefore, while forming expectations regarding the outcome of an acquisition, managers should carefully evaluate the characteristics of the brand they want to acquire and the category in which the brands operate.

Limitations and further research

Our research is among the first to focus on the demand-side consequences of acquisitions. This means that there are still many aspects of consumer response to acquisitions that need investigation. We decided to focus on the negative effects of acquisitions because this context is especially crucial from a practical point of view. However, more research is needed to study the potential positive effects of acquisitions. In Study 1, we found that consumers prefer to buy from acquired versus not acquired firms in categories low in identity relevance. This result is consistent with a signaling account, according to which acquisition cues send a positive signal about the quality of the acquired company's products. It is also possible to propose other accounts for a positive effect of acquisitions. For example, the results of the supplementary study briefly discussed above suggest that, in the case of companies with weak competitive positions in terms of tangible product features, acquisitions may engender the hope that acquirers will help increase product quality. Thus, more work is needed to examine when and why consumers may react positively to acquisitions.

A premise of our theory is that acquisitions negatively impact the identity of a brand at a more general level, irrespective of the specific brand associations of the acquirer and acquired brand. For this reason, in our experimental studies we used fictional brands in an effort to rule out specific brand associations and thus preserve internal validity. However, future work should examine consumers' response to acquisitions using real brands and assess the role of specific associations.

Relatedly, since the brands used in our studies were fictional, we investigated the effect of acquisitions on non-consumers. While this constitutes a conservative test of our hypothesis (as the negative effect of acquisitions should be expected to be stronger among current brand users), it would be important to explicitly investigate reactions of customers versus non-customers. For example, in the wave of craft beer acquisitions carried out during the last few years, loyal consumers of craft beer brands inundated Twitter with harsh comments.

Although we probed general preferences for acquired versus not acquired firms (Study 1) and measured actual online posting behavior (Study 3), our studies were not explicitly designed to assess the long-term effects of acquisitions. Research in finance shows that the stock market performance of firms involved in acquisitions can still suffer years after the acquisition has taken place (e.g., Agrawal, Jaffe, and Mandelker 1992). It would be important to study long-term consequences of acquisitions at the consumer level as well, by looking at sales over the years following the acquisition. We advance that even if a possible negative effect of the acquisition on sales would be offset by increased distribution, the damage to the identity of the brand remains and is likely to be carried over.

Conclusion

Even though many acquisitions are carried out for brand-related reasons, academic research on acquisitions takes a supply-side perspective. Very little is known about the demand-side consequences of acquisitions. This research begins to address this glaring gap in the acquisitions literature by demonstrating that, when the acquired firm operates in an identity-relevant product category, consumers can respond negatively to acquisitions by lowering their attitudes towards the acquired brand, choosing a comparable product from a firm that has not been acquired, and posting more negative content online. The mere fact of being acquired has the potential of disrupting the identity of the acquired brand. Thus, we offer a word of caution to managers of firms involved in acquisitions by pointing out that possible consumer backlash must be taken into account when deciding to acquire.

♫ When I write, I like to listen to instrumental music. For each chapter in this dissertation, I have noted one of the songs I listened to more frequently while writing it. Working on Chapter 2, I listened to *Kid A* (Radiohead).

Appendix

Study 1

Stimuli

Identity relevance preamble
In this part of this research we are interested in your opinion about some product or service categories.
More precisely, we are interested in the extent to which you think that your choice of a specific brand/product in each of the product or service categories below says something about who you are.
Take the example of jackets: does buying a certain jacket from a specific brand say something about who you are?

Purchase preference preamble
Companies often buy other companies. In fact, a prevalent growth strategy among big companies is to grow by acquiring smaller companies and integrate them into their operation.
For example, think about a situation where a small business is bought up by a large corporation and where the brand of the small business is maintained but now developed and controlled by the larger company.

In this study, we are interested in differences between product categories in consumer response to acquisitions.
In the list below there are several product and service categories.
Please, imagine that you would like to buy a product in each of these product categories or to use a service in each of these service categories.
For each of these product/service categories, you can choose whether you would prefer buying from a small business that remained independent (that has not been acquired by a large company) or from a small business that did not remain independent (that has been acquired by a large multinational company.

Study 2

Stimuli

You have almost reached the end of the session. This last study is a market research where we will ask you to evaluate two chocolate brands.

You will receive some information about the two Belgian chocolate producers and their products. Please, read the information and decide which of the two chocolates you would like to try. Please, remember the name of the chocolate you would like to try.

You will then be able to pick up the chocolate from the experimenter at the end of the session, when you receive your proof of participation.

Klauser Chocolate

Klauser Chocolate was **founded by Cornelis Klauser in 1856**.

Ever since, the company has been **run by the Klauser family**. Nowadays, Klauser Chocolate continues its founder's tradition of finding the finest ingredients to create its superior chocolate bars. The production facilities are located in **Liege, Belgium**.

Van de Walle Chocolatier

Van de Walle Chocolatier has been dedicated to making flavorful Belgian chocolate since **Thomas Van de Walle started the company in 1898**.

Through the years, Van de Walle Chocolatier remained a traditional **family business**. The chocolate bars produced locally by Van de Walle Chocolatier **in Brussels** are made exclusively using select ingredients.

Van de Walle Chocolatier **was recently bought up by a large international confectionery producer**.

Study 3

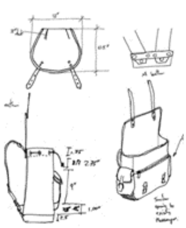
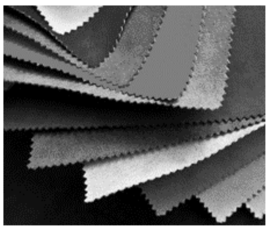
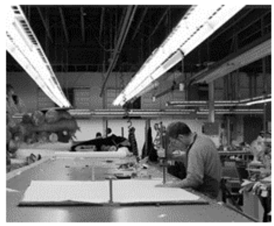
Table 4: White list of relevant words for sentiment analysis

Word	Freq.	Word	Freq.
beer	1645	cask	158
craft	782	brewing	156
beers	523	pub	149
ale	453	quality	147
brewers	248	local	144
brewery	233	ales	142
drink	184	drinking	132
pint	181	brew	119
breweries	181	hops	115
pubs	170	craft	108
taste	168	ipa	101
lager	163	brewed	92
		brewdog	88

Study 4a

Stimuli

Pinbag is an American start-up that produces backpacks. The two founders, Tom Eagles and Ann Richardson, originally started the company in 2010 in Pittsburgh, Pennsylvania.
All Pinbag's backpacks are manufactured using heavy-duty canvas. The brand has established a reputation for its eye-catching yet sleek designs, meant for the smart and independent young individuals of today. "Many people carry a backpack every day. We design our backpacks not only for convenience, but also to help people express who they are," commented founder Tom Eagles. All the backpacks are designed and manufactured in the company's headquarters in Pittsburgh.

[acquired/leadership change] In January 2015, the start-up Pinbag was acquired by Alphatex, an international corporation operating in the textile and apparel industry. After the acquisition Tom Eagles and Ann Richardson – the two founders – left their positions at Pinbag and they are no longer in charge of making decisions about the future of the company. Control over the operations of the company is therefore transferred from the original founders to Alphatex, the international corporation.

[acquired/leadership continuity] In January 2015, the start-up Pinbag was acquired by Alphatex, an international corporation operating in the textile and apparel industry. After the acquisition Tom Eagles and Ann Richardson – the two founders – remained in their positions at Pinbag and are still in charge of making decisions about the future of the company. Control over the operations of the company is therefore maintained by the original founders of Pinbag.

[not acquired] No info

Study 4b

Stimuli

Same information about Pinbag as in Study 4a.

[acquired] In January 2015, the start-up Pinbag was acquired by Alphatex, an international corporation operating in the textile and apparel industry.

[not acquired] No info

Study 5

Stimuli

Personal stylist services, also referred to as wardrobe consulting services, help customers craft their image and appearance by selecting the appropriate clothes for casual, formal, or professional occasions. Sometimes, the service helps the customer create his/her entire wardrobe for a season, or for different seasons.

[technology] Stylize is a small company that offers a "personal stylist" service. The company's technology has built a reputation for its high accuracy when it comes to personalized style recommendations. Each customer first completes a computer-based questionnaire in order to determine his/her favorite fashion style. Based on the questionnaire, the algorithm then recommends five outfits to the customer.

Thus, the most characteristic feature of Stylize is the optimization that the algorithm can guarantee to the outfits chosen for the customer. All the software that Stylize uses reflects the company's technological focus and its commitment to providing an optimized service.

"Our main asset is our technology," commented Matthew Greyson, founder of the company. "We are able to give the best outfit recommendations to our customers because we were able to develop a powerful algorithm".

[identity] Stylize is a small company that offers a "personal stylist" service. The company has built a reputation for its unique identity when it comes to personalized style recommendations. Each customer first meets with one of the stylists of the company in order to determine his/her favorite fashion style. Based on the meeting, the stylist then recommends five outfits to the customer.

Thus, the most characteristic feature of Stylize is the personal touch that the stylist can infuse in the outfits chosen for the customer. All the stylists that Stylize uses reflect the company's unique identity and its commitment to providing a signature service.

“Our main asset is our identity,” commented Matthew Greyson, founder of the company. “We are able to give the best outfit recommendations to our customers because we were able to develop our own uniqueness and style.”

[acquired] In January 2015, the small company Stylize was acquired by Alphatex, an international corporation operating in the textile and apparel industry. “Stylize constitutes a good acquisition for us: it is a company that possesses a powerful identity”, commented the CEO of Alphatex.

[not acquired] No info

Supplementary Study

Stimuli

Vortex is an American start-up that produces headphones. Vortex was founded 2010 by Tom Eagles and John Richardson in San Francisco.

Vortex is known for being an iconic brand. While there might be headphones on the market that are superior in terms of technology, Vortex headphones cannot be beaten in terms of style.

"Many people listen to music every day for hours, on the go. Our headphones feature unique and iconic designs that help people express who they are," commented founder Tom Eagles.

[acquired] In January 2016, Vortex was acquired by one of the world's largest manufacturer of consumer electronics.

[not acquired] No info

Expectations about technology measure
Please, now think about Vortex's technology in the future (after the acquisition).

1 = Vortex will become weaker in terms of technology; 7 = Vortex will become stronger in terms of technology

1 = Vortex will become worse in terms of technological sophistication; 7 = Vortex will become better in terms of technological sophistication

Expectations about brand identity measure
Please, now think about Vortex's brand identity in the future (after the acquisition).

1 = Vortex will lose some of its brand identity; 7 = Vortex will win additional brand identity

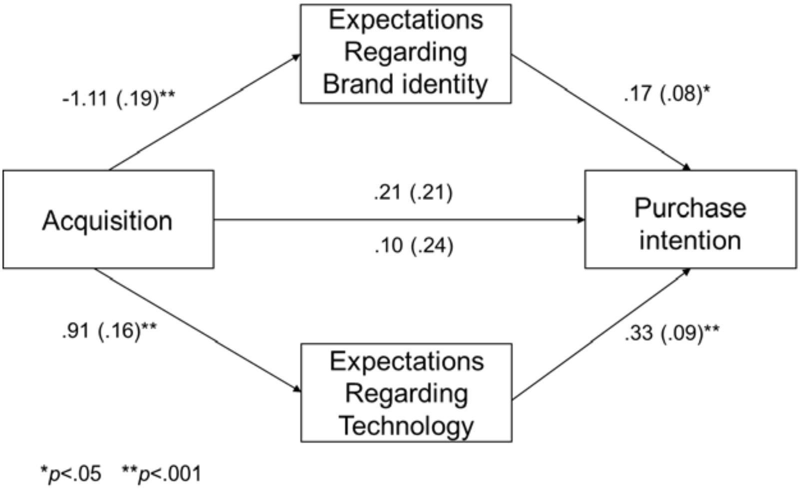
1 = Vortex will lose its brand character; 7 = Vortex will win additional brand character

Purchase intention measure

If you needed headphones in the future, how likely would you be to consider buying headphones by Vortex?

1 = Very unlikely; 7 = Very likely

Figure 5: Competing mediation (Supplementary Study)



Chapter 3: The Mere Selling Effect

Background and Overview

Ben was serving in the US military and was redeployed in Kuwait. He first stumbled upon Etsy while looking for gifts to send his wife. In need of a new hobby to pursue once home and inspired by some of Etsy sellers' creations, he came up with the idea of making signs out of barn wood and cast iron. Back in the U.S., Ben soon started practicing his newfound hobby. After a while, he opened a shop on Etsy himself to see if his creations would sell. Etsy shoppers seemed to appreciate Ben's signs and, after some trial and error, he also ventured into the production of cast iron bottle openers. These were a hit and he sold a few thousands units. After a few years on Etsy and several thousand products sold, Ben is considering turning his creative hobby into a full time job.

Thanks to developments in communication technology, consumers like Ben are now able to sell material goods to other consumers on online consumer-to-consumer marketplaces, platforms where people can easily set up a virtual storefront. Some marketplaces, such as Etsy, focus on handmade goods, ranging from jewelry to ceramics, but also on sophisticated artifacts that consumers can now create through 3D printing. Interestingly, the majority of sellers on such platforms are non-professional producers who start their activity as a hobby (Etsy 2013). In this sense, these sellers are consumer-producers. While in the past the commercialization of goods by non-professional producers was limited to craft fairs and street markets, nowadays the phenomenon has reached a much larger scale. For example, Etsy alone has 1.7 million active sellers who generated gross sales of 2.39 billion dollars in 2015 (Etsy 2016).

Previously, consumers purchased and consumed products entirely configured and marketed by firms; nowadays, they play an active role already in the production stage, together with companies or on their own. For example, consumers decide which products should be commercialized (Cova and Dalli 2009; Piller, Ihl, and Vossen 2010), or collaborate with companies to co-create products ranging from clothing (e.g., Threadless t-shirts) to toys (e.g., LEGO sets on the LEGO Idea platform). Moreover, consumers often customize the design of the very products they buy (e.g., Franke, Schreier, and Kaiser 2010), or assemble them into their final shape (e.g., Norton, Mochon, and Ariely 2012).

While consumer involvement in production is a well-documented phenomenon, the phenomenon of consumers selling their own, self-produced products has been neglected by research. Consumers do not only produce products for themselves or while collaborating with companies, but they also create products to sell them online on consumer-to-consumer marketplaces such as Etsy. While such platforms are profitable businesses, looking at the micro level of the individual seller reveals that while there are sellers who sell thousands of products and can live off their earnings on Etsy, on average sellers earn very little money. For example, in 2013, the average Etsy seller would earn less than $150 per month (Etsy 2016). Nonetheless, the number of sellers on Etsy and similar marketplaces has been steadily growing through the years; reports show that Etsy almost doubled its number of active sellers between 2013 and 2016 (Etsy 2016). This suggests that the reasons that keep sellers in the market might be not purely tied to economic benefits.

Is it possible that sales are rewarding per se, independent of the economic benefits that ensue? In this research, we investigate the consequences for consumer-producers of selling the products they create. In particular, we propose that sales do not only translate into money for consumer-producers, but they also carry important psychological benefits. Our main contention is that sales are a type of market feedback that allows consumer-producers to draw inferences about their own skills. We argue that sales are a source of social validation of consumers-producers' capabilities and, as such, they increase consumer-producers' well-being in terms of happiness. This has downstream consequences for consumer-producers' willingness to continue with their production activity.

The principal contribution of our work lies in deepening the understanding of the psychology of consumer-producers. Extant research investigated the drivers and consequences of consumer involvement in design and production for consumers' own consumption (e.g., Dahl and Moreau 2007; Fuchs et al. 2010; Norton, Mochon, and Ariely 2012). By looking at the psychological consequences of successfully selling one's self-produced goods, in this work we take a step further and investigate consumers' participation in the marketplace in the role of sellers. Overall, our work carries important implications for the management and marketing of consumer-to-consumer online marketplaces. Specifically, our findings provide insights on how to market consumer-to-consumer marketplaces in order to attract new sellers and how to increase seller retention by leveraging on the psychological consequences of sales.

Theoretical Background

Consumers as producers

Nowadays consumers are often involved in the creation of the products they consume. For example, consumers have the ability to participate even in the earliest phases of new product development (Fuchs and Schreier 2011; Von Hippel 2005), or, through self-production, to carry out some steps of the actual production process, such as assembly (e.g., Norton et al., 2012). Self-production can occur both at the design stage, when consumers decide the configuration and appearance of a product (e.g., designing t-shirts on Threadless), or at the assembly stage, when the parts of the product are physically put together (e.g., manually assembling IKEA furniture). Research has investigated the psychological and behavioral consequences of consumer participation in self-design (e.g., Franke, Keinz, and Steger 2009; Franke, Schreier, and Kaiser 2010; Franke and Piller 2004) and self-assembly (e.g., Buechel and Janiszewski 2014; Mochon, Norton, and Ariely 2012; Norton et al. 2012). In particular, this body of research highlighted that consumers attach higher economic or subjective value to a self-produced product versus a comparable off-the-shelf one (Atakan, Bagozzi, and Yoon 2014; Franke et al. 2010; Norton et al. 2012). The higher valuation stems not only from a higher preference fit (Dellaert and Stremersch 2005; Franke and Piller 2004; Franke et al. 2010), but also from the sense of accomplishment, pride, and competence that consumers experience when they successfully self-design or assemble a product (Bendapudi and Leone 2003; Dahl and Moreau 2007; Franke et al. 2010; Mochon et al. 2012). However, previous research on consumer participation in production mostly concentrates on production for own consumption or for the consumption of gift recipients (Moreau, Bonney, and Herd 2011), but does not take into account situations where consumers produce products with the explicit objective of selling them to other consumers. To the best of our knowledge, no research has examined the consequences of selling one's self-produced products.

The mere selling effect

Arguably, the main and most obvious benefit that consumers derive from selling their self-produced products is earning money. Thus, one plausible driver for consumers to sell their products is to build an additional stream of income. But can monetary incentives alone explain why consumer-producers populate online marketplaces? Very often, these consumers earn little money from selling on online consumer-to-consumer marketplaces. Therefore, from their continued presence on the platform, one might infer that they derive some additional benefit from sales, which are psychological rather than economic in nature. In fact, we argue that people benefit from sales more than just economically. In our research we investigate the existence of a mere selling effect: merely knowing that their products have been bought by another consumer increases consumer-producers' well-being happiness. This increased happiness stems from the sense of validation derived by knowing that another individual bought the consumer-producer's product. We term this effect the mere selling effect because we argue that consumer-producers benefit from sales per se, above and beyond the related earnings. An exploratory qualitative study involving in-depth interviews with Etsy sellers and non-obtrusive observation of Etsy's online discussion forums validates the plausibility of this effect. The "joy of selling" and consumer-producers' conviction to stay on Etsy despite the low economic returns were recurring themes (e.g., "It is a joy to sell something!", Informant #14 from Etsy forum; "If I did this for money, I would have long since quit, LOL!", Informant #36 from Etsy forum; "Most of these people could never survive on the money that they make with their shops. If I had to guess I would be amazed if more than 5% really can make it because there is so much competition! Alright. However this is where you have to decide on what is important to you in life too", Informant #4, in-depth interview). These qualitative insights corroborate our intuition that consumer-producers not only benefit financially from selling products, but also benefit psychologically from the joy and satisfaction derived from knowing that other consumers buy their products.

Sales as signals

But why would sales enhance consumer-producers' well-being? We argue that consumer-producers view sales as signals from the marketplace and use them as a means of validation. Signaling theory was developed in information economics to study market interactions under conditions of information asymmetry between sellers and buyers (Spence 1974). It generally holds that sellers are aware of the quality of their goods, but buyers are not. In order to distinguish low-quality sellers from high-quality sellers, buyers must detect and interpret the signals sent by sellers. Prices, advertising, brands, and different types of firm actions can constitute signals (Boulding and Kirmani 1993; Dawar and Parker 1994; Erdem and Swait 1998; Kihlstrom and Riordan 1984; Kirmani and Rao 2000). However, signaling theory and its applications in marketing presume that the signal originates from a seller and is received by a buyer.

In our research, however, we propose, that in turn sellers (i.e., consumer-producers) look at sales and other types of market feedback as signals from their buyers. We argue that sales can be conceptualized as a form of "costly signal" sent from buyers. The notion of "costly signal" explains how animals and individuals engage in actions that are disadvantageous to themselves to signal honest information and is well-established in biology and economics (e.g., Zahavi and Zahavi 1997). By investing limited resources such as effort, energy, time, and money, individuals signal underlying characteristics that are onerous to obtain and therefore difficult to fake (Smith and Bliege Bird 2000). As in signaling theory, costly signals usually concern a quality that the sender desires to advertise. In our context, sales are a type of market feedback that can be considered as a costly signal because they require a buyer to spend money and incur logistic costs in order to acquire a specific product from a consumer-producer. On the other hand, other types of market feedback such as likes (e.g., giving a Facebook like or adding a shop on Etsy to a list of favorites) just require buyers to click a button, and can be considered non-costly signals. We propose that, regardless of whether the buyer actually wants to send a signal to the consumer-producer, the consumer-producer draws inferences about her own skills based on the type of market feedback and its cost to the buyer. Therefore, we argue that the cost of the signal constitutes diagnostic information for the consumer-producer and will determine the magnitude of the mere selling effect.

Another factor that should impact the magnitude of the mere selling effect is the relevance of the signal to the consumer-producer. Previous research on the extended self (e.g., Belk 1988) suggests that consumer develop a deep sense of connectedness with products that form their belongings. This should hold even more true for products that have been created by the consumer-producer herself. When creating a product, a consumer-producer might identify with her creation (Atakan et al. 2014) and feel that something of her own self is embedded in it. When this is the case, we expect that the signaling value of sales will be of greater relevance for the consumer-producer; in other words, if the consumer-producer feels that something of herself is embedded in the product, she will care more about buyers purchasing her products. Therefore, we expect that, under such circumstances, sales will have a greater impact on the consumer-producer's well-being.

Sales as a source of social validation and happiness

We argue that market feedback – and especially sales – are interpreted as marketplace signals and used by consumer-producers as a form of social validation, as a reflection of their skills as producers. According to psychological theories of the self, people look for and use cues in the environment to learn and demonstrate something about themselves (Sherman and Cohen 2006; Steele 1988). In this research, we propose that consumer-producers approach market feedback in a similar way and consider it as a validation.

In our view, the social validation that consumer-producers derive from sales consists of two interlinked components. Firstly, social validation concerns the corroboration of the skills of the consumer-producer. Research on consumer participation in production suggests that feelings of competence are one of the reasons why consumers engage in creative activities in the first place (Dahl and Moreau 2007). Moreover, when consumers successfully take part in the production of a product, they feel proud of themselves and accomplished (Mochon et al. 2012). In the context of online consumer-to-consumer marketplaces, having buyers purchase one's creations functions as an external and potentially stronger confirmation that the consumer-producer is competent and capable of creating a marketable product. Furthermore, while they enhance the consumer-producer's perceptions of her skills, sales allow the consumer-producer to feel closer to the aspirational group of professional producers. In this sense, sales legitimize the consumer-producer's identity as a "real" producer. This might be crucial on marketplaces such as Etsy, where many sellers start their activity as a hobby and later transition to making it a real job.

Since the need for self-worth and self-fulfillment is deeply entrenched in individuals (Baumeister 1993), we propose that being validated by the marketplace constitutes a source of well-being for consumer-producers in terms of increased happiness. In the last couple of decades, researchers in economics, psychology, organizational behavior, and consumer behavior increasingly focused on understanding happiness (Bhattacharjee and Mogilner 2014; Diener and Seligman

2002; Dunn, Gilbert, and Wilson 2011; Kahneman, Krueger, and Schkade 2007; Labroo and Patrick 2009; Tenney, Poole, and Diener 2016), and demonstrated its important downstream behavioral consequences. In particular, it has been shown that happiness impacts the way people perform at work. Happy employees tend to perform better and display increased work motivation (Lyubomirsky, King, and Diener 2005; Lyubomirsky, Sheldon, and Schkade 2005; Seo, Barrett, and Bartunek 2004; Wright and Cropanzano 2000). Similarly, we propose that because consumer-producers derive happiness from sales due to social validation of their skills, they will also exhibit higher motivation to continue with their activity as consumer-producers even in the presence of low economic returns.

Overview of Studies

We test our predictions across five studies. In Study 1, we demonstrate the existence of the mere selling effect, that is how consumer-producers derive happiness from sales irrespective of the associated economic benefits. We also show that this effect is stronger when consumer-producers feel more strongly connected to their products. In Study 2, we investigate the feelings of validation creators derive from sales as the mechanism driving their positive effect on well-being. In Study 3, we build on the findings from Study 2 and distinguish sales from another type of positive market feedback – product likes. Building on our conceptualization of sales as signals from buyers in the marketplace, in Study 4 and Study 5, we manipulate the diagnosticity of sales by varying how the product is chosen by a buyer (randomly vs. deliberately, Study 4) and the expertise of the buyer (novice vs. expert, Study 5). These studies provide converging evidence for the notion that people benefit psychologically, as well as economically, from successfully selling their products. For each study, we report all conditions, all measures, and we exclude no participants.

Study 1

Overview and objectives

The primary purpose of Study 1 was to test whether successfully selling one's self-created products positively impacts consumer-producers' work satisfaction independent of the economic benefits deriving from sales (mere selling effect). Research from the last decade suggests a link between absolute income and happiness (Aknin, Norton, and Dunn 2009; Kahneman and Deaton 2010) Therefore, it follows that the prospects of a steady flow of income generated by sales would increase the happiness of a consumer-producer. However, in order to demonstrate the existence of the mere selling effect, we manipulated whether a creator's products were successfully sold or not, and kept the monetary rewards constant in both sales conditions (i.e., creators received a fixed amount of money, regardless of whether their products were successfully sold or not). The second purpose of Study 1 was to demonstrate that the mere selling effect is amplified when consumer-producers feel a strong connection with their self-created products. Our theorizing of sales as signals implies that the extent to which sales are able to affect a consumer-producer's well-being is contingent on how important and relevant the signal is for the individual consumer-producer. In our research, we hypothesize that this depends on how much the consumer-producer feels connected with the product she created (self-product integration). Research suggests that people can feel strongly attached to products that constitute their possessions (Belk 1988; Richins 1994), which become an "extension of the self". This connection with material products can be even more intense when individuals do not only own, but also participated in the creation of the product itself, thereby infusing it with "psychic energy" (Csikszentmihalyi and Halton 1981). When a consumer-producer creates a product, she might even come to identify with it (Atakan et al. 2014). In other words, the consumer-producer might feel that she invested something of her own self in the product. We hypothesize that when this is the case, consumer-producers care more about the product they created, and therefore the positive effect of sales on happiness will be amplified. Therefore, in the context of this study we measured participants' perceptions of self-product integration and tested its moderating role.

Further and to add generalizability, we employed two different types of tasks: one which allowed participants to freely create two birthday cards (Task 1) and one which bound participants to reproduce two given birthday card designs (Task 2). The two tasks were ran in parallel during each lab session. We expect that, even when creators have no room for creativity, the mere selling effect will manifest and it will be moderated by perceptions of self-product integration. The main goal of the study was testing the main effect of sales and the moderation by product-self integration, but we will also explore the sales by task type interaction in a follow-up analysis. Lastly, to increase the credibility of the sales manipulation, the study was composed of a lab session – during which participants would create the birthday cards – and a follow-up online questionnaire in the context of which we administered the sales manipulation and measured participants' happiness.

Task 1: Create cards

Method. One hundred and thirty-one undergraduate students at a large European University (M_{age}= 20 years, 70% female) participated in the lab session in exchange for course credit. Following a pre-tested cover story, participants were told that the researchers were collaborating with a company in the process of developing a new kit for creating birthday cards. In order to test the appeal of the kit before its launch on the market, participants in the lab session would use it to design two birthday cards. All the materials composing the kit (two folded A5 white cards, one gold marker, one black fine liner, one red fine liner, five red star stickers, and five gold star stickers), as well as two pre-printed reference birthday card designs (see Figure 1), were arranged on the computer desks in each lab cubicle.

Figure 1: Example of reference birthday card design

(Study 1)

After entering the cubicle, participants read a set of instructions on screen informing them that during the session they would create two birthday card designs using the materials on their desk and answer a few questions. In addition, we specified that the pre-printed reference birthday cards were examples of what one could do with the birthday card kit (see the Appendix for the complete set of instructions). In a separate pre-test, we had determined that the minimum time necessary to create two cards was 15 minutes. Therefore, participants were not able to proceed to the questionnaire on screen before this time had expired.

Upon completion of the task, participants answered items capturing our moderator variable, product-self integration (four 5-point Likert items: "The birthday cards I created contain a part of me"; "The cards can be considered an "extension of myself""; "By creating the cards, I imbued them with my energy"; "The cards and my sense of self have a lot to do with each other (have a lot in common)"; 1: strongly disagree, 5: strongly agree; $\alpha = .83$).

Participants also answered a battery of questions concerning perceived effort ("Creating the cards was effortful"; "I invested much effort into the creation of the cards", $\alpha = .72$), perceived complexity in creating the cards ("Creating the cards was difficult"; "Creating the cards was complex", $\alpha = .79$), enjoyment ("Creating the cards was fun"; "Creating the cards was enjoyable", $\alpha = .91$) and the extent to which they considered themselves to be good at drawing ("I consider myself good at drawing") and creative ("I am a creative person"). All these variables were measured on 5-point scales (1: strongly disagree; 5: strongly agree). In addition, participants indicated how much they liked their birthday card designs (three 5-point bipolar items; 1: "the aesthetic design of the cards is not appealing", 5: "the aesthetic design of the cards is appealing"; 1: "the designs of the cards do not look very good", 5: "the designs of the cards look very good"; 1: "I think that other people might not like the designs", 5: "I think that other people might like the designs", $\alpha = 83$) and how much they liked the reference cards (one 5-point bipolar item; 1: "I did not like the reference cards a lot", 5: "I liked the reference cards a lot").

Finally, participants read that, in order to assess the potential of the kit, all the cards produced during the lab session would be put on sale in the following days during a "birthday cards market". They were informed that each card would be sold for 1 euro. Importantly, the same amount of money, 1 euro per card, was given to participants at the end of the session as a compensation for their work (all participants thus received 2 euros for their cards). Participants then left their e-mail address so we could contact them again to inform them about the outcome of the birthday cards market. We also told participants that their cards received an anonymous serial number, allowing the researcher to come back to them with accurate feedback on their cards. In order to increase the response rate, participants were truthfully informed that they would enter a raffle for 20 euro Amazon vouchers after having successfully completed the questionnaire received by e-mail.

Approximately one week later, we approached participants via e-mail. We directed them to an online questionnaire and assigned them to one of two sales conditions. Participants in the low sales condition read that none of their cards had been sold, while participants in the high sales condition read that both of their cards had been sold during the birthday cards market (see Appendix for the exact wording of the stimuli).

Afterwards, participants answered a measure of happiness, our dependent variable (three 7-point bipolar items; 1: "Compared to other situations, I feel a strong sense of happiness", 7: "Compared to other situations, I do not feel a strong sense of happiness"; 1:"I feel very happy", 7: "I do not feel happy at all"; 1:"Compared to others, I consider myself to be happy", 7: "Compared to others, I consider myself to be unhappy"; all items were reversed prior to analysis, $\alpha = .85$). In order to control for mood effects, we also asked participants about their current mood state (3 bipolar 7-point items; relaxed/stressed; pleased/annoyed; in a good mood/in a bad mood; $\alpha = .84$). Finally, participants completed a reading check on the sales manipulation ("Were your cards sold?"; "My cards were (not) sold"). Removing the ten participants that failed the reading check does not affect our results.

Results. To test our hypotheses, we ran a regression analysis with sales, self-product integration (mean-centered), and their interaction as predictors, and happiness as the dependent variable. Consistent with our expectations, we found evidence of the mere selling effect. In fact, we found a significant positive effect of sales on happiness (B= .68, SE= .21, $t(127) = 3.27$, $p < .01$). Creators whose cards were successfully sold were happier than creators who instead were informed that their cards were not sold, even if they did not earn money from selling ($M_{\text{high sales}} = 5.04$, $SD = 1.17$ vs. $M_{\text{low sales}} = 4.33$, $SD = 1.18$). The effect of self-product integration was instead not significant (B= .13, SE= .13, $t(127) = 1.05$, $p = .30$). The interaction of sales and self-product integration was statistically significant indicating that the effect of sales on happiness changes across different levels of self-product integration (B= .53, SE= .25, $t(127) = 2.08$, $p < .05$). In order to examine the effect of sales on happiness at different levels of self-product integration, we conducted a spotlight analysis to decompose the interaction (Hayes 2013). First, the effect of sales was significant when self-product integration was either moderate (mean: 3.25) or high (1 SD above the mean: 4.07), B= .68, SE= .21, $t(127) = 3.27$, $p < .01$ and B= 1.11 , SE= .30, $t(127) = 3.75$, $p < .001$, respectively. In contrast, the effect of sales was not significant when self-product integration was low (1SD below the mean: 2.43), B= .24, SE= .30, $t(127) = .84$, $p = .40$. Therefore, irrespective of economic benefits, sales have a positive effect on happiness only when creators feel that they have put something of themselves into the product they created, and the effect of sales on happiness intensifies when such feelings are stronger.

Across conditions, there were no significant differences in perceived effort, perceived complexity, enjoyment, self-reported creativity and drawing skills, liking of reference cards and mood (all $Ps > .10$, see Table 1 in the Appendix for details). However, an ANOVA on liking of birthday cards revealed a (marginally) significant difference between the two sales conditions ($M_{\text{high sales}} = 3.27$, $SD = .97$ vs.

$M_{\text{low sales}}$= 2.95, SD = .92, $F(1, 129) = 3.79$, p = .054). Adding liking of birthday cards as a covariate in the regression above does not affect our results.

Task 2: Replicate cards

Method. One hundred and twenty-four undergraduate students at a large European University (M_{age}= 20 years, 70% female) participated in the lab session in exchange for course credit. The cover story and procedure were the same that we used for Task 1. The only difference was the set of instructions received by participants when they entered the cubicles. For this task, participants were instructed to replicate as closely as possible the two pre-printed reference birthday cards positioned on their desks (see the Appendix for the complete set of instructions). Four participants failed the reading check. However, removing these participants does not affect our results.

Results. The mere selling effect manifested even when participants performed a task that limited their creativity. We ran a regression analysis with sales, self-product integration (mean-centered), and their interaction as predictors, and happiness as the dependent variable. As expected, we found a significant positive effect of sales on happiness (B= 1.26, SE= .19, $t(120) = 6.68$, $p < .01$). Creators who replicated the birthday cards and read that their cards were successfully sold were happier than creators who instead were informed that their cards were not sold, even if they did not earn money from selling ($M_{\text{high sales}}$ = 5.12, SD= 1.12 vs. $M_{\text{low sales}}$= 3.87, SD = .98). The effect of self-product integration was instead not significant (B= .00, SE= .11, $t(120)$ = -.02, p = .98). The interaction of sales and self-product integration was marginally significant (B= .42, SE= .22, $t(120)$ = 1.88, p = .06). A spotlight analysis (Hayes 2013) revealed that, even when creators are denied any freedom in designing the cards, the effect of sales intensifies when creators feel that they put something of themselves in the birthday cards (effect of sales at 1 SD below the mean (1.73), at the mean (2.57) and at 1 SD above the mean (3.42): B= .90, SE= .27, $t(120) = 3.38$, $p = .001$, B= 1.26, SE= .19, $t(120) = 6.68$, $p < .001$ and B= 1.61, SE= .27, $t(120) = 6.05$, $p < .001$).

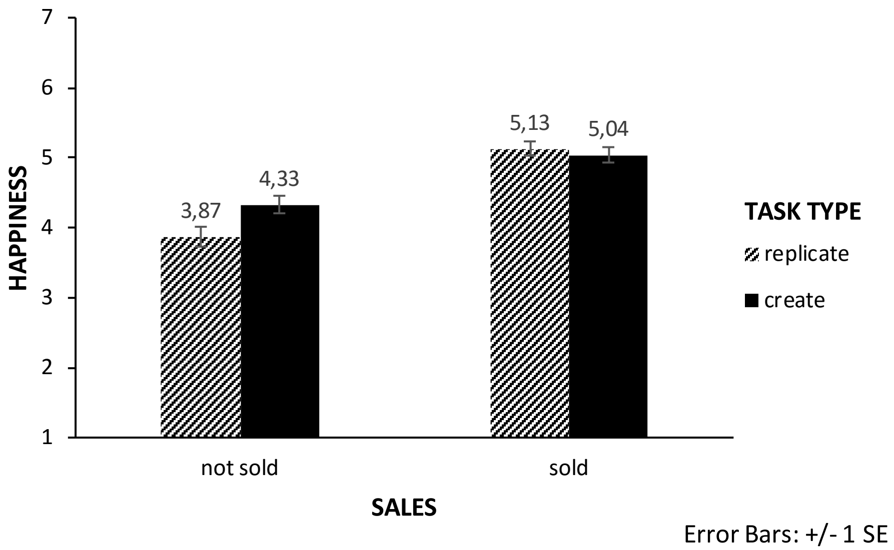
Across conditions, there were no significant differences in perceived effort, perceived complexity, enjoyment, self-reported creativity and drawing skills, liking of birthday cards, liking of reference cards and mood (all $Ps > .10$, see Table 2 in the Appendix for details). Therefore, it is unlikely that any of these factors drive our effect.

Additional analysis

For completeness, we combined the data from the two tasks and analyzed it as a unique dataset. Not surprisingly, we found that the extent of self-product integration varies according to the type of task performed by participants. A one-way ANOVA on self-product integration revealed a significant main effect of type of task. Compared to participants who merely replicated the cards, participants who freely created the cards felt that they integrated some of their selves in the cards to a greater extent ($M_{create} = 3.25$, $SD = .82$ vs. $M_{replicate} = 2.57$, $SD = .85$, $F(1, 253) = 42.17$, $p < .001$). Due to the difference self-product integration across task types, it is not possible to analyze self-integration while simultaneously examining the effect of task type.

Therefore, we ran a 2 (task type: create vs. replicate cards) × 2 (sales: low, high) ANOVA on happiness and found the expected positive main effect of sales, whereby creators are happier if their cards experience higher sales ($M_{high\ sales} = 5.08$, $SD = 1.14$ vs. $M_{low\ sales} = 4.1$, $SD = 1.11$, $F(1, 251) = 49.34$, $p < .001$). We also found no main effect of task type ($M_{create} = 4.70$, $SD = 1.22$ vs. $M_{replicate} = 4.50$, $SD = 1.22$, $F(1, 251) = 1.71$, $p = .19$), and a marginally significant task type by sales interaction ($F(1, 251) = 3.81$, $p = .052$). An analysis of simple effects revealed that when participants are told that none of their cards had been sold, the type of task influences happiness: participants who freely created their cards reported a higher level of happiness ($M_{create-low\ sales}$ = 4.33, *SD* = 1.18 vs. $M_{replicate-low\ sales}$= 3.87, *SD* = .98, $F(1, 251) = 5.22$, $p <$ .05). On the other hand, when participants were told that both their cards had been sold, the effect of type of task (create vs. replicate cards) on happiness was attenuated ($M_{create-high\ sales}$ = 5.04, *SD* = 1.17 vs. $M_{replicate-high\ sales}$= 5.13, *SD* = 1.12, $F(1, 251)$ =.21, p = .65).

Figure 6: Task type by sales interaction (Study 1)



Discussion

In Study 1 we provide evidence in support of the mere selling effect in a context involving physical production and a real output. Moreover, we show that the mere selling effect generalizes across tasks differing in the degree of freedom left to creators (i.e., freely design vs. copy birthday cards): successfully selling products makes people happy, regardless of the economic benefit they might receive. In addition, in Study 1 we find support for our prediction concerning the moderating role of self-product integration. Our results show that sales (or the lack thereof) have a larger impact on creators' well-being depending on how strongly connected creators feel to their products. This is in line with our theorizing of sales as having signal value for consumer-producers. The extent to which creators feel connected with their product by pouring something of themselves in it determines the relevance of the signal.

Study 2

Overview and objectives

In Study 1, we found that selling makes creators happy regardless of the associated economic benefits (mere selling effect). Participants created two birthday cards, and were therefore involved in a real production task. However, one limitation of Study 1 was that participants might not have been able to fully relate to the task because of its inherent low personal relevance. Therefore, in Study 2 we asked participants to think about a hobby they actually pursued (or would have liked to pursue) in their free time, and imagine being involved in the related production task. Moreover, in Study 2, we examine social validation as a mechanism driving the mere selling effect. On marketplaces such as Etsy, many sellers start out as hobbyists. According to a survey on Etsy, 81% of sellers initially open their online shops as an outlet for creativity (Etsy, 2013), to feel more stimulated to follow their hobby or passion. Especially in the beginning, consumer-producers might face a lot of uncertainty concerning the appeal of their products or their own skills. Therefore, we argue that they rely on market feedback as a validation of their own capabilities. By seeing that buyers purchase their products, consumer-producers should receive a sort of validation by the marketplace and consequently become more confident in their skills as creators. We propose that, as a consequence of feeling validated by the marketplace, consumer-producers will experience higher happiness. Finally, in Study 2 we compare sales to likes, another form of market feedback. While purchasing a product is a costly form of market feedback because the buyer incurs some economic and logistic cost for getting the product, likes are a non-costly form of market feedback, as they just require the click of a button. Therefore, we expect that consumer-producers will derive greater validation from sales rather than from likes.

Method

Six hundred U.S. adults were recruited through Amazon Mechanical Turk and participated in a study on hobbies for a small payment. Amazon Mechanical Turk workers are reliable participants for experimental research (Goodman, Cryder, and Cheema 2013) and are more representative of the general population than student samples (Buhrmester, Kwang, and Gosling 2011). Participants were randomly assigned to one of three conditions (control vs. likes vs. sales) in a between-participants design. In the beginning of the study, participants read a short preamble about hobbies. In the text, we explained participants that hobbies can result in a material object as an outcome (e.g., if the hobby is knitting, the outcome product might be a knitting hat; if one's hobby is running, the outcome product might be a running app). After reading the preamble, we asked participants whether they ever had a hobby that entails the creation of a material object as an outcome. Participants who answered negatively were redirected to another study. Participants who answered positively continued the session. In order to make the second part of the study more relatable, we first asked participants to mention their specific hobby and to mention which type of object they would create as the outcome. For example, participants who indicated knitting and ceramics as their hobbies, mentioned scarves, hats, pots and vases as the outcome products. Thirty participants listed hobbies and outcomes that were not suitable for the purposes of our study (e.g., one participant indicated walking as her hobby and "keeping fit" as an outcome) and were removed from the sample. The final sample included four hundred and twenty-one participants (53% female, M_{age} = 36 years).

Afterwards, participants were asked to imagine having pursued their hobby for some time and being members of an online community composed of likeminded hobbyists, where they would share ideas, prototypes and products. Afterwards, we administered our focal manipulation: participants in the sales condition read that some of their products that were present on the website had been sold ("Then you learn that some visitors of the website actually purchased your products, that is, your products were bought by consumers"), while participants in the likes condition read that some of their products were "liked" by consumers ("Then you learn that some visitors of the website clicked the "like" button for your products, that is, your products received a "like" by consumers."; see the Appendix for the complete set of stimuli used in this study). Participants in the control condition did not receive any additional information. Finally, we measured our dependent variable – happiness – and the proposed mediator – social validation – in counterbalanced order. Participants reported their level of happiness on a 7-point pictorial scale ("If you had experienced the situation described above, how happy would you feel about it compared to your usual level of happiness?"; 1: happy as usual; 3: slightly happier than usual; 7: much happier than usual; see the Appendix for a visual representation of the item). In order to assess the underlying process, we measured social validation with three bipolar 7-point items (1: I would not feel competent at all, 7: I would feel very competent; 1: I would not feel skilled at all, 7: I would feel very skilled; 1: I would not feel talented at all, 7: I would feel very talented), $\alpha = .92$.

Results

Happiness. In line with our expectations, a one-way ANOVA on happiness revealed a significant effect of our manipulation ($F(2, 419) = 32.52$, $p < .001$). Participants who read that their products received likes were happier than participants in the control condition ($M_{control} = 4.74$, $SD = 1.62$ vs. $M_{likes} = 5.66$, $SD = 1.39$, $t(274.29$[3]$) = -5.14$, $p < .001$). Similarly, participants who were told that their products had been sold were happier than participants in the control condition ($M_{control} = 4.74$, $SD = 1.62$ vs. $M_{sales} = 6.07$, $SD = 1.21$, $t(259.43) = -7.81$, $p < .001$). Finally, participants who read that their products were sold reported greater happiness than participants who read that their products received likes ($M_{likes} = 5.66$, $SD = 1.39$ vs. $M_{sales} = 6.07$, $SD = 1.21$, $t(275.30) = -2.63$, $p < .01$).

Social validation. A one-way ANOVA on social validation revealed a significant effect of our manipulation ($F(2, 419) = 36.60$, $p < .001$). Follow-up contrasts revealed that participants who were told their products received likes reported feeling a higher degree of social validation than participants in the control condition ($M_{control} = 5.04$, $SD = 1.36$ vs. $M_{likes} = 5.87$, $SD = .94$, $t(247.94) = -5.98$, $p < .001$). Similarly, participants who were told that their products had been sold reported experiencing higher social validation than participants in the control condition ($M_{control} = 5.04$, $SD = 1.36$ vs. $M_{sales} = 6.12$, $SD = .98$, $t(254.62) = -7.64$, $p < .001$). Most importantly, sales provided participants with higher social validation than likes ($M_{likes} = 5.87$, $SD = .94$ vs. $M_{sales} = 6.12$, $SD = .98$, $t(277.70) = -2.19$, $p < .05$).

[3] Levene's test for equality of variances was significant.

Mediation by social validation. Since we predicted that the positive effect of sales on happiness is driven by social validation, we tested our process through mediation (10,000 bootstrap samples; bias-corrected confidence intervals; Hayes 2013). The analysis revealed significant indirect effects of both sales (*ab* = .76, *SE* = .12; 95% LLCI = .54, 95% ULCI = 1.01) and likes (*ab* = .58, *SE* = .11; 95% LLCI = .39, 95% ULCI = .81). Compared to a situation in which participants do not receive any type of market feedback, selling or receiving likes increased social validation, which, in turn, led to higher happiness.

In order to directly compare sales and likes, we ran a second mediation model where the baseline condition was likes (10,000 bootstrap samples; bias-corrected confidence intervals; Hayes 2013). We found that, compared to receiving likes, selling leads to stronger feelings of social validation (*ab* = .18, *SE* = .08; 95% LLCI = .02, 95% ULCI = .34). The complete results of the mediation analyses can be found in Table 5 here below.

Table 5: Mediation output (Study2)

	Total effect (c)				
	Coeff.	***SE***	***t***	***p***	**95% LLCI, 95% ULCI**
Likes	.92	.17	5.48	p <.001	LLCI = .59, ULCI = 1.26
Sales	1.33	.17	7.86	p <.001	LLCI = 1.00, ULCI = 1.67
	Direct effect (c')				
	Coeff.	***SE***	***t***	***p***	**95% LLCI, 95% ULCI**
Likes	.34	.15	2.32	p <.05	LLCI = .05, ULCI = .63
Sales	.58	.15	3.77	p <.001	LLCI = .28, ULCI = .88
	Indirect effect (ab)				
	Coeff.	***SE***			**95% LLCI, 95% ULCI**
Likes	.58	.11			LLCI = .39, ULCI = .81
Sales	.76	.12			LLCI = .54, ULCI = 1.01

Reference category: control

	Total effect (c)				
	Coeff.	***SE***	***t***	***p***	**95% LLCI, 95% ULCI**
Control	-.92	.17	-5.47	p <.001	LLCI = -1.26, ULCI = -.59
Sales	.41	.17	2.42	p <.05	LLCI = .07, ULCI = .74
	Direct effect (c')				
	Coeff.	***SE***	***t***	***p***	**95% LLCI, 95% ULCI**
Control	.-34	.15	-2.31	p <.05	LLCI = -.63, ULCI = -.05
Sales	.23	.14	1.64	p = .10	LLCI = -.04, ULCI = .51
	Indirect effect (ab)				
	Coeff.	***SE***			**95% LLCI, 95% ULCI**
Control	-.58	.11			LLCI = -.80, ULCI = -.38
Sales	.18	.08			LLCI = .02, ULCI = .34

Reference category: likes

Discussion

Our findings from Study 2 show once again that selling enhances consumer-producers' well-being. In addition, we find evidence in support for social validation as the mechanism driving the positive effect of market feedback – especially in the form of sales – on happiness. All market feedback might function as a signal sent from the market to the consumer-producer. However, sales are intrinsically characterized by higher signaling value. Having someone who is willing to incur costs (i.e., spending money, traveling to another location) in order to acquire a consumer-producer's product gives her more recognition and brings forth a higher sense of social validation. In Study 2, this meant that consumer-producers reported higher feelings of social validation as a result of initial sales (compared to a situation where they did not receive any feedback or to a situation where they received likes). These results support preliminary findings from a round of in-depth interviews we conducted with Etsy sellers: "You know, paying some money for and it's like an accolade of her creative talent which she wasn't sure she really ever had. In other words, how do I want to say this? It is that someone is willing to pay money for something she has made it just makes her feel like she is a creative person." (Informant 5, interview).

Study 3

Overview and objectives

We proposed earlier that consumer-producers view sales as a costly signal from the market. In Study 1, we demonstrated that the mere selling effect can be observed independent of the presence of the economic benefits deriving from sales, and in Study 2 we differentiated sales from likes by showing that sales provide consumer-producers with higher feelings of social validation. In Study 3, we extend the findings from Study 2 by comparing sales to likes. Giving a like is an expression of appreciation for a consumer-producer and her products, but requires just a click. Sales are endowed with the greatest signaling value, as the buyer was willing to sustain some cost (e.g., monetary, logistic) to obtain the product of a specific consumer-producer. While less costly forms of market feedback could, to some extent, still provide consumer-producers with social validation, for this reason sales constitute a stronger "tonic for the mind" (Dellot 2014, p. 31) and provide creators with greater happiness.

Method

Two hundred and eighty-one U.S. adults (39% female, M_{age} = 32 years) were recruited through Amazon Mechanical Turk and participated in the study for a small payment. Participants, who were recruited just before Christmas, read a description of an online platform selling seasonal greeting cards and were assigned to conditions in a 2 (sales: none vs. some) × 2 (likes: none vs. some) between-participants design. Participants learned that, on this platform, customers could either write their own message, or, alternatively, browse a large "message library" created by the platform's user community. The selected message would then be printed on high-quality paper and delivered to customers. Participants were further informed that customers would not pay creators for the selected messages from the library, but would just pay the platform for the physical production of the card. Creators would not get a financial compensation from sales. Thus, we again kept the economic benefits of selling constant across conditions.

Participants also read that the profile of each creator would disclose the stats regarding the specific message, such as the number of sales (i.e., how many customers actually used the message for their own card) and the number of likes (i.e., how many customers clicked the "like" button for the message)[4].

We asked participants to imagine being one of the creators belonging to the online community and having created a message for a Christmas card on the platform. Afterwards, we told participants to imagine logging on to the website to check the statistics for their message and manipulated the number of likes and sales. In the some sales-some likes condition, for example, participants learned that some customers clicked the "like" button for their message and some actually selected their message (see the Appendix for the complete set of stimuli used in this study). The order of the presentation of the two manipulated cues was counterbalanced among participants.

Participants then answered two reading checks: "According to the situation described above, what happened to your card in terms of 'likes' / actual adoptions?" ("No one 'liked'/ actually adopted the message I created" vs. "Some people 'liked' / actually adopted the message I created"). Afterwards, they completed the happiness measure from Study 1 (α= .94) and the Perceived Awareness of the Research Hypothesis (PARH) scale (Rubin, Paolini, and Crisp 2010), a 4-item measure to exclude the potential influence of demand characteristics (e.g., "I knew what the researchers were investigating in this research"; 1: strongly disagree, 7: strongly agree).

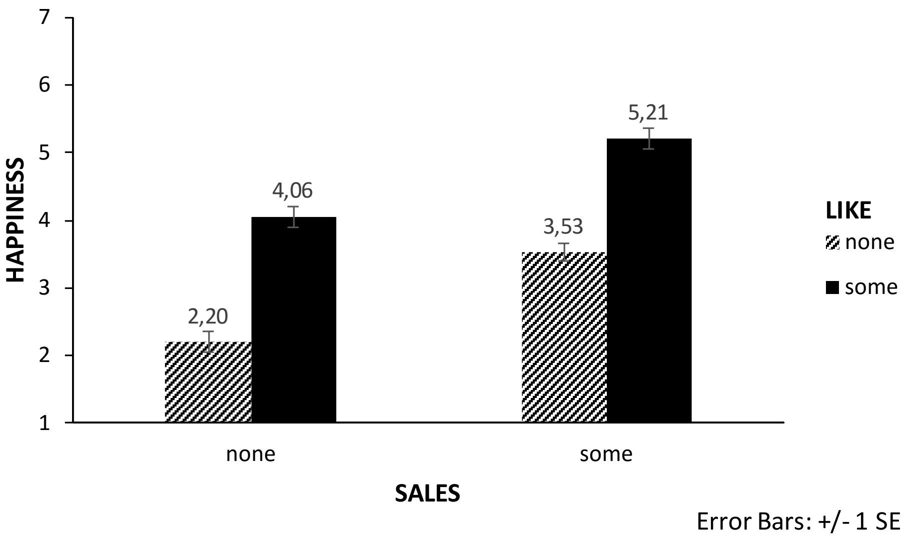
Results

Happiness. A 2 (sales: none vs. some) × 2 (likes: none vs. some) ANOVA on happiness revealed a significant main effect of likes. As expected, we find that

[4] Participants were informed that these two dimensions are independent, i.e., customers could select a message for their card without pressing the "like" button, and could "like" a message without selecting it for their card.

participants are happier when some (vs. no) customers "liked" their message ($M_{\text{some likes}}$ = 4.37, *SD* = 1.49, $M_{\text{no likes}}$ = 3.13, *SD* = 1.60, $F(1, 277) = 68.09$, $p < .001$). Second, we also find a significant main effect of sales. Consistent with the results of Study 1, we find that participants are happier when their self-created message was sold to (i.e., was adopted by) some customers rather than no customers ($M_{\text{some sales}}$ = 4.65, *SD* = 1.41, $M_{\text{no sales}}$ = 2.88, *SD* = 1.41, $F(1, 277) = 137.67$, $p < .001$). Critically, the positive effect of sales on happiness was substantially stronger (partial eta-square = .33) than the positive effect of likes (partial eta-square = .20). Furthermore, we find that happiness is significantly higher for participants whose messages were selected by some customers but did not receive any likes ($M_{\text{no likes-some sales}}$ = 4.06, *SD* = 1.30) compared to participants whose messages were not adopted by any customer but who received some likes ($M_{\text{some likes-no sales}}$ = 3.53, *SD* = 1.18, $t(139)$= -2.52, $p < 0.01$; see Figure 2). The interaction of sales and likes was not significant (p = .55).

Figure 2: Sales versus likes (Study 3)



Our results do not change if we remove the few participants who failed to correctly answer at least one of the two reading checks. Moreover, our results do not seem to be driven by experimental demand (Rubin, Paolini, and Crisp 2010). First, adding the PARH scale as a covariate to the 2 × 2 ANOVA did not substantially change results (both the main effect of the sales factor and the critical contrast remained significant, ps < .01). Second, the PARH scale did not interact with the sales factor and with the two experimental conditions underlying the critical contrast (ps > .10).

Discussion

In Study 3, we thus replicate the mere selling effect reported in Study 1 and Study 2. We find that participants' reported happiness is significantly higher if they learn that their creations were bought by some customers. Importantly and similar to Study 1, this effect cannot be attributed to the economic benefits deriving from sales as the monetary reward was kept constant across conditions. Moreover, Study 3 corroborates the findings from Study 2: overall, our results confirm that sales have a substantially stronger positive effect on consumer-producers' well-being than other forms of market feedback such as likes.

Study 4

Overview and objectives

We demonstrated that, irrespective of economic benefits, sales provide consumer-producers with well-being in the form of happiness (Studies 1, 2, 3). The mechanism driving this mere selling effect is the social validation that consumer-producers derive from sales (Study 2), which supports our theorizing of sales as costly signals from buyers. Knowing that a buyer deliberately chose the consumer-producer's product and was willing to incur some cost in order to acquire it, the consumer-producer interprets sales as a recognition and a confirmation of her skills and capabilities. Research in psychology suggests that people interpret signals based on their diagnosticity (Feldman and Lynch 1988; Purohit and Srivastava 2001). In other words, people make their judgements based on the informational value embedded in signals. Accordingly, theorizing sales as signals implies that the effect of sales on consumer-producers' well-being will be more intense when they allow consumer-producers to make inferences about their skills and capabilities with greater confidence. But what happens when sales are stripped of their signaling value and are therefore not diagnostic?

The objective of Study 4 is to investigate a boundary condition of our effect. We seek to decrease the signaling value of sales by altering the mechanism behind product choice. In one condition, we tell participants that people choose their product deliberately among a set of alternatives, as it happens in a regular sales context. On the contrary, our cover story allows us to inform participants in the other condition that people cannot select products according to their own preferences, but will receive them based on a random extraction. Accordingly, we expect that product acquisition that is based on a random choice process should decrease the happiness that creators derive from it, compared to a situation where product acquisition happens according to the deliberate preferences of buyers. The fact that buyers consciously choose a consumer-producer's specific product among a set of alternatives should send a strong positive diagnostic signal to the consumer-producer. Random allocation of the product to the buyer lacks, by nature, such diagnostic value and therefore should decrease the happiness that the consumer-producer derives from sales. On the other hand, in case of no sales, consumer-producers should be happier in case the mechanism behind product acquisition is random. This should obliterate the negative diagnostic signal that is conveyed by buyers not choosing the consumer-producer's product when the choice mechanism is instead not random. A second objective of Study 4 is to investigate whether the mere selling effect does not consist of a simple increase in happiness but also has downstream consequences for the motivation of the consumer-producer. Therefore, we investigated whether greater happiness for the creator translates into a higher willingness to engage again in the production task.

Method

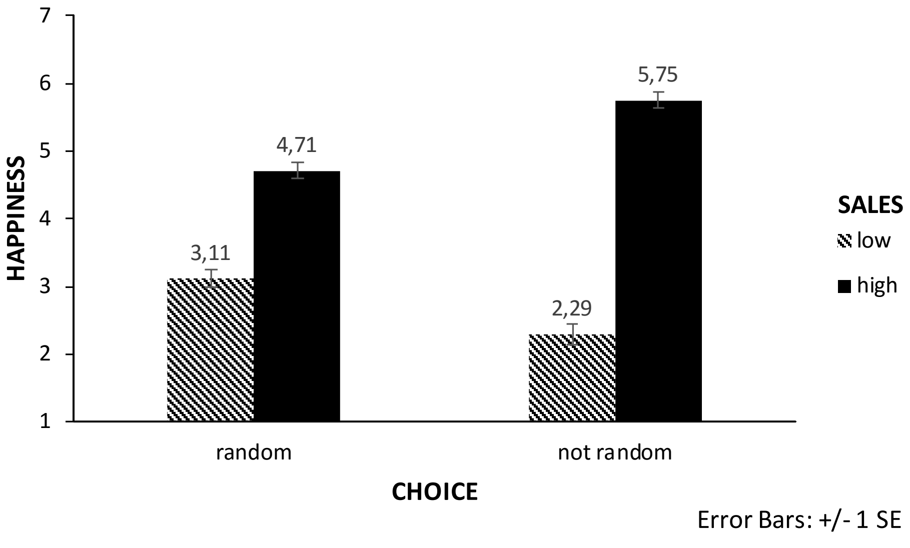
Three hundred and five students (44% female, M_{age} = 19 years) from a large European university took part in a lab study in exchange for course credit and were randomly assigned to conditions in a 2 (sales: low, high) × 2 (choice mechanism: random, not random) between-participants design. Participants read a cover story explaining that the researchers using the behavioral lab were looking for a new way – besides course credit and money – to compensate people taking part in their studies. Specifically, we told participants that one idea entailed giving people leaving the lab a postcard created by student volunteers as a token of participation. Afterwards, we exposed participants to our choice mechanism manipulation. In the random choice condition, participants read that after the student volunteers would be done creating a total of ten postcards each, all the postcards would be put in a bowl. The researcher conducting the study would randomly fish one postcard from the bowl and hand it over to each lab study participant at the end of her lab session (i.e., the choice of the postcard happened randomly). In the not random choice condition, participants instead read that all the postcards would be placed on a table and each lab study participant would choose the postcard she preferred (i.e., the choice of the postcard was based on participants' preferences). We then asked participants to imagine being one of the student volunteers creating ten postcards for the lab and consequently exposed them to our sales manipulation. In both choice conditions, we told participants to imagine that either zero (low sales condition) or nine (high sales condition) of their postcards had been randomly fished by the researcher (random choice condition) or chosen by participants leaving the lab according to their preferences (not random choice condition; see the Appendix for the complete set of stimuli used in this study). Finally, participants answered the two dependent measures, happiness (one seven-point Likert item: "If you had just experienced the situation described above, how happy would you feel about it?"; 1: not happy at all; 7: very happy) and willingness to engage again in the task of creating the postcards (one seven-point Likert item: "If you had just experienced the situation described above, how willing would you be to create again postcards for rewarding participants at the Erasmus Behavioral lab?"; 1: not at all willing; 7: very willing).

Results

Happiness. A 2 (sales: low, high) × 2 (choice mechanism: random, not random) ANOVA on happiness revealed a positive and significant main effect of sales ($M_{\text{low sales}}$= 2.69, SD = 1.14 vs. $M_{\text{high sales}}$= 5.22, SD = 1.30; $F(1, 301) = 381.12$, $p < .001$) and a not significant main effect of choice mechanism (M_{random}= 3.92, SD = 1.47 vs. $M_{\text{not random}}$= 3.99, SD = 2.01; $F(1, 301) = .72$, $p = .40$). The analysis also revealed a significant interaction of sales and choice mechanism ($F(1, 301) = 51.65$, $p < .001$, Figure 3). We compared the effect of choice mechanism at each level of sales through a follow-up analysis of simple effects. Participants whose postcards had been sold were happier when the choice process was not random (i.e., people leaving the lab would choose which postcard to take with them according to their own preferences) rather than random (i.e., people leaving the lab would be given a postcard that the researcher had fished from a bowl containing all the postcards) ($M_{\text{high sales-random}}$= 4.71,

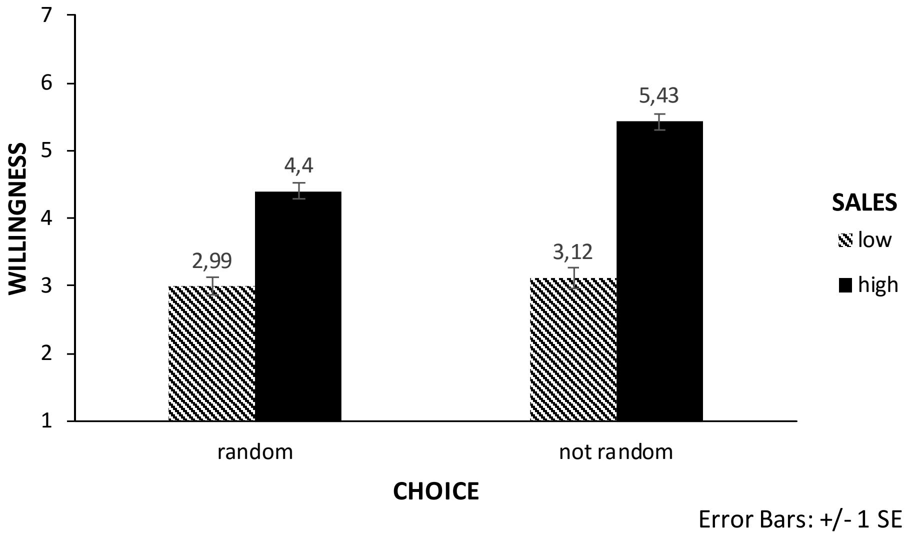
$SD = 1.35$ vs. $M_{\text{high sales-not random}} = 5.75$, $SD = 1.00$; $F(1, 301) = 32.41$, $p < .001$). On the other hand, we observed a reversed pattern when the postcards were not sold. Participants who were told that their postcards had not been sold were happier when the choice process was random rather than not random ($M_{\text{low sales-random}} = 3.11$, $SD = 1.11$ vs. $M_{\text{high sales-not random}} = 2.29$, $SD = 1.02$; $F(1, 301) = 20.00$, $p < .001$). This pattern supports our theory concerning the diagnosticity of sales. When creators' postcards were successfully sold, creators derived greater happiness from knowing that the choice mechanism was not random. The fact that the postcards were chosen by people leaving the lab according to their preferences constitutes a positive diagnostic signal about creators' skills. Conversely, when postcards were not sold, creators were happier when the choice mechanism was random because this allowed them to discount the negative signal embedded in the lack of sales.

Figure 3: Effect of choice mechanism on creators' happiness (Study 4)



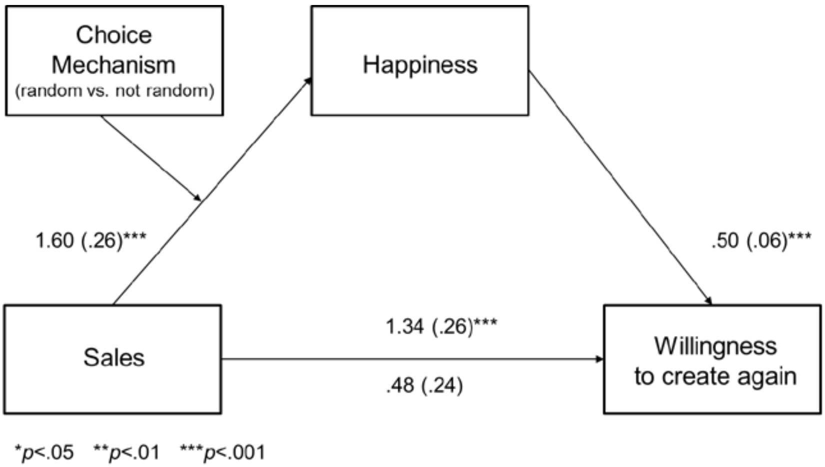
Willingness to engage in the task again. Similarly, a 2 (sales: low, high) × 2 (choice: random, not random) ANOVA on willingness to engage again in the task of creating the postcards revealed a significant positive main effect of sales ($M_{\text{low sales}}$= 3.05, SD = 1.60 vs. $M_{\text{high sales}}$=4.90, SD = 1.43; $F(1, 301) = 121.42$, $p < .001$) and a significant main effect of choice mechanism. Overall, a not random choice process led to greater willingness to engage again in the task (M_{random}= 3.71, SD = 1.61 vs. $M_{\text{not random}}$= 4.26, SD = 1.89; $F(1, 301) = 11.80$, $p = .001$). The analysis also revealed a significant interaction of sales and choice ($F(1, 301) = 7.09$, $p < .01$, Figure 4). We compared the effect of choice mechanism at each level of sales through a follow-up analysis of simple effects. Participants whose postcards had been sold reported greater willingness to engage again in the task of creating the postcards when the choice process was not random rather than random ($M_{\text{high sales-random}}$= 4.40, SD = 1.42 vs. $M_{\text{high sales-not random}}$= 5.43, SD = 1.24; $F(1, 301) = 18.64$, $p < .001$). For participants whose postcards had not been sold, choice mechanism made no difference in terms of willingness to engage again in the task of creating the postcards ($M_{\text{low sales-random}}$= 2.99, SD = 1.50 vs. $M_{\text{low sales-not random}}$= 3.12, SD = 1.70; $F(1, 301) = .28$, $p = .59$).

Figure 4: Effect of choice mechanism on creators' willingness to engage in the task again (Study 4)



Moderated mediation. We examined whether the indirect effect of sales on willingness to engage in the postcard creation task again through happiness was moderated by choice mechanism by testing the moderated mediation model in Figure 1 (Hayes 2013). The analysis (10,000 bootstraps; 95% bias-corrected confidence intervals) revealed that happiness mediated the effect of sales on willingness to engage in the task again. The moderated mediation index was significant, ab= 1.08, SE= .21, 95% LLCI: = .71, 95% ULCI = 1.53). Based on this result we can infer that the indirect effect of sales on willingness to engage in the task again through happiness differs significantly across the two types of choice mechanisms (random and not random). More specifically, follow-up analyses of conditional indirect effects revealed that the effect of sales through happiness was stronger when the postcards were deliberately (i.e., not randomly) chosen by the recipient (ab= 2.01, SE= .26, 95% LLCI: = 1.50, 95% ULCI = 2.52) than when the postcards were randomly fished from a bowl by the researcher (*ab*=.93, *SE*= .15, 95% LLCI: = .65, 95% ULCI = 1.25).

Figure 5: Moderated mediation model (Study 4)



Discussion

Our results suggest once again that, even when economic incentives are not present, knowing that their products were chosen by other people increases creators' well-being in terms of happiness. This, in turn, has downstream consequences for work motivation, as it translates in higher willingness to perform the creative task again. The intensity of this effect is, as hypothesized, contingent on the diagnosticity of sales, here operationalized as the type of choice behind product adoption.

Study 5

Overview and objectives

In Study 4, we demonstrated that reducing the diagnosticity of sales by manipulating the choice mechanism behind product adoption substantially decreases the intensity of the mere selling effect. In Study 5, we aim to offer further support for the moderating role of diagnosticity by manipulating the expertise of the buyer. According to our theorizing of sales as signals, a consumer-producer should feel greater happiness when her products are adopted by expert rather than novice buyers. This is because expert buyers possess deep knowledge of a specific product domain, and therefore their appreciation should have a greater signaling value. On the other hand, novice buyers' knowledge is less sophisticated; as a consequence, being appreciated by novices has lower signaling value for the creator. A second objective of Study 5 was to offer further evidence that the mere selling effect has consequences for the work motivation of a creator. Therefore, we aimed to show once again that happiness mediates the relationship between sales and the creator's willingness to pursue her creative activity.

Method

Two hundred and ten U.S. adults (36% female, M_{age} = 31 years) were recruited through Amazon Mechanical Turk and participated in the study for a small payment. Participants were randomly assigned to one of three conditions in a between-participants design (sales: low sales vs. low sales-novice vs. low sales-expert). The study was framed as a research on collaborative creation. Irrespective of condition, all participants received some information about XantiCore, a (fictional) company producing running gear and the way the company collaborated with an online community of runners to co-create innovative running gear.

Participants were then asked to imagine being members of this online community and to have engaged in a collaboration with XantiCore, which led to the ideation and production of a new device for tracking running performance (see the Appendix for the complete set of stimuli used in this study). Afterwards, we introduced our sales manipulation. Participants in the low sales condition read that the product they helped co-create had an overall disappointing market performance ("You have just received the sales figures of your product from the company. Your product's sales were overall very bad in the running gear market"). On top of this information, participants in the low sales-novice (low sales-expert) condition were also told that the product was however successful within a specific customer segment ("However, consumers in the novice/expert segments (i.e., people who do not know much about running and running gear and have low performance standards / i.e., people who know a lot about running and running gear and have high performance standards) liked your product. Thus, sales in that segment were not so bad"). Finally, participants answered the mediator, happiness (same item used in Study 4) and the dependent measure, willingness to engage again in the co-creation task (one seven-point Likert item: "If you had just experienced the situation described above, how willing would you be to co-create another product for XantiCore?"; 1: not at all willing to co-create; 7: very willing to co-create).

Results

Happiness. A one-way ANOVA on happiness revealed a significant main effect of sales ($F(2, 207) = 21.85$, $p < .001$). Follow-up contrasts revealed that, compared to when they are just told that sales were overall bad, participants that read that either novice or expert consumers liked their product were happier ($M_{\text{low sales}} = 2.21$, $SD = 1.71$ vs. $M_{\text{low sales-novice}} = 3.08$, $SD = 1.49$, $t(207) = -3.23$, $p = .001$; $M_{\text{low sales}} = 2.21$, $SD = 1.71$ vs. $M_{\text{low sales-expert}} = 3.93$, $SD = 1.51$, $t(207) = -6.61$, $p < .001$). Importantly, participants that were informed that sales are overall bad but expert consumers liked their product were happier than participants who were informed that sales were overall bad but novice consumers liked their product ($M_{\text{low sales-novice}} = 3.08$, $SD = 1.49$ vs. $M_{\text{low sales-expert}} = 3.93$, $SD = 1.51$, $t(207) = -3.16$, $p < .01$).

Willingness to engage in the task again. A one-way ANOVA on willingness to engage again in the co-creation task revealed a significant main effect of sales ($F(2, 207) = 14.00$, $p < .001$). Follow-up contrasts revealed the same pattern observed for happiness. Compared to when they are just told that sales were overall bad, participants that read that either novice or expert consumers liked their product were more willing to engage again in the co-creation task ($M_{\text{low sales}} = 3.49$, $SD = 1.59$ vs. $M_{\text{low sales-novice}} = 4.38$, $SD = 1.59$, $t(207) = -3.31$, $p < .01$; $M_{\text{low sales}} = 3.49$, $SD = 1.59$ vs. $M_{\text{low sales-expert}} = 4.84$, $SD = 1.50$, $t(207) = -5.21$, $p < .001$). Moreover, mirroring the results for happiness, participants that were informed that sales were overall bad but expert consumers liked their product were happier than participants who were informed that sales were overall bad but novice consumers liked their product. The difference between the low sales-novice and low sales-expert cell is (marginally) significant ($M_{\text{low sales-novice}} = 4.38$, $SD = 1.59$ vs. $M_{\text{low sales-expert}} = 4.84$, $SD = 1.50$ t(207) = -1.74, $p = .085$).

Mediation by happiness. As in Study 3, we tested whether the effect of sales on willingness to engage in the task again was mediated by happiness. To test the proposed process, we ran a mediation analysis with multi-categorical independent variable, using low sales-novice condition as the reference category (Hayes and Preacher 2014). We used bias-corrected bootstrapping to generate 95% confidence intervals around the indirect effect of sales, where mediation occurs if the confidence interval excludes zero (Hayes 2013). The analysis (10,000 bootstrap samples; bias-corrected confidence intervals estimated and reported) revealed a significant indirect effect (*ab*= .39, *SE*= .16; 95% LLCI: = .14, 95% ULCI = .76). As predicted, compared to being told that novice consumers liked a product even if overall sales were low, being told that expert consumers liked the producers' product even if overall sales were low increased the producer's happiness. In turn, such an increase rendered participants more willing to engage in the co-creation task again. The complete mediation output can be found in Table 6 here below.

Table 6: Mediation output (Study 5)

			Total effect (*c*)		
	Coeff.	***SE***	***t***	***p***	**95% LLCI, 95% ULCI**
Low sales-expert	.12	.30	.41	*p* =.68	LLCI = -.47, ULCI = .71
Low sales	-.39	.29	-1.34	*p* =.18	LLCI = -.97, ULCI = .18
			Direct effect (*c'*)		
	Coeff.	***SE***	***t***	***p***	**95% LLCI, 95% ULCI**
Low sales-expert	-.27	.28	-.96	*p* = .34	LLCI = -.82, ULCI = .28
Low sales	-.01	.28	-.04	*p* = .97	LLCI = -.56, ULCI = .54
			Indirect effect (*ab*)		
	Coeff.	***SE***			**95% LLCI, 95% ULCI**
Low sales-expert	-.38	.13			LLCI = .14, ULCI = .76
Low sales	.40	.08			LLCI = -.68, ULCI = -.15

Reference category: Low sales-novice

Discussion

Our results further support the moderating role of the diagnosticity of sales. In Study 5, the diagnosticity of sales was manipulated as the expertise of the buyer. As predicted, informing creators that expert (vs. novice) buyers appreciated their products leads to a more pronounced increase in happiness and, as a consequence, a higher willingness to engage further in the creation activity.

General Discussion

This research aimed at investigating the phenomenon of consumers selling their self-produced products. In five studies, we document the existence of the mere selling effect. We show that the benefits that consumer-producers derive from sales are more than merely economic: having buyers purchase a consumer-producer's product validates the skills of the consumer-producer and enhances the consumer-producer's well-being. This increase in well-being has downstream consequences for consumer-producers' motivation to continue with their production activity. In Study 1, we find that participants who carried out a real production task report higher happiness when they are informed that other people buy their products, irrespective of the economic returns from selling the products. Moreover, we show that the mere selling effect intensifies when self-product integration is higher, that is when participants feel more connected with their product. In Study 2 and Study 3, we compare sales to likes, another form of market feedback, and show that social validation is the mechanism driving the mere selling effect. Finally, in Study 4 and Study 5 we show that the diagnosticity of sales moderates the mere selling effect. More precisely, in Study 4, we find that participants whose products are sold are happier when the choice mechanism behind product adoption is not random (i.e., buyers choose a product according to their own preferences) rather than random (i.e., buyers are randomly allocated a product), and that the opposite pattern holds for participants whose products are not sold. Moreover, in Study 4 we show that consumer-producers' increased well-being has downstream consequence in terms of higher willingness to engage in the production task again. Finally, in Study 5, we show that participants derive higher happiness from knowing that expert rather than novice buyers purchase their products.

Theoretical contributions

Previous research has extensively studied consumer involvement in production, both during the design and the assembly phase (e.g., Atakan et al. 2014; Franke et al. 2010; Norton et al. 2012). This line of research has however concentrated on consumer participation in production finalized to self-consumption. Our work takes a step further and examines a context where consumers produce with the aim of selling their creations to others. Our main contribution lies in shedding light on the psychological consequences of selling, and not of merely producing a product, for consumer-producers. Specifically, our results suggest that sales provide consumer-producers with a sense of social validation. While research shows that engaging in production activities like assembling a product is enough for consumers to feel competent and proud (e.g., Mochon et al. 2012), such feelings of competence and pride arise merely because the product was designed or assembled successfully. In our work, in contrast, we show that having buyers purchase one's creations functions as an external confirmation (rather than an internal conviction) that the consumer-producer is competent and capable of creating a marketable product. To the best of our knowledge, we are the first to investigate the phenomenon of consumer participation in the marketplace in the role of sellers of their self-created products.

The finding that the benefits of sales are not only financial in nature might explain why so many sellers populate consumer-to-consumer marketplaces in spite of the low sales numbers of their shops. Because they function as a means of social validation, sales enhance consumer-producers' happiness. By showing that it is not the money, but the sense of validation that consumer-producers derive from sales, our findings resonate with previous research suggesting that income is not a primary and long-lasting source of well-being for people (Kahneman et al. 2006). Therefore, our research also joins the body of work devoted to understand the antecedents and consequences of happiness (Bhattacharjee and Mogilner 2014; Labroo and Patrick 2009).

Additionally, by looking at consumers as sellers, this work expands current knowledge on the consequences of selling for the individual seller. Previous research looked at sellers as professionals working on behalf of organizations and focused on issues such as the effectiveness of different incentive schemes (Basu et al. 1985; Chung and Narayandas 2016). In this work, we instead investigated the phenomenon of consumers taking on the role of sellers in the marketplace. These consumer-producers are non-professional sellers. In contrast to salesmen, consumer-producers do not work for a company and instead sell their own, self-produced products. In addition to dealing with a different and less conventional sales context, our research makes a contribution by investigating the psychological consequences of sales. We believe that our findings are also informative for more traditional sales contexts and deepen the understanding of how sales (or the lack thereof) can shape the well-being of individuals.

Finally, in developing our theory, we conceptualized sales as signals from the marketplace. In doing so, we drew from the literature on signaling in information economics and from its applications to marketing (e.g., Boulding and Kirmani 1993; Kirmani and Rao 2000; Spence 1974). Previous research on signaling assumes that the signal originates from a seller and is received by a buyer. Here, we proposed that in turn sellers (i.e., consumer-producers) look at sales and other types of market feedback as signals sent by their buyers concerning their own skills and capabilities as producers. Thus, we believe that the present work therefore makes a contribution by focusing on a different context and offering another perspective on signaling. Whether buyers indeed mean to send a signal regarding sellers' skills remains an open question to be addressed by future research.

Practical implications

The finding that sales carry psychological benefits for consumer-producers has clear practical implications, especially for the management and the marketing of online consumer-to-consumer marketplaces that focus on the sales of self-produced products. For instance, we find that sales have a greater impact on consumer-producers' well-being when they feel deeply connected with and invested into their creations (Study 1). This could have implications for the design of consumer-to-consumer marketplaces, and specifically of sellers' online storefronts. For example, platforms could ask sellers to indicate the products with which they feel mostly connected, or the products that best represent them, to be highlighted in the seller's virtual storefront or to be inserted in special "spotlight" features on the website. This might increase the probability of such products getting noticed and bought by buyers, giving a boost to seller's well-being. In addition, it might be worthwhile to encourage buyers on consumer-to-consumer marketplaces to leave feedback to sellers stating the specific reasons why they chose a specific seller's product over competing offers. Knowing that a product is deliberately chosen by buyers makes sellers happier and more motivated (Study 4), therefore highlighting buyers' agency might further benefit the retention of sellers on the platform.

Relatedly, we find evidence in support of social validation as the mechanism driving the positive effect of market feedback, and especially of sales, on consumer-producers' well-being (Study 2). This finding could be leveraged while marketing of consumer-to-consumer online marketplaces to prospective sellers. Since consumer-producers, and most importantly sellers on marketplaces such as Etsy, start their production activity as a hobby (Etsy 2013), an effective way to attract new sellers could be to market selling on consumer-to-consumer platform as a way to legitimize their activity (e.g., "Sell your tote bags on Etsy and be like a pro!").

Moreover, our results suggest that profiling customers might not only be useful for the platform's marketing (e.g., for customizing the homepage to better cater to customers' tastes), but also for improving sellers' retention. We found that sales from expert (vs. novice) buyers give consumer-producers higher happiness and more motivation to keep on producing (Study 5). In turn, this might encourage them to remain in the marketplace. Therefore, it could be beneficial to have buyers fill in a questionnaire when signing up to shop on the platform (or when completing a purchase), asking them to indicate their level of expertise concerning specific product categories. Later, this information could be communicated to sellers when the product is actually ordered.

Limitations and further research

Our results (Study 4 and Study 5) suggest that the diagnosticity of sales determine the extent of their influence on consumer-producers' well-being. However, we only examined two aspects that make sales less or more diagnostic, namely the choice mechanism (random vs. random product adoption, Study 4), and buyer expertise (Study 5). Future research could investigate other characteristics of the transaction or of the buyer that are likely to influence the diagnosticity of sales and how sellers react to sales. For example, the "cost" of the transaction to the buyer: would it matter if the buyer was willing to incur extra costs to acquire the product (i.e., an international buyer could need to pay custom duties in order to acquire a product; would a seller obtain higher happiness from sales knowing that the buyer was willing to sustain said extra costs?).

Moreover, in this paper we focused on contexts where consumers sell products they produce themselves and investigated the psychological consequences of selling. We showed that successfully selling their self-produced products gives consumers a sense of social validation concerning their skills as producers, and this translates into increased well-being. However, it would be interesting to investigate what are the psychological consequences of sales for sellers who do not produce the products they sell. Would sellers still experience, at least to some extent, increased well-being irrespective of the financial benefits of sales? Our results also show that the more consumer-producers feel deeply connected to their self-created products, the more intense the effect of sales on well-being is. It could be worth investigating whether instilling a deeper sense of connection to the products that salesmen are dealing with could bring them to experience the psychological benefits of sales highlighted here.

Lastly, although our participants actually engaged in production (Study 1) and indicated a creative activity that is relevant for them (i.e., a hobby they cultivated or wished to cultivate, Study 2), our samples consisted of students and Amazon Mechanical Turk workers. For exploratory purposes we interviewed several Etsy sellers, but future research could investigate the consequences of sales using actual sellers on online consumer-to-consumer marketplaces as respondents. This could also help in determining whether the mere selling effect is more pronounced for novice consumer-producers, and whether it tapers out for more experienced consumer-producers selling their products on consumer-to-consumer marketplaces.

Conclusion

Technological developments have radically changed the way consumers interact in the marketplace and have shaped the roles they take on. Many consumers become consumer-producers and start producing and selling their own products. Although academic research has shed light on consumer participation in production, less is known about consumers' involvement in the marketplace in the role of sellers. This research is a first exploration of this relatively new phenomenon and demonstrates that the benefits that consumer-producers derive from sales are not only economic in nature but also psychological. By functioning as a form of social validation, sales enhance consumer-producers' well-being. These findings have implications not only at the individual seller level, but also for the management and marketing of consumer-to-consumer marketplaces.

♫ When I write, I like to listen to instrumental music. For each chapter in this dissertation, I have noted one of the songs I listened to more frequently while writing it. Working on Chapter 3, I listened to *Auto Rock* (Mogwai).

Appendix

Study 1

Stimuli excerpt for Task 1: Create cards

This study is a pretest on the usability of the kit for building birthday cards.

Please, use the materials on your desk to build 2 cards in the next 15-20 minutes following the instructions below.

Your task is to create two birthday cards. For each card, you can INVENT YOUR OWN DESIGN.

You can use Reference Card 1 and Reference Card 2 as pure examples and produce your own design on the white cards you can find on your desk. Please create two different cards.

You can use all the materials you find on your desk as you want to freely create the cards.

[low sales] A few days ago you participated in a study in the Erasmus Behavioral Lab and created two birthday cards.

For each card, you were asked to create your own design. Thus, you designed two completely new cards.

Recall that in the days following the workshop, as described to you previously, we were putting all the cards created by the study participants on offer at a "birthday card bazar". Some cards where sold while others were not.

It turned out that none of your cards had found a new home, i.e., they were not sold.

[high sales] A few days ago you participated in a study in the Erasmus Behavioral Lab and created two birthday cards.

For each card, you were asked to create your own design. Thus, you designed two completely new cards.

Recall that in the days following the workshop, as described to you previously, we were putting all the cards created by the study participants on offer at a "birthday card bazar". Some cards where sold while others were not.

It turned out that both of your cards had found a new home, i.e., they were sold.

To conclude the study, please answer the following questions on the next pages.

Stimuli excerpt for Task 2: Replicate cards

This study is a pretest on the usability of the kit for building birthday cards.

Please, use the materials on your desk to build 2 cards in the next 15-20 minutes following the instructions below.

Your task is to create two birthday cards. For each card, you should REPRODUCE THE GIVEN DESIGN.

Please use Reference Card 1 and Reference Card 2 as strict guidelines and copy their design on the white cards you can find on your desk. Please copy each card once.

You should use all the materials you find on your desk to reproduce the cards as precisely as possible.

[low sales] A few days ago you participated in a study in the Erasmus Behavioral Lab and created two birthday cards.

For each card, you were asked to reproduce a given target design. Thus, you replicated two given cards.

Recall that in the days following the workshop, as described to you previously, we were putting all the cards created by the study participants on offer at a "birthday card bazar". Some cards where sold while others were not.

It turned out that none of your cards had found a new home, i.e., they were not sold.

To conclude the study, please answer the following questions on the next pages.

[high sales] A few days ago you participated in a study in the Erasmus Behavioral Lab and created two birthday cards.

For each card, you were asked to reproduce a given target design. Thus, you replicated two given cards.

Recall that in the days following the workshop, as described to you previously, we were putting all the cards created by the study participants on offer at a "birthday card bazar". Some cards where sold while others were not.

It turned out that both of your cards had found a new home, i.e., they were sold.

To conclude the study, please answer the following questions on the next pages.

Table 1: Means for additional measures (Task 1: create cards)

	$M_{\text{Low Sales}}$	$M_{\text{High Sales}}$	*F*	*Sig.*
Effort	3.24 *(.85)*	3.16 *(.94)*	$F(1,129) = .24$	$p = .63$
Complexity	2.12 *(.90)*	2.22 *(.96)*	$F(1,129) = .39$	$p = .53$
Enjoyment	4.02 *(.52)*	4.10 *(.80)*	$F(1,129) = .45$	$p = .51$
Mood	3.45 *(1.37)*	3.11 *(1.42)*	$F(1,129) = 1.95$	$p = .16$
Creativity	3.40 *(.94)*	3.32 *(1.01)*	$F(1,129) = .18$	$p = .67$
Drawing skills	2.63 *(1.22)*	2.32 *(1.01)*	$F(1,129) = 2.53$	$p = .11$
Liking of reference cards	3.49 *(1.03)*	3.57 *(1.16)*	$F(1,129) = .18$	$p = .67$
Liking of birthday cards	2.95 *(.92)*	3.27 *(.97)*	$F(1,129) = 3.79$	$p = .05$

$N = 131$

Table 2: Means for additional measures (Task 2: replicate cards)

	$M_{\text{Low Sales}}$	$M_{\text{High Sales}}$	*F*	*Sig.*
Effort	3.04 *(.89)*	3.01 *(.93)*	$F(1,122) = .04$	$p = .84$
Complexity	2.07 *(.82)*	1.88 *(.86)*	$F(1,122) = 1.64$	$p = .20$
Enjoyment	3.77 *(.78)*	3.83 *(.89)*	$F(1,122) = .18$	$p = .67$
Mood	4.35 *(1.33)*	4.77 *(1.43)*	$F(1,122) = 2.85$	$p = .09$
Creativity	3.47 *(1.13)*	3.35 *(1.09)*	$F(1,122) = .32$	$p = .57$
Drawing skills	2.52 *(1.14)*	2.61 *(1.12)*	$F(1,122) = .23$	$p = .63$
Liking of reference cards	3.06 *(1.04)*	3.21 *(.98)*	$F(1,122) = .64$	$p = .42$
Liking of birthday cards	3.08 *(.89)*	3.01 *(.83)*	$F(1,122) = .21$	$p = .65$

$N = 124$

Study 2

Stimuli

In their free time, many people pursue a hobby.

In pursuing this hobby, people often create "material objects" as an outcome.

For example, if you like baking, the outcome might be a cake.

If you like knitting, the outcome might be a knitted hat.

If you like photographing the outcome might be a picture.

Alternatively, people also pursue hobbies where there is no such automatic outcome (e.g., when your hobby is running, snowboarding, playing video games, etc.).

Yet, also these hobbies can lead to a material object in case you are a "user innovator" and invent a new tool that allows you to perform better.

For example if your hobby is running, you might program a running app.

If your hobby is snowboarding, you might design new snowboarding equipment.

Now please imagine that you had pursued this hobby for quite some time and that you also had produced some material objects.

You became a member of an online community where likeminded others showcase their ideas, prototypes, and products.

You also uploaded pictures of your material objects, your creations, to this platform. Some time elapses.

[control] No information.

[likes] Then you learn that some visitors of the website clicked the "like" button for your products, that is, your products received a "like" by consumers.

[sales] Then you learn that some visitors of the website actually purchased your products, that is, your products were bought by consumers.

Happiness measure

If you had experienced the situation described above, **how happy would you feel about it compared to your usual level of happiness?**

Study 3

Stimuli

We are collaborating with a new online platform that sells high-quality greeting cards to customers from all over the world.

On this platform, customers can either self-create a message, or alternatively, browse a large "message library" that has been created by the platform's user community.

The selected message is then printed on high-quality paper and delivered to customers around the world.

Next to every user-created message in the "library", you can see the profile of the user-creator, i.e., his/her nickname and city of residence. You can also see the stats regarding the specific message, i.e., the number of actual adoptions (i.e., how many customers actually adopted, i.e., used, the message for their own card) and the number of "likes" (i.e., how many customers found the message appealing, i.e., "liked" the message).

Note that customers can "adopt" a message without pressing the "like" button, and customers can "like" a message without "adopting" it.

Customers do not pay for their selected message from the library; they merely pay for the physical production of the card. Therefore, user-creators of the messages do not get a financial compensation for their work.

Since the platform is still under development, we would like you to imagine the following scenario and to answer a few questions.

Imagine that you are part of the greeting cards platform's user community.

You created a message for a Christmas card and you made it available in the website's library of messages, so that customers can "like" it and/or adopt it for their cards.

After one month, you log on to the website to check the statistics of your message.

[no likes, no sales] None of the customers clicked the "like" button for your message. No one actually adopted your message.

[no likes, some sales] Some of the customers clicked the "like" button for your message. No one actually adopted your message.

[some likes, no sales] Some of the customers clicked the "like" button for your message. No one actually adopted your message.

[no likes, some sales] None of the customers clicked the "like" button for your message. Some actually adopted your message.

Study 4

Stimuli

As researchers at the Erasmus Behavioral Lab, we are looking for a new, original way to compensate people who take part in lab studies.

One idea is that participants receive, in addition to credits or money, also a handmade postcard.

To make the postcards, we thought about asking several volunteer students to create 10 postcards each. Thus, they are asked to decorate a blank postcard template as they like, with drawings, text, collages, etc.

[random] After students finish creating their 10 postcards, the postcards will be put into an opaque bowl and will be shuffled.

The bowl will be positioned on a table so that, when participants of lab studies leave the lab, the researcher will fish one of the postcards from the bowl and will give it to participants.

Because participants do not see the postcards and the postcard is fished by the researcher, they do not know which postcard they receive. So the choice of the postcard happens randomly.

In order to understand whether this is a viable option, we need to know how our potential creators would feel with respect to being the creators of these postcards.

Therefore, we ask you to imagine being one of the volunteers who creates the 10 postcards for the lab. Please, make sure to put yourself in the shoes of the postcard creator.

[low sales, high sales] Imagine you have created 10 postcards and gave them to the researcher. The researcher thanks you, puts all the postcards in the bowl and shuffles them.

Participants who leave the lab after taking part in a study receive a postcard randomly picked by the researcher from the bowl and take it home with them.

After a few days, you receive an e-mail where the researcher informs you that 0/9 of your postcards have been randomly picked from the bowl by participants leaving the lab.

[not random] After students finish creating their 10 postcards, the postcards will be placed on a table so that when participants of lab studies leave the lab they can choose the postcard they prefer.

Because all postcards are on the table, participants can choose the postcard they like best. So the choice of the postcard is based on participants' preferences.

In order to understand whether this is a viable option, we need to know how our potential creators would feel with respect to being the creators of these postcards.

Therefore, we ask you to imagine being one of the volunteers who creates the 10 postcards for the lab. Please, make sure to put yourself in the shoes of the postcard creator.

[low sales, high sales] Imagine you have created 10 postcards and gave them to the researcher. The researcher thanks you and puts all the postcards on the table.

Participants who leave the lab after taking part in a study choose the postcard they prefer and take it home with them.

After a few days, you receive an e-mail where the researcher informs you that 0/9 of your postcards have been chosen and picked up from the table by participants leaving the lab.

Study 5

Stimuli

XantiCore is an American sport equipment company that produces innovative running gear.
XantiCore collaborates with an online community of collaborative creation, where companies work with customers to develop products that better meet the needs of the market.
Each year, XantiCore launches a product line featuring a selection of products co-created with members of the community.

Imagine that you are a runner and a member of the community and you co-created a product for XantiCore's 2015 Customer Innovation Line.
You helped to design an innovative new device for tracking running performance that gives the runner vocal feedback and the most relevant stats and information depending on his/her running style.
Yours was one among several user innovations that XantiCore decided to produce and market since the beginning of 2015.

[low sales] You have just received the sales figures of your product from the company. Your product's sales were overall very bad in the running gear market.

[low sales-novice] You have just received the sales figures of your product from the company. Your product's sales were overall very bad in the running gear market.
However, consumers in the novice segment (i.e., people who do not know much about running and running gear and have low performance standards) liked your product. Thus, sales in that segment were not so bad.

[low sales-expert] You have just received the sales figures of your product from the company. Your product's sales were overall very bad in the running gear market.
However, consumers in the expert segment (i.e., people who know a lot about running and running gear and have high performance standards) liked your product. Thus, sales in that segment were not so bad.

Chapter 4: Personizing the Consumer to the Producer

Background and Overview

Prior to industrialization, market transactions between producers and consumers were largely direct and face-to-face. Consumers used to buy food from the people who harvested or prepared it, and purchased clothing or household items directly from the artisans who produced them in their workshops. Therefore, a strong personal component was often embedded in market exchanges: producers and consumers usually knew each other, or at least had the opportunity to meet and interact. In contrast, since the industrial revolution took place in the 19th century, many producers work in factories, and are typically not in contact with the consumers who purchase and use their products. Mass production and the increasing complexity of distribution systems have thus increased efficiency, but have, at the same time, depersonalized market transactions. Consumers and producers have become unknown to each other: today, most consumers do not know who grows their food or sews their clothing; conversely, producers work for anonymous, unidentified consumers. Globalization has contributed to further increase the distance between producers and consumers, as production is often geographically clustered in areas where labor is cheaper and therefore producers and consumers are located in different countries.

What is more, automation and new ways of working such as telecommuting drastically reduce the need for and extent of contact with consumers even in service-based economies, making transactions even less personal and increasing the risk of social isolation (Hampton et al. 2009). Despite this general tendency towards a depersonalization of transactions, there are also contexts where advances in technology reduce the distance between producers and consumers. For instance, new marketplaces have emerged on the Internet where producers sell their products directly to consumers. Examples of such marketplaces include Etsy and eBay, online platforms that allow producers to open a digital storefront. Hence, on these platforms, the consumer is often no longer an anonymous, unidentified entity for the producer: the consumer is a specific person, with a name and an identity. In some sense, there seems to be a return to the way transactions were carried out before industrialization, when the divide between producers and consumers was less pronounced.

Does reducing the distance between producers and consumers have positive repercussions for the producer? In this chapter, we argue that making the consumer known (vs. anonymous) to the producer should affect the work satisfaction of the producer and the quality of the output product. Drawing from Marx's theory of alienation (1844), we propose that *personizing* the consumer, that is, providing the producer with personal information about the consumer, increases the producer's work satisfaction, and the quality of her output.

By showing that producers benefit from being exposed to personal information about the consumer, the research presented in this chapter constitutes a first empirical test of one of the tenets of Marx's theory of alienation (1844), which holds that modern production methods estrange workers from other people, such as the consumers who buy their products. In addition, by showing that that working on a product for a personized versus anonymous consumer makes the producer's work more enjoyable, meaningful and satisfying, this research sheds new light on the relationships between effort, meaningfulness of work, and work motivation (e.g., Ariely, Kamenica, and Prelec 2008; Heyman and Ariely 2003). Finally, by looking at the effect of giving the producer personal information about a specific consumer, this research extends previous work on the effect of providing personal information about beneficiaries from a prosocial context (Small and Lowenstein 2003; Grant 2007) to a commercial context.

Theoretical Background

Alienation

The concept of alienation finds its roots in philosophy, and broadly refers to the "withdrawing or separation of a person or a person's affections from an object or position of former attachment" (Merriam-Webster 2017). According to Karl Marx (1844), alienation originates from and is deeply embedded in modern production systems. Prior to industrialization, production was largely artisanal and producers often manufactured the entire product. With industrialization, however, producers started to perform repetitive, trivial tasks constituting only a small part of the whole process. As a consequence, the producer (i.e., the worker) became alienated from the very act of producing and from the resulting end product. The lack of autonomy in determining the way a product is made and the absence of interaction with end consumers turn work into an unfulfilling aspect of the producer's life. When the producer's freedom is limited and the social component inherent to production is completely expunged, work becomes a mere economic practice. As Marx (1844) suggests, this could take a toll on the producer's psychological well-being and attitude towards work. While the concept of alienation might evoke the image of 19th century factory workers, one would expect that alienation would be much less of a concern in present times, when technology facilitates interactions and increases productivity. However, while allowing greater efficiency and the bypass of geographical distances, technology also contributes to the deskilling and disengagement of workers. For instance, the automation of tasks in the production process often transforms workers in supervisors of computerized machines (Carr 2015). Even highly interactive functions such as customer service are typically fully assisted or mediated by computers, and the extent of human contact with co-workers and customers is reduced both in terms of quantity and quality in order to maximize efficiency. These changes might contribute to explain why only 32% of workers in the United States report feeling engaged in their jobs and workplaces (Mann and Harter 2016).

Receiving personal information about others

Could lifting the anonymity of consumers be a way to alleviate disengagement and benefit producers' perception of their work? As argued in the introduction, we propose that *personizing* the consumer to the producer (i.e., providing the producer with personal information about the consumer, such as the consumer's name, age, profession, nationality, or a short profile) positively affects the work satisfaction of the producer and the quality of the output product. To substantiate our predictions, in the following we review related literature on receiving personal information about others and on work satisfaction.

Previous research has investigated the effect of receiving information about or having personal contact with others in a non-commercial setting. For example, participants in a dictator game tend to allocate more money when they are given personal information (e.g., family name, picture) about their fellow players (Bohnet and Frey 1999; Charness and Gneezy 2008). In a prosocial context, where there is the potential to greatly impact others' welfare, providing information about victims or beneficiaries is known to influence the behavior of donors and fundraisers. For instance, identified victims of a calamity attract more donations than statistical victims (Jenni and Loewenstein 1997; Small and Lowenstein 2003) because donors experience more intense emotional reactions and devolve more money to victims with a name and a face (Kogut and Ritov 2005). In addition, Grant et al. (2007) showed that, when fundraisers for student scholarships have the opportunity to meet the beneficiary of the scholarship, they spend more time on subsequent fundraising phone calls and raise more funds.

In a commercial setting, research has predominantly focused on the delivery of services rather than on the production of products and has reported inconsistent findings on the effect of contact between service workers and consumers. For example, Chase (1977) found that a higher extent of contact with consumers decreases the efficiency of service delivery because part of the transaction is guided by the consumer. Chan, Yim, and Lan (2010) suggested that more contact with consumers leads to lower job satisfaction for workers. Given that interactions between consumers and service providers are often negative and hostile (Grandey, Dickter, and Sin 2004), companies might therefore be prone to keep producers and consumers separate. However, visually revealing consumers and service providers to each other during service delivery leads to positive outcomes (Buell, Kim, and Tsay 2016). More precisely, Buell et al. (2016) have shown that installing iPads with videoconferencing software in the kitchen and at the counter of a cafeteria reduces the time needed to prepare an order at the grill.

Personizing the consumer to the producer leads to higher work satisfaction and quality of the output product

In production contexts, however, it is often either impossible or impractical for producers to have contact with or even visual access to consumers. Production is often carried out remotely, and working for an anonymous consumer is the default for a producer. We propose that, in such a setting, even a minimal intervention such as personizing the consumer (i.e., providing the producer with personal information about the consumer) reminds the producer that the consumer is not an anonymous, abstract entity but a person. Such reminder should give more purpose to the producer's work, as it makes salient that there is a person who will make use of her product. In other words, work should become more meaningful and enjoyable, rather than being a mere economic activity. In fact, perceived meaningfulness of work is acknowledged to be one important facet of work satisfaction (e.g., Griffin and McMahon 1994; Hackman and Oldham 1976). A work task becomes meaningful and satisfying when a worker sees the purpose of executing the task (Hackman and Oldham 1976), even if this purpose is minimal (Ariely, Kamenica, and Prelec 2008). Researchers have identified different sources of meaning (for a review, see Rosso et al. 2010), and suggested that interactions and relationships with others inside and outside the workplace might play a role in determining the meaningfulness of work (Hackman & Oldham 1976; Kahn 2007; Pratt & Ashforth, 2003). For instance, research in the context of jobs with a clear prosocial nature (e.g., fundraising callers, lifeguards) shows that presenting people with evidence regarding their job's ability to affect others' welfare (e.g., fundraising callers being provided with evidence concerning how efforts of previous fundraisers contribute to college funding for students in need; lifeguards reading stories of people rescued from the waters) leads to higher willingness to help (Grant 2008).

On the other hand, in a production context there is usually only limited potential for having a significant impact on other people (e.g., in the context of her regular work activity, a worker in a factory that produces clothing or cookware is less likely to save people's lives than a firefighter), and, unlike in service delivery, producers have no access to the consumers that use their products. As a consequence, it might be difficult for a producer to fully appreciate the purpose of her work. Personizing the consumer to the producer should serve as a reminder for the producer that her product will be indeed used by another person. Such reminder should turn work in a more meaningful, enjoyable, and satisfying activity, and, in parallel, encourage the producer to deliver a higher quality product to the consumer. Thus, providing personal information about the consumer should not only benefit the producer, but should ultimately contribute to higher consumer satisfaction.

Our reasoning resonates with Marx's arguments in his *Comments on James Mill*, in which he lays out the benefits of a production system where the alienation of producers from consumers is eliminated: "Let us suppose that we had carried out production as human beings. Each of us would have in two ways affirmed himself and the other person. [...] In your enjoyment or use of my product I would have the direct enjoyment both of being conscious of having satisfied a human need by my work, that is, of having objectified man's essential nature, and of having thus created an object corresponding to the need of another man's essential nature" (Marx 1844). In this sense, our research tests one of the tenets of Marx's alienation theory, and gives insights into how the separation between producers and consumers in the marketplace can be reduced by personizing the consumer to the producer.

The moderating role of perceived similarity

However, personizing the consumer to the producer might not always lead to positive outcomes in terms of work satisfaction or quality of the output product. One important factor that might influence how producers respond to personizing information is the extent to which they feel similar to the consumer. We conjecture that when the producer works for a personized consumer perceived as more similar (vs. more dissimilar), she will experience her work as even more enjoyable, meaningful, and satisfying. This effect should materialize because people instinctively bond and feel closer to similar others, and therefore find working for similar others more pleasant and rewarding. Research on homophily (e.g., McPherson, Smith-Lovin, and Cook 2001) and the similarity/attraction theory (e.g., Byrne 1971; Montoya, Horton, and Kirchner 2008) suggest that people tend to look for, prefer, and develop stronger bonds with people that they perceive as similar. Even perceived (i.e., not factual) or incidental similarity (i.e., people sharing just a name, or a birthday) influences attitudes towards similar others (Jiang et al. 2010; Montoya, Horton, and Kirchner 2008). In a commercial context, Jiang et al. (2010), for example, show that incidental similarity positively impacts consumer attitudes towards the salesperson and leads to higher purchase intentions because it creates feelings of social connectedness. Since perceived similarity concerning personal characteristics and background fosters closeness and reduces the perceived social distance between two individuals (Heider 1958; Liviatan, Trope, and Liberman 2008), we argue that, in our context, perceived similarity to a personized consumer can steer the producer's perceptions regarding her own work. In short, we expect that feeling more similar (vs. dissimilar) to the personized consumer will intensify the positive effect of personizing information on the producer's work satisfaction and on the quality of the output product.

Overview of Studies

We test our predictions across three studies. In Study 1, we provide evidence in support of people's preference for executing a task when it is requested by a personized (vs. anonymous) consumer. In Study 2, we test whether working on a product for a personized (vs. anonymous) consumer leads to higher work satisfaction for the producer and higher quality of the output product. In Study 3, we build on the findings of the previous studies and show that producers experience higher work satisfaction when working for a personized consumer to whom they feel similar. The studies presented in this chapter provide converging evidence for the notion that personizing the consumer benefits both the producer and the output product.

Study 1

Overview and objectives

Study 1 aims at providing initial evidence of how personizing a consumer affects the producer's behavior. More precisely, in Study 1 we show that, when given the choice between two seemingly equivalent production tasks that entail the realization of an origami (one for a personized and one for an anonymous requester), producers have a stronger preference to execute the same task for the personized requester.

Method

One hundred sixty-four students (47% female, M_{age} = 20 years) from a large European university took part in a lab study in exchange for course credit. Participants were presented with short descriptions of two origami tasks of comparable complexity (i.e., make an origami swan vs. make an origami turtle). One of the two task descriptions contained our consumer personization manipulation (i.e., personal information about the requester of the task), in counterbalanced order. The manipulation consisted of personal information about Manissa, a real member of the marketing department of our university, and presented her as the requester of the task ("Requester: Manissa Gunadi, 1st year PhD student. Her research deals with consumer behavior. Manissa loves her job, travelling and sunny days. She doesn't like to be late and when the weather is too windy or rainy. After work, she often goes out with her colleagues for a drink"). The other task did not feature any information about its requester. Type of task and compensation were counterbalanced across participants. Afterwards, participants indicated which of the two tasks they would prefer to perform ("Which of the two tasks above would you choose?"). We also asked participants to motivate their choice ("Please, elaborate on your choice. Why did you choose that specific task? Please, motivate your choice").

Results

As predicted, participants displayed a preference for the task posted by the personized requester: 59% of participants chose the origami that was requested by the personized requester ($\chi^2(1, N = 164) = 4.79$, $p = .021$). When the origami swan was requested by the personized requester, 60% of participants chose this task and only 40% of participants opted for the origami turtle. When the origami turtle was requested by the personized requester, 57% of participants chose this task and only 43% of participants opted for the origami swan. The proportion of participants that opted for the origami swan requested by the personized requester and the proportion of participants that opted for the origami turtle requested by the personized requester (60% vs. 57%) did not differ ($z = .31$, $p = .75$). In line with our expectations, the answers to the open-ended question at the end of the questionnaire suggest that participants valued having information about the requester of the origami (e.g., Participant #10: "They described who you will perform the task for. It is always good to know who you will be working for"; Participant #35: "The text written about the requester was more appealing than the 0.01 cent more. It felt more personal").

Discussion

The results of Study 1 show that, when given a choice between two seemingly equivalent tasks, participants have a preference for the task posted by a personized (vs. anonymous) requester. In Study 2 and Study 3, we build on this finding and investigate whether actually working on a creative task for a personized consumer impacts producers' work satisfaction and the quality of the output product.

Study 2

Overview and objectives

In Study 1, we provided some initial evidence in support of our effect by showing that people prefer to work on a task posted by a personized (vs. anonymous) consumer. In Study 2, we build on the findings from Study 1 and aim at demonstrating that working on a task for a personized (vs. anonymous) consumer increases the quality of the output of the production task. In addition, we also measure the work satisfaction of the producer. We use Study 2 to address two limitations of Study 1. First, in study 1, participants were asked about their willingness to complete the task, but they were not required to actually make the origami. If participants are not required to carry out a real production task, it is impossible to gauge the effect that working for a personized customer has on the quality of the output product and on the work satisfaction of the producer. In Study

2, we therefore asked participants to execute the production task. Second, unlike in Study 1 where we used as sample of students, in Study 2 we use a sample of real workers. Therefore, we test our effect in a real labor market where people complete tasks in exchange for money.

Method

Four hundred and forty-seven U.S. workers were recruited through Amazon Mechanical Turk and were assigned to either a personized or to an anonymous consumer condition in a between-subjects design. Participants in the personized consumer condition were asked to design a birthday card for Laura, a real member of the marketing department of our university whose birthday was around the time the study was conducted. Participants read a short message containing some personal information about Laura and the task (see the Appendix for the complete stimuli).

> Dear MTurk Worker,
>
> My name is Elisa Maira. I am looking for a birthday card for Laura, a friend and colleague of mine. Laura has her birthday at the end of June. She works in my department and we have known each other for three years. Laura is my office mate. She is fun to talk to but also works hard and knows when to be quiet so we can both get stuff done. She is not at all tidy (you should see her desk!). Laura loves her job, but she hates having to get ready in the morning and drive all the way to the office. In her free time, she likes going out for drinks with friends.
>
> What I am asking you to do is to design of a birthday card on a piece of paper and then to upload it. I would also like to ask you a few questions afterwards, which will take only about a minute. I will pay you 1$ in total (for designing and uploading the card and answering the questions).

Participants in the anonymous consumer condition were just asked to design a birthday card for an anonymous "female adult":

> The task:
>
> You are asked to design of a birthday card for a female adult on a piece of paper and then to upload it. You will also be asked to answer a few questions afterwards, which will take only about a minute. You will be paid 1$ in total (for designing and uploading the card and answering the questions).

After reading this information, participants in both conditions were invited to gather all the necessary materials to design the birthday card (e.g., paper, pens, and pencils). Participants were also told that they would need to take a picture of their birthday card and upload it (see Appendix for exact instructions). Participants were given the option to withdraw from the study in case they did not have the materials at hand, or did not wish to proceed further. Two hundred and two participants (58% female, M_{age} = 31 years) agreed to complete the task.

After having uploaded a picture of their birthday card, participants were asked to complete a short questionnaire measuring the dependent variable, work satisfaction. The measure included three 11-point items: "You have just created a card (for Laura). How happy do you feel?"; 0: I do not feel happy at all, 5: I feel happy, 10: I feel very happy; "To what extent did creating the card (for Laura) make you happy?" 0: Creating the card did not make me happy at all, 5: Creating the card made me happy, 10: Creating the card made me very happy; "How much happiness did you derive from working on the card (for Laura)?' 0: I derived no happiness at all from working on the card, 5: I derived some happiness from working on the card; 10: I derived no happiness at all from working on the card (α = .95). Finally, participants were asked to describe feelings and thoughts related to the creation of the birthday card.

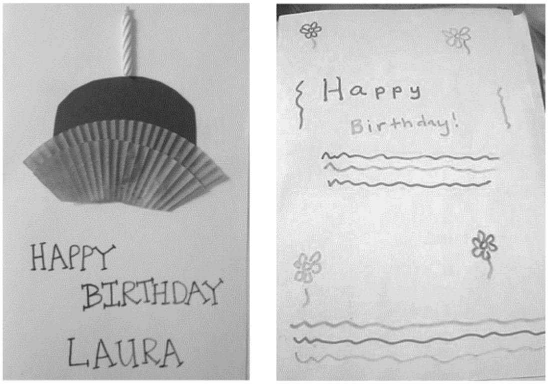
Results

Seventeen participants who uploaded an invalid birthday card (e.g., an image of an existing birthday card pulled from the Internet) were excluded from our analyses. Figure 1 features two examples of birthday cards produced by participants.

Quality of the cards. One rater (blind to hypothesis and condition) rated all the birthday cards on the following dimensions: effort ("How much effort did the participant put in creating the card?"), complexity ("What is the visual complexity of the card?"), appeal ("If better executed, could the card be an appealing birthday card?") and creativity ("How creative and original is the card?")[5]. All measures were on 5-point items and were averaged to form a compound index of card quality (α = .93). A one-way ANOVA on card quality revealed a significant effect of our manipulation. Participants who created a card for a personized (vs. anonymous) recipient produced a card characterized by higher quality ($M_{anonymous}$ = 2.23, SD = .91 vs. $M_{personized}$ = 2.58, SD = 1.14, $F(1, 183) = 5.39$, $p < .05$).

[5] A second rater (blind to condition, but not to the hypothesis) rated all the birthday cards. The inter-rater reliability was high (r = .74). Note that many cards in the personized condition featured the name "Laura", making it impossible for this additional coding round to be completely blind. In any case, the purpose was simply to corroborate the first (and truly blind) coding round.

Figure 1: Examples of birthday cards produced by participants (Study 2)



Card for "personized" recipient   Card for anonymous recipient

Self-report: work satisfaction. A one-way ANOVA on work satisfaction revealed a marginally significant (at the 10% level) effect of consumer personization ($M_{anonymous}$= 7.01, SD = 2.16 vs. $M_{personized}$= 7.52, SD = 2.04; $F(1, 183) = 2.76$, $p = .10$). Participants' answers to the open-ended question about their feelings and thoughts related to the task suggest that although participants in the personized consumer condition were happy to design a birthday card for a consumer that was described as a "real person" (Participant #131: "I liked thinking about what kind of card Laura would like, and thinking about how happy she would be to have a handmade card"; Participant #173: "I thought about the happiness this person would get from this card. This made me happy") and, on the contrary, participants in the anonymous consumer condition did not appreciate having no information about the recipient of their birthday card (e.g., Participant #72: "I disliked creating a card for someone I don't know anything about. I'd have preferred to create a card for a "female friend of yours" or to have some information about the person"), in general the task might have been perceived as too "different" and "fun" compared to the usual tasks available to MTurkers (e.g., Participant #112: "It felt fun! I like doing art and activities, and they're definitely not the normal kinds of things you can do on

MTurk. It's nice to stop taking surveys and doing monotonous tasks to do something different”). Therefore, this might have led to a ceiling effect with respect to work satisfaction.

Discussion

As expected, our manipulation had an effect on the quality of the birthday cards produced by participants; participants who worked for a personized recipient produced a better birthday card. The effect of our manipulation on work satisfaction was marginally significant; evidence from the open-ended question suggests that, although participants in the personized condition did report higher work satisfaction, the task of creating a birthday card might have been too extraordinary for Amazon Mechanical Turk workers. As a consequence, the task in itself might have provided workers with happiness, regardless of the information they had about the recipient.

Study 3

Overview and objectives

The aim of Study 3 is twofold. First, we aim to provide stronger evidence for the positive effect of providing the producer with personizing information about the consumer. Second, in Study 3, we aim to show that the effect of consumer personization on work satisfaction is moderated by perceived similarity: on the one hand, we expect that, when similarity is high, working for a personized consumer will make the producer’s work more enjoyable, meaningful, and satisfying, as perceived similarity fosters liking and creates a sense of closeness (e.g., Byrne 1971; Heider 1958; Liviatan, Trope, and Liberman 2008) on the other hand, we expect that the opposite will hold in case perceived similarity is low. In Study 3, we used a more conservative manipulation of consumer personization to investigate whether the effect emerges in the presence of minimal information about the identity of the consumer.

Method

Two hundred sixty-nine students (49% female, M_{age} = 20 years) from a large European university took part in the study in exchange for course credit. Participants read a cover story stating that the researchers conducting the study were interested in the connection between activities involving motor skills and concentration. In particular, participants were informed that researchers wanted to investigate whether drawing, after having engaged in a cognitively demanding task such as a lab study restores participants' ability to concentrate for the rest of the lab session. As part of the cover story, we told participants that the drawing task they needed to execute consisted of decorating masks for the Carnival party held by the marketing department of our university[6]. Each participant was asked to design two masks following two different themes (i.e., “life under the sea” and “life in the woods”), using the blank mask templates and the coloring markers on their desks. These two masks would then be used as party accessories for the guests. We told participants that they had been assigned to design a mask for a specific guest who had registered for the party. However, participants were also told that some faculty members would likely show up at the party without registering for it, and therefore they needed to design a second mask for an unknown recipient (Figure 2 shows the two masks designed by one of the participants).

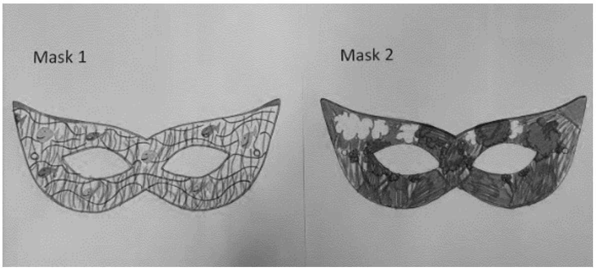
[6] Participants were recruited in February, around Carnival.

We manipulated consumer (in this case, the recipient of the mask) personization by counterbalancing whether the mask with "life under the sea" or the mask with the theme "life in the woods" was accompanied by information about Manissa Gunadi, a PhD student working in the Marketing department. The personization manipulation we devised for Study 3 is more conservative than the ones used in the previous studies, as we just gave participants Manissa's name, age and location. Half of participants were asked to design their first mask using "life under the sea" as the theme and they read that the mask was for Manissa (e.g., "We have chosen "life under the sea" as the theme of your first mask. The recipient of your first mask is Manissa Gunadi. Manissa is a 2nd year PhD student at RSM, she is 25 years old and lives in Rotterdam"). For these participants, the second mask was described as being for an unknown recipient (e.g., "We have chosen "life in the woods" as the theme of your second mask. The recipient of your second mask is unknown"). For the other half of participants, these instructions were counterbalanced: they were instructed to design their first mask using "life under the sea" as a theme for an unknown recipient, and their second mask using "life in the woods" as a theme for Manissa.

Participants then answered our dependent variable, work satisfaction, which was measured on four 7-point bipolar items ("Working on which of the two masks was more enjoyable?"; "Decorating which mask made you happier?"; "Working on which mask gave you a deeper sense of satisfaction?"; "Working on which mask felt more meaningful to you?"; 1: definitely Mask 1, 7: definitely Mask 2; α = .83). Due to the nature of our manipulation, if personizing the recipient influences participants' work satisfaction, we should expect that they assign a higher relative work satisfaction score to the mask for the personized recipient.

After completing the task, participants were asked to complete a short questionnaire. Specifically, they answered two items capturing how likeable they found Manissa ("To what extent do you think Manissa is a likable person?"; 1: not at all likeable, 7: very likeable) and how similar they felt to Manissa ("To what extent do you feel similar to Manissa?"; 1: not at all similar, 7: very similar). In addition, we also captured a few ancillary measures pertaining to the ostensible purpose of the study (e.g., to what extent the drawing task affected their ability to concentrate, how much they were aware of the research hypothesis).

Figure 2: Examples of Carnival masks designed by participants (Study 3)

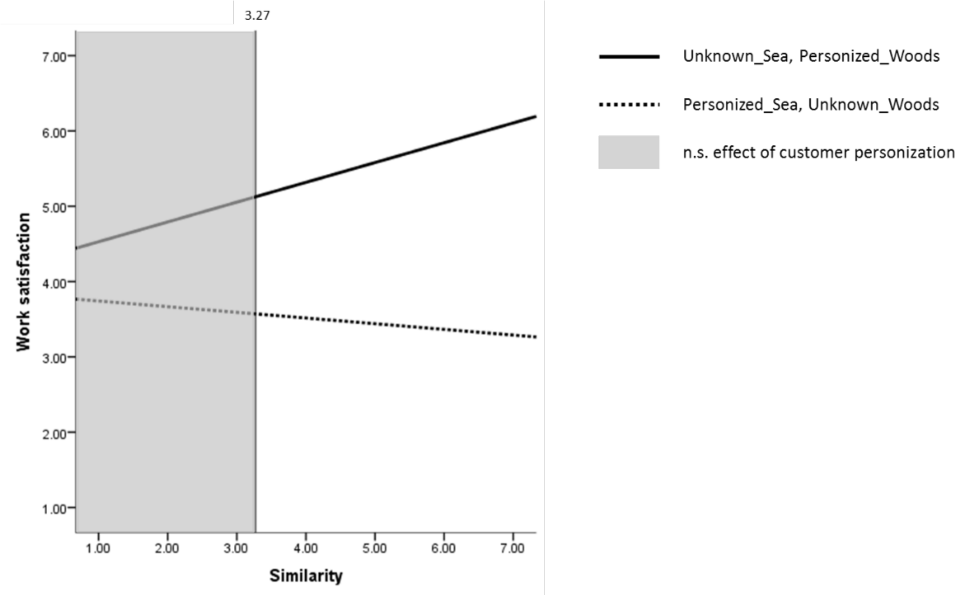


Results

We conducted a regression analysis with recipient personization counterbalancing, similarity (mean-centered), and their interaction as predictors, and work satisfaction as the dependent variable. The analysis revealed the expected significant effect of recipient personization (B = -.45, $t(265) = -2.78, p < .01$), indicating that participants derived higher work satisfaction from working on the mask themed "life under the sea" when it was for Manissa rather than for an unknown party guest. The effect of similarity was not significant (B = .09, $t(265) = 1.44, p = .15$). The analysis also revealed a significant recipient personization by similarity interaction (B = -.34, $t(265) = -2.61, p < .01$), indicating that the effect of recipient personization counterbalancing on work satisfaction changes across different levels of similarity. First, the effect of recipient personization was significant when participants felt either moderately (mean value: 3.62) or highly similar to Manissa (1SD above the mean: 4.88), $B = -.45$, $SE = .16$, $t(265) = -2.78$, $p < .01$ and $B = -.87$, $SE = .23$, $t(265) = -3.79$, $p < .001$, respectively. In contrast, the effect of recipient personization was not significant when participants felt less similar to Manissa (1SD below the mean: 2.36), $B = -.02$, $SE = .23$, $t(265) = -.10$, $p = .92$. Therefore, participants derived higher works satisfaction from working on a mask for a personized (vs. unknown recipient) when they felt either moderately or highly similar to the personized recipient, but not when they do not feel similar to the personized recipient. The Johnson-Neyman technique (Hayes 2013) revealed that personizing the consumer to the producer starts to significantly affect work satisfaction when similarity is at least 3.26.

Participants in both conditions did not differ in terms of how likeable they found Manissa ($M_{anonymousSea\_personizedWoods} = 4.75$, $SD = 1.00$ vs. $M_{personizedSea\_anonymousWoods} = 4.84$, $SD = 1.00$; $t(267) = -.81$, $p = .42$). Moreover, adding likeability as a covariate in the regression analysis does not affect the pattern and significance of our results. Across conditions, there was also no difference in perceived awareness of the research hypothesis ($M_{anonymousSea\_personizedWoods} = 3.83$, $SD = 1.28$ vs. $M_{personizedSea\_anonymousWoods} = 3.87$, $SD = 1.26$; $t(266) = -.25$, $p = .80$), and adding perceived awareness of the research hypothesis as a covariate in our analyses does not affect the results.

Figure 3: Moderation by similarity (Study 3)



Discussion

The results from Study 3 show that working on a task for a personized (vs. anonymous) consumer has psychological consequences for the producer, as it leads to work being perceived as more enjoyable, meaningful, and satisfying. As expected, the effect is moderated by perceived similarity: participants reported higher work satisfaction when working for a personized recipient only when they felt at least moderately similar to the recipient of the mask. This resonates with existing research showing that people have a tendency to like and bond more with others whom they regard as similar.

General Discussion

In this chapter, we presented findings from three studies demonstrating how personizing the consumer to the producer (i.e., providing the producer with personal information about the consumer) makes work more enjoyable, meaningful and satisfying for the producer, and leads to a higher quality output product. We use Marx's theory of alienation (Marx 1844) as theoretical foundation for explaining these effects. Although we do not directly test the specific process, we conjecture that exposing producers to information about a specific consumer makes the consumer more concrete and reminds producers that the outcomes of their work will be indeed used and enjoyed by someone else. In Study 1, we find that when given a choice between two seemingly equivalent tasks, participants opt for the task posted by a personized (vs. anonymous) requester. In Study 2, we test our effect in a real labor market and find that producers create higher quality birthday cards when they are working for a personized (vs. anonymous) female adult. Finally, in Study 3, we use a more subtle consumer personization manipulation and show that decorating a mask for a personized (vs. anonymous) consumer leads to higher work satisfaction, especially when the producer perceives the consumer as similar.

Theoretical contributions and practical implications

The research presented in this chapter contributes to theory by empirically testing one of Marx's (1844) propositions concerning the alienating role of modern production methods. We focused on the producer's alienation from the consumer and conjectured that providing the producer with personal information about the consumer is a way to make the consumer more concrete for the producer, and therefore reduce the producer's alienation. For this reason, working for a *specific person* rather than for an *anonymous consumer* should make work more enjoyable, meaningful and satisfying for the producer, especially when the producer perceives the consumer to be similar to herself. Our results give preliminary evidence in support of this argument; by showing that workers in an online labor market produce better quality output products when working for a personized (vs. anonymous) consumer (Study 2), our results challenge the tacit assumption that, in a commercial context, having personal information about the consumer should not influence the way the producer works.

Our work also contributes to the body of research on the meaningfulness of work, effort, and work motivation (Ariely, Kamenica, and Prelec 2008; Heyman and Ariely 2003; Rosso et al. 2010). Even a simple intervention such as providing the producer with personizing information about the consumer can positively shape the producer’s perceptions of her work and imbue work with meaning and purpose. Therefore, by focusing on how working for a personized consumer affects work satisfaction and product quality, our work answers the call for research on how relationships and connections to specific individuals (rather to larger groups such as coworkers) affect the meaningfulness of work (Rosso et al. 2010). In addition, by showing that receiving information about consumers renders work more meaningful, enjoyable, and satisfying, our research complements previous work on engagement and disengagement at work (e.g., Harter, Schmidt, and Hayes 2002; Kahn 1990).

Our findings have also important managerial implications. Over the last few centuries, by increasing automation and reducing the need for interaction with consumers, industrialization and globalization gradually stripped the production process of any personal component. As theorized by Marx (1844) and suggested by surveys on engagement at work (e.g., Hamel 2012; Mann and Harter 2016), this has dire consequences for the psychological well-being of workers and their relationship with work. Contrary to service settings, where interaction between service providers and consumers is often the core of service delivery, in production settings it is generally not possible for producers to come into contact with consumers. Our findings suggest that even a simple and inexpensive intervention like providing the producer with information that personizes the customer makes work more meaningful, enjoyable, and satisfying and increases the quality of the output product. This finding carries important implications for managers, as presenting producers with information about specific consumers might be a way to address the escalating "engagement crisis" at work (Mann and Harter 2016), and to ensure higher quality of the produced products.

Our research could also inform managers of online marketplaces such as Etsy, where products are often made to order. While order forms obviously contain some information about the consumer (e.g., name and address), it might be useful to encourage consumers to provide more information about themselves (again, by filling in a short profile or bio), as this will have positive outcomes for the producer, the platform, and ultimately the consumer. The producer should experience higher work satisfaction and be motivated to stay on the platform on the long run. The consumer, on the other hand, should display higher satisfaction with a higher quality product and engage in repeat purchases on the platform.

Our research has implications also for crowdsourcing markets, such as Amazon Mechanical Turk. On such labor markets, workers carry out micro-tasks (e.g., image tagging, online experiments) for remotely located requesters. On such platforms, the quality of the output submitted by workers can greatly vary (Ipeirotis, Provost, and Wang 2010; Paolacci, Chandler, and Ipeirotis 2010). Perhaps, one way to nudge workers to deliver high quality work could be to provide them with personal information about the requester, such as a short profile or bio. Study 2 and Study 3 were carried out on Amazon Mechanical Turk and point to this direction: Amazon Mechanical Turk workers produced qualitatively better birthday cards when the consumer was personized.

Limitations and further research

In Study 2, our manipulation had only a marginally significant effect on work satisfaction. Producing a birthday card might have been too different from the tasks workers usually carry out on Amazon Mechanical Turk, leading to a ceiling effect. Therefore, it might be worthwhile to replicate such studies using a more common task for Amazon Mechanical Turk workers; for example, we could make workers participate in an online experiment and offer them personizing information about the researcher in one of the conditions.

The main focus of our studies was on demonstrating the main effect on work satisfaction and product quality of providing the producer with personizing information about the consumer rather than on uncovering all the psychological underpinnings driving such effect. We conjectured that personizing information should remind the producer that her product will be indeed used by another person. Such reminder should, in turn, make work in more meaningful, enjoyable, and satisfying. However, this process needs more refinement, and our efforts will be directed towards identifying the exact drivers of this effect.

In Study 3, we showed that personizing the consumer has a stronger effect on work satisfaction when the producer feels more similar to the consumer. Although we do not investigate the effect of perceived similarity on the quality of the output product, we plan to do so in future studies. Moreover, there are likely other factors that shape the direction and intensity of this effect. We are particularly interested in investigating the instances where providing more information about the consumer could potentially backfire. For instance, would the ethnic background of the consumer matter? Recent research by Cui, Li, and Zhang (2016) suggests that certain consumers are at risk of discrimination in the marketplace: booking requests for apartments from guests with African American names were 19% less likely to be accepted than those from consumer with White names. Discrimination could be an issue also in a production context where the producer receives personal information about a specific consumer; therefore, it would be interesting to investigate whether stereotypes and prejudices in that domain could potentially negatively affect the producer's work satisfaction and the quality of the output product.

Another direction worth exploring could be investigating how working for a personized consumer influences the wage desired by a producer to complete a task. On the one hand, one could argue that working for a personized consumer should decrease the desired wage, as work carried out for a personized consumer is more meaningful, enjoyable and satisfying per se. On the other hand, since personizing information should make the consumer more concrete, this might trigger the producer to better appreciate the effort that she puts into production and demand a higher wage.

Conclusion

Drawing from Marx's (1844) theory of alienation, we argued and provided preliminary evidence that personizing the consumer (i.e., providing the producer with personal information about the consumer) consumer has positive consequences for the producer as well as for the output product. In particular, working for a personized consumer makes work more meaningful, enjoyable, and satisfying and leads to higher product quality. Our research extends previous work on the effect of providing personal information about beneficiaries from a prosocial context (Small and Lowenstein 2003; Grant 2007) to a commercial context and contributes to existing research on the relationships between effort, meaningfulness of work, and work motivation (e.g., Ariely, Kamenica, and Prelec 2008; Heyman and Ariely 2003). Our findings have practical implications for managers and workers in production contexts, for crowdsourcing markets, and for consumers in the marketplace.

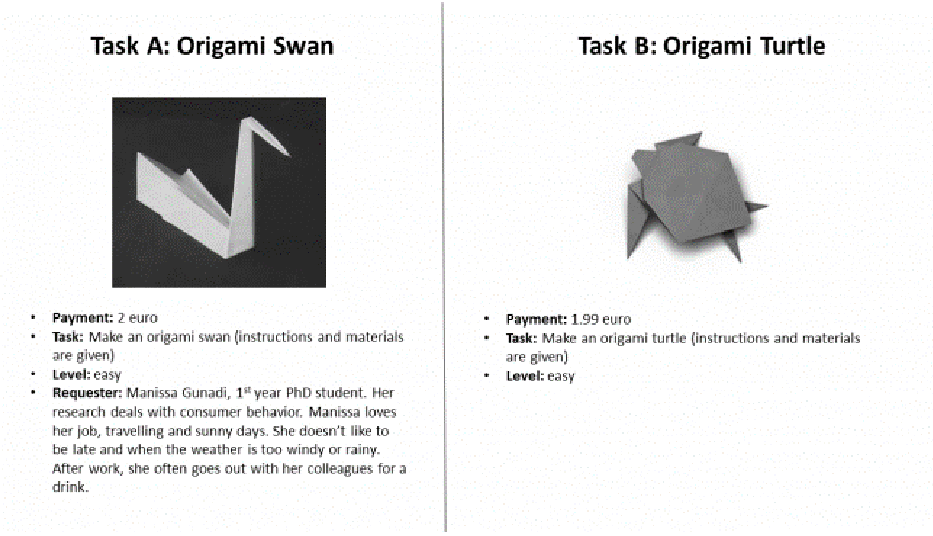
♫ When I write, I like to listen to instrumental music. For each chapter in this dissertation, I have noted one of the songs I listened to more frequently while writing it. Working on Chapter 4, I listened to *Back To Life* (Giovanni Allevi).

Appendix

Study 1

Stimuli

Dear participant,
In this part of the session, we are interested in your willingness to perform a task. Please, read the two task descriptions below. Which task would you prefer to carry out?



Which of the two tasks above would you choose?

_ Task A (origami swan) _ Task B (origami turtle)

Study 2

Stimuli

[Personized] Dear MTurk Worker,

My name is Elisa Maira. I am looking for a birthday card for Laura, a friend and colleague of mine. Laura has her birthday at the end of June. She works in my department and we have known each other for three years. Laura is my office mate. She is fun to talk to but also works hard and knows when to be quiet so we can both get stuff done. She is not at all tidy (you should see her desk!). Laura loves her job, but she hates having to get ready in the morning and drive all the way to the office. In her free time, she likes going out for drinks with friends.

What I am asking you to do is to design of a birthday card on a piece of paper and then to upload it. I would also like to ask you a few questions afterwards, which will take only about a minute. I will pay you 1$ in total (for designing and uploading the card and answering the questions).

[Control] The task:

You are asked to design of a birthday card for a female adult on a piece of paper and then to upload it. You will also be asked to answer a few questions afterwards, which will take only about a minute. You will be paid 1$ in total (for designing and uploading the card and answering the questions).

Before you continue, please make sure you have enough time to create and upload a birthday card and that you have the necessary "tools" at hand:

- Paper (please note that you need to draw by hand on paper)
- Pens or pencils (more colors preferably)
- A smartphone, a digital camera, or a scanner (the uploader accepts .jpg, .png, and .pdf files)

Study 3

Stimuli

Dear Participant,

This is a different study from what you are used to in our lab.

Some researchers at the EBL are interested in studying the link between physical motor-skill activities and concentration. In particular, we would like to investigate whether drawing, after having engaged in a cognitively demanding task such as a lab study, can help you relax and improve your concentration for the following lab studies.

In particular, you will be asked to use the materials on your desk to decorate two paper masks for Carnival.

We would like you to decorate both masks one at a time following the instructions on the next screen (maximum total time available to decorate both masks is 12 minutes).

The reason we have chosen decorating masks for Carnival is also that at the end of February, the department of Marketing Management at RSM will host a casual carnival party as a faculty networking event. Every participant will receive a mask from us, decorated by you. The masks you create will be glued on carton and used as party props.

Some colleagues have already confirmed their attendance at the party. We assigned one of them to you in the following pages.

As there will also be other participants who did not respond to the invitation yet, we need a few additional masks. Thus, we also ask you to decorate a mask for an unknown recipient.

Please now follow the instructions on the next screen.

Condition 1: "life under the sea" mask for personized recipient and "life in the woods" mask for unknown recipient

We have chosen "life under the sea" as the theme of your first mask.

The recipient of your first mask is Manissa Gunadi.

Manissa is a 2nd year PhD student at RSM, she is 25 years old and lives in Rotterdam.

Please now take the mask template marked with number 1 and decorate the mask for Manissa accordingly.

Only when you have finished, proceed to the next screen.

We have chosen "life in the woods" as the theme of your second mask.

The recipient of your second mask is unknown.

Please now take the mask template marked with number 2 and decorate the mask accordingly.

Only when you have finished, proceed to the next screen.

Condition 2: "life under the sea" mask for unknown recipient and "life in the woods" mask for personized recipient

We have chosen "life under the sea" as the theme of your first mask.

The recipient of your first mask is anonymous.

Please now take the mask template marked with number 1 and decorate the mask accordingly.

Only when you have finished, proceed to the next screen.

We have chosen "life in the woods" as the theme of your second mask.

The recipient of your second mask is Manissa Gunadi.

Manissa is a 2nd year PhD student at RSM, she is 25 years old and lives in Rotterdam.

Please now take the mask template marked with number 2 and decorate the mask for Manissa accordingly.

Only when you have finished, proceed to the next screen.

Chapter 5: Conclusions

Over the last few decades, advances in information and communication technology have transformed production and consumption. On the one hand, the Internet and social media have given producers and consumers unprecedented access to information about each other. Producers (i.e., companies) can easily obtain personal information about consumers and tailor their marketing efforts at the individual consumer level. Consumers can make more informed consumption decisions by taking into account not only product-related information, but also information about the producers themselves. In other words, producers and consumers are now more transparent to each other. At the same time, the distinction between the roles of producer and consumer has also become more fluid. Consumers can become consumer-producers, and even sell their self-produced products on online consumer-to-consumer marketplaces such as Etsy. In this dissertation, I focused on the consequences of these changes from the perspectives of consumers, consumer-producers, and individual producers, highlighting some of the opportunities and challenges that might surface at a managerial level.

In Chapter 2, I focused on consumers. I highlighted how nowadays consumers are easily exposed to information about the companies and brands they patronize, such as information concerning company acquisitions. In Chapter 3, I focused on consumer-producers, consumers that engage in production activities with the aim of selling their self-produced products to other consumers rather than keeping them for their own consumption. Finally, in Chapter 4, I turned to individual producers. I tested whether personizing the consumer to the producer (i.e., providing the producer with personal information about the consumer) has consequences in terms of product quality and work satisfaction of the producer. In the present chapter, I provide a summary of the main findings presented in the previous chapters, as well as review directions for future research.

Chapter 2

Summary of findings

In six studies, I showed that information concerning company acquisitions influences consumer attitude and behavior. In Study 1, I found that consumer reactions to acquisitions differ depending on the identity relevance of the product category in which the acquired firm operates. In categories characterized by low identity relevance (e.g., antivirus software) consumers see acquisitions as beneficial for the acquired brand. On the contrary, in categories with a higher degree of identity relevance (e.g., hairdresser), consumers regard acquisitions as detrimental. In Study 2, I demonstrated that knowing that a firm has been acquired leads to adverse downstream consequences in terms of lower choice share for an acquired (vs. not acquired) brand, while in Study 3 I showed that online news articles that mention acquisitions attract more negative comments. In Study 4a and 4b, I demonstrated that one of the possible processes driving the negative effect of acquisitions on consumer attitudes is the perception of identity loss for the acquired brand. Finally, in Study 5, I showed that consumer reaction towards a newly acquired brand is more negative when the brand leverages identity-related aspects in its positioning. At the end of Chapter 2, I discussed how these findings complement the current body of literature on acquisitions by focusing on consumers, a group of stakeholders that had been largely neglected in the discourse on acquisitions. Moreover, I highlighted the important implications of my research for companies that intend to acquire an existing brand, or managers that need to craft an acquisition announcement.

Main theoretical contributions and further research

The research presented in Chapter 2 demonstrates that acquisitions might have negative consequences at the consumer level. In so doing, my work contributes to the multidisciplinary literature on acquisitions (e.g., in management and strategy) and, in particular, complements the research carried out by researchers in strategic marketing (e.g., Capron and Hulland 1999; Homburg and Bucerius 2005). Since the target firm's brand is often the reason why an acquisition is carried out, understanding the consequences of an acquisition in terms of consumer behavior is pivotal. As my findings demonstrate, acquisitions are particularly likely to backfire in consumption contexts where brand identity is an important factor for consumer choice. In these situations, acquisitions might induce perceptions of identity loss. As a consequence, my research contributes to the literature on brand identity by demonstrating how acquisitions impact perceptions of identity strength (Aaker 2012; Kapferer 2008). Moreover, my results are also relevant for researchers interested in identity-based consumer behavior (e.g., Reed et al. 2012).

There are still many open questions regarding consumer behavior during or after acquisitions, which we detailed at the end of Chapter 2. One of the most important questions in need of an answer concerns the long-term impact of acquisitions on consumer behavior. Do consumers tend to forget about an acquisition after some time has passed, or does the brand remain tarnished in their eyes? Moreover, in Chapter 2 we mainly focused on the negative consequences of acquisitions; future research should also take into account contexts where acquisitions potentially lead to positive consequences in terms of consumer behavior. Such investigation could be important for understanding how to alleviate the negative effects of acquisitions once they manifest.

At a higher level, the findings from this research prove that consumers may react not only to tactical marketing actions, but also to the high-level strategy of firms, in this case acquisitions. Although consumers might have at best a partial understanding of firm strategy, they might form lay theories about it. Future research might therefore investigate whether there are other strategic decisions taken by a company that might elicit a response from consumers, such as outsourcing decisions.

Chapter 3

Summary of findings

In five studies, I found evidence of the mere selling effect: the benefits that consumer-producers derive from sales are more than merely economic. When buyers purchase a consumer-producer's product, sales functions as a social validation of the skills of the consumer-producer and, as a result, enhance the consumer-producer's well-being. This increase in well-being has downstream consequences in terms of consumer-producers' motivation to continue with their production activity. In Study 1, I found that participants who designed birthday cards in the lab reported higher happiness when they were informed that other people bought their products, irrespective of economic returns. In the same study, I showed that the mere selling effect intensifies when self-product integration is higher, that is when participants feel more connected with their product. In Study 2 and Study 3, I compared sales to likes, another form of market feedback; I found that having buyers buy (vs. like) the consumer-producer's product provides enhances the consumer-producer's well-being to a greater extent, and that this effect is driven by social validation. In Study 4 and Study 5, I varied the signaling value of sales. More precisely, in Study 4, I found that participants whose products are sold are happier when product adoption is not driven by a random mechanism (i.e., buyers choose a product according to their own preferences) rather than when it is driven by a random mechanism (i.e., buyers are randomly allocated a product), and that the opposite holds when products are not sold. In Study 4, I also showed that consumer-producers' increased well-being positively impacts the willingness to further engage in the production task. In Study 5, I showed that consumer-producer's well-being is higher when expert rather than novice buyers purchase their products. Finally, I discussed the implications of these findings for the management and marketing of consumer-to-consumer marketplaces.

Main theoretical contributions and further research

The research presented in Chapter 3 highlights that nowadays consumer can take on functions in the marketplace that were previously accessible only to professional producers and sellers. My findings extend the literature on consumer involvement in production, which has concentrated on studying consumers' participation during the design and the assembly of products for self-consumption (e.g., Atakan et al. 2014; Franke et al. 2010; Norton et al. 2012). Therefore, I make a contribution by focusing on consumers who produce with the aim of selling their creations to others. In particular, I study the psychological consequences of selling; I show that having other consumers buy the consumer-producer's products results in social validation of her skills as producer. By showing that the validation derived from sales exists irrespectively of financial benefits, my findings also add to existing research suggesting that income is not a primary contributor to people's happiness (e.g., Kahneman et al. 2006).

By looking at consumers as sellers, my work sheds light on the consequences of selling for sellers in general. Previous research looked exclusively at professional sellers (e.g., Basu et al. 1985; Chung and Narayandas 2016), while my research focused on consumers as sellers. However, despite the different context, my findings could be valuable also for traditional sales contexts and deepen the understanding of the psychological consequences of selling for the individual sellers.

Lastly, my conceptualization of sales as signals from the marketplace contributes to the body of research on signaling, especially in the marketing literature (e.g., Boulding and Kirmani 1993; Kirmani and Rao 2000). Although I do not know whether buyers indeed mean to send signals to consumer-producers, I contend that consumer-producers do interpret market feedback as a signal from buyers concerning their skills and abilities.

Further research is needed to deepen the understanding of the psychological consequences of sales for consumer-producers. In particular, in my work I focused only on two factors that influence the diagnosticity (i.e., the signaling value) of sales and consequently how consumer-producers respond to them: the choice mechanism (random vs. random product adoption, Study 4), and buyer expertise (Study 5). More research is needed to identify other possible moderators, such as characteristics of the transaction (e.g., logistical costs imposed on the buyer) or of the buyer. Moreover, I focused on consumer-producers who created an entire product. However, it would be interesting to investigate the psychological consequences of selling also for sellers who do not sell self-produced products, or who undertake only a minor part of the production effort.

Chapter 4

Summary of findings

In three studies, I showed how personizing the consumer to individual producers (i.e., providing producers with personal information about the consumer) positively impacts the quality of the output product and makes producers perceive her work as more enjoyable, meaningful and satisfying. I used Marx's theory of alienation (Marx 1844) as the theoretical foundation to explain these effects. The current set of studies did not directly test the specific process behind the proposed effects. However, I conjectured that exposing the producer to information about a specific consumer reminds producers that the outcome of their work will be indeed used and enjoyed by someone else. In Study 1, I found that, when given a choice between two seemingly equivalent tasks, participants tend to select the task posted by a personized (vs. anonymous) requester. In Study 2, I found that producers working in a real labor market create higher quality birthday cards for a personized (vs. anonymous) female adult. Finally, in Study 3, I showed that decorating a mask for a personized (vs. anonymous) consumer leads to higher work satisfaction, especially when the producer perceives the consumer as similar. I then discussed how these findings inform managers of companies, online consumer-to-consumer marketplaces and crowdsourcing platforms.

Main theoretical contributions and further research

The research presented in Chapter 4 contributes to theory by empirically testing one of the pillars of Marx's (1844) theory of alienation. I focused on the producer's alienation from the consumer and proposed that providing the producer with personal information about the consumer reminds the producer that her product will be used by another person, and therefore reduces the estrangement of the producer from her work. For this reason, working for a specific person rather than for an anonymous consumer should make work more enjoyable, meaningful and satisfying, especially when the producer perceives the consumer as similar.

Therefore, my work complements the body of research on the meaningfulness of work, effort, and work motivation (Ariely, Kamenica, and Prelec 2008; Heyman and Ariely 2003; Rosso et al. 2010) and adds to previous work on engagement and disengagement at work (e.g., Harter, Schmidt, and Hayes 2002; Kahn 1990).

In my work, I focused on work satisfaction and output quality as dependent variables. Future research could also test whether receiving personizing information about the consumer influences the wage desired by the producer to complete a task. Furthermore, research should shed light on the exact psychological mechanism driving the effects presented in Chapter 4, and then to uncover factors other than perceived similarity (Study 3) that shape their direction and intensity. It might be worthwhile to consider investigating the instances where providing more information about the consumer could potentially backfire. For instance, one factor that might play a role could be the ethnic background of the consumer. Cui, Li, and Zhang (2016) showed evidence of discrimination in the acceptance rates of apartment bookings from guests with African American names. Discrimination could therefore be an issue also in a production context where the producer receives personal information about a specific consumer. Given the probable negative repercussions for consumers, future research should examine this possibility.

Conclusions

This dissertation investigated how the advances in information and communication technology in the last two decades shaped the relationship between production and consumption, both from an informational and a functional point of view. From an informational point of view, the availability and capillarity of information enriches consumer decision-making and empowers consumers (Porter 2001). Thanks to the Internet, social media, and mobile apps, consumers have access to information everywhere and anytime. Under these circumstances, as discussed in Chapter 2, consumers might also be exposed to information about companies and brands that is not immediately relevant to the consumption context, such as information about company acquisitions. Mobile apps such as Google Now suggest news articles and other online content to consumers based on their browsing history. For example, if the consumer made a search on Google about a product sold at Whole Foods, it is likely that she would be exposed to a news article concerning the acquisition of Whole Foods by Amazon. Of course, the same could happen with respect to information regarding other types of strategic actions by firms. This might constitute a challenge for managers, as consumers' only partial understanding of these issues might instigate negative reactions, both in terms of negative word-of-mouth and purchase behavior. At the end of Chapter 2, I proposed that future research should investigate whether strategic actions other than acquisitions could elicit a negative response from consumers (e.g., outsourcing decisions, foreign market entry decisions, company restructuring); in addition, since smartphones and other mobile devices give consumers 24/7 access to information, it might be worthwhile to look at whether the medium and the time at which consumers receive such news has any impact on consumer reaction.

Conversely, technology makes consumers more transparent to producers. In Chapter 4, I investigated how individual producers (e.g., workers in a company, or on online labor markets) react to information about consumers. In particular, I showed how disclosing identifying information about the consumer leads the producer to create a higher quality output product and increases work motivation. These findings suggest that technologies such as virtual or augmented reality could benefit workers in a manufacturing setting by giving them the same access to consumers that characterizes the delivery of services. Future research could investigate these opportunities.

From a functional point of view, consumers are increasingly engaging in tasks that previously belonged to the exclusive domain of companies. They often take on part of the production process of products for their own consumption (Franke, Schreier, and Kaiser, 2010; Mochon, Norton, and Ariely 2012): they customize clothing and shoes (e.g., on the websites of brands such Nike and Adidas), they assemble furniture (e.g., with IKEA) and gourmet meals (e.g., with meal services such as Blue Apron) at home. As discussed in Chapter 3, many consumers, facilitated by the development of digital platforms such as online consumer-to-consumer marketplaces (e.g., Etsy, Folksy, eBay), have started to produce products with the explicit aim of selling to other consumers. By producing and selling, these consumer-producers create value for other consumers, and not only for themselves, reducing the gap between the roles of producer and consumer in the marketplace. In the near future, the technological breakthroughs that form the spine of the 4th Industrial Revolution – the Web, 3D printing, robotics, and artificial intelligence – will become available to wider audiences. Some of these technologies already increase the efficiency of our lives and of our consumption experiences; for example, consumers can order washing machine detergents by clicking on the Amazon Dash button and receive the product at their doorstep, and they can use augmented reality to design Tylko bookshelves right in their living room. During the World Economic Forum in Davos in 2012, a lot of attention was devoted to discussing how these technologies will transform the way we do business "from the bottom up" (Cramer 2012). In the near future, they will allow consumers not only to enrich their consumption experience but also to expand their ability to create value for other consumers.

♫ When I write, I like to listen to instrumental music. For each chapter in this dissertation, I have noted one of the songs I listened to more frequently while writing it. Working on Chapter 5, I listened to *Kebnekajse* (Karin Borg).

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Summary (English)

In the last few decades, advances in information and communication technology have dramatically changed the way producers and consumers interact in the marketplace, shifting the boundaries of production and consumption. The Internet and social media have torn down the information barrier between producers and consumers, leading to increased transparency. Moreover, while in the past there was a clear distinction between the production and consumption of goods, nowadays the very roles of producers and consumers have become more fluid. Nowadays, consumers are often involved in the production process of firms (i.e., in customer co-creation), or even create and sell products by themselves. In this dissertation, I examine some consequences of these changes for consumers and producers.

In Chapter 2, I focus on consumers. Given the enormous availability of information on the Internet, consumers are often exposed to information that is not immediately relevant to consumption decisions, such as information about how companies operate at a higher, strategic level. Even if consumers' understanding of these subjects is only partial, they tend to form opinions and voice them on social media. In this chapter, I investigate how consumers react to information concerning company acquisitions. I demonstrate that, especially in identity-relevant product categories, learning about acquisitions decreases consumer attitudes towards the acquired brand, shifts consumer preferences in favor of alternative products from non-acquired firms, and influences the valence of content posted online. I find that the identity loss experienced by the acquired brand is the process driving consumers' negative response to acquisitions.

In Chapter 3, I focus on consumer-producers, consumers who engage in the production and commercialization of goods on online consumer-to-consumer

marketplaces. The research presented in this chapter focuses on understanding the psychology of consumer-producers, and especially on investigating the factors that keep them motivated despite the often scarce economic returns. I find that consumer-producers derive happiness merely from knowing that their products have been purchased by other consumers, irrespective of financial compensation. I demonstrate that the mechanism behind this effect is a social validation of the consumer-producers' skills and uncover its downstream consequences in terms of higher work motivation.

In Chapter 4, I focus on individual producers. Nowadays, communication technologies enable producers (e.g., workers in a factory) to receive information about the people who buy their products. In this chapter I investigate whether *personizing* the consumer to the producer (i.e., providing the producer with personal information about the consumer, such as the consumer's name, age, profession, nationality, or a short profile) is a viable intervention for reducing the distance between producers and consumers that characterizes post-industrialized production settings. I find that working for a personized (versus anonymous) consumer increases the producer's work satisfaction and leads to a better quality of the outcome product.

By taking the different perspective of consumers, consumer-producers, and (individual) producers, this dissertation uncovers some of the opportunities and challenges introduced by the advances in information and communication technology in the last few decades.

Summary (Dutch)

De ontwikkelingen in informatie en communicatie technologie van de laatste decennia hebben de manier waarop producenten en consumenten zich tot elkaar verhouden drastisch veranderd en hebben daarmee de grenzen tussen productie en consumptie verlegd. Het internet en de sociale media hebben de informatie barrière tussen producenten en consumenten afgebroken en zo transparantie vergroot. Terwijl in het verleden een duidelijke scheiding bestond tussen het produceren en consumeren van producten, loopt tegenwoordig de rol van producent en consument door elkaar heen Consumenten worden tegenwoordig vaak betrokken in het productie proces van bedrijven (d.w.z. in de vorm van co-creatie), of verkopen producten die zij zelf hebben gemaakt. In mijn proefschrift onderzoek ik de gevolgen van deze veranderingen voor consumenten en producenten.

In hoofdstuk 2 focus ik op consumenten. Door de enorme beschikbaarheid aan informatie op het internet worden consumenten vaak blootgesteld aan informatie die niet direct relevant zijn voor hun consumptie keuzes. Bijvoorbeeld, hoe bedrijven opereren op een hoger en strategisch niveau. Consumenten vormen hierover een mening en delen deze op de sociale media, zelfs wanneer zij maar een beperkte mate van begrip hebben over deze onderwerpen. In dit hoofdstuk verken ik hoe consumenten reageren op informatie over bedrijfovernames. Met name in product domeinen relevant voor hun identiteit blijkt dat consumenten die informatie hebben over bedrijfsovernames een minder positieve houding hebben ten opzichte van het verworven merk, een sterkere voorkeur hebben voor alternatieve producten van niet verworven bedrijven, en de inhoud van hun online berichten een negatievere lading gaven.

Ik laat zien dat het verlies aan identiteit van het verworven merk deze negatieve reacties op bedrijfsovernames drijft.

In hoofdstuk 3 focus ik op consument-producenten: consumenten die goederen produceren en verkopen aan andere consumenten op online marktplatformen.. Het onderzoek in dit hoofdstuk richt zich op het begrijpen van de psychologie van consument-producenten. Specifiek verken ik de factoren die consument-producenten motiveert ondanks de veelal lage omzet die zij met hun verkoop generenen. Ik laat zien dat consument-producenten vooral plezier halen uit het idee dat hun producten door anderen consumenten worden gekocht, onafhankelijk van de gegenereerde omzet. De sociale validatie van de vaardigheden van de consument-producenten ligt ten grondslag aan dit positieve gevoel en resulteert in verhoogde werk motivatie onder hen.

In hoofdstuk 4 kijk ik naar individuele producenten. Met de huidige communicatie technologieën zijn producenten (b.v. productie medewerkers in fabrieken) tegenwoordig in staat om informatie te ontvangen over de mensen die hun producten kopen. In dit hoofdstuk onderzoek ik of het "verpersoonlijken" van de consument aan de producent (d.w.z., het voorzien van de producent van persoonlijke informatie over de consument zoals de consument's naam, leeftijd, functie of nationaliteit) een haalbare interventie is om de afstand tussen de producten en de consument te verkleinen en de post-industralisatie productie karakteriseert. Het werken voor een geidentificeerde (versus anonieme) consument verhoogt de producent haar werk tevredenheid en leidt ook tot een hogere kwaliteit van het uiteindelijke product. Door zowel het perspectief van consumenten, consument-producenten, als (individuele) producenten te nemen legt mijn proefschrift een aantal kansen en uitdagingen bloot welke zijn ontstaan in navolging van de ontwikkelingen in informatie en communicatie technologie de laatste decennia.

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Maira, Elisa, Christoph Fuchs, Martin Schreier, Stijn M.J. van Osselaer, and Sarah Lim. **"**"Personizing" the Customer Increases Producer Motivation".

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In the last few decades, advances in information and communication technology have dramatically changed the way consumers and producers interact in the marketplace. The Internet and social media have torn down the information barrier between producers and consumers, leading to increased transparency. Moreover, while in the past there was a clear distinction between production and consumption of goods, nowadays this distinction is more blurred. Consumers are often involved in the production process of firms, or even create and sell products by themselves. In this dissertation, I examine some consequences of these changes for both consumers and producers.

First, I focus on consumers. Given the enormous availability of information on the Internet, consumers are exposed to information about company strategy that is not immediately relevant for consumption decisions. Here, I investigate how consumer behavior is influenced by exposure to information about company acquisitions. Second, I focus on consumer-producers, consumers who engage in production and online commercialization of goods. I investigate the psychology of consumer-producers, and especially the factors that keep them motivated in spite of scarce economic returns. Finally, I turn to individual producers (e.g., workers in factories). I investigate whether providing personal information about the consumer is a viable intervention for reducing the distance between producers and consumers that characterizes post-industrialized production settings.

By taking the different perspectives of consumers, consumer-producers, and producers, this dissertation uncovers some of the opportunities and challenges introduced by recent advances in information and communication technology.

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