Customer Empowerment in the Digital Age

Editors’ Note

The “Speakers Box” attempts to bridge the gap between the length of time it takes to produce rigorous work that satisfies journals such as ours, and the rapidity of change within practice. In the material that follows, two leading academics—Oguz Ali Acar, a colleague who teaches marketing at King’s College London, and Stefano Puntoni, a professor of marketing management at the Rotterdam School of Management at Erasmus University—provide insight into consumer empowerment and the implications for advertising. Citing the trend of shifting power and control over marketing offerings to customers, the authors suggest that empowering customers is an effective way for brands to initiate dialog and can also lead to important objective, attitudinal, and behavioral benefits. The authors identify four main strategies involving “deep” and “broad” engagement and “creating” and “selecting” content. In essence, they shed strategic light on how brands can harness the potential of customer empowerment in the digital age.

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The Internet and advances in digital technologies fundamentally are transforming marketing. Armed with an abundance of information and opportunities, consumers no longer accept the role of passive recipients of marketing communication. This is turning traditional communication approaches upside down and forcing brands to interact with individual customers quickly, openly, and continuously.

In the digital age, customer engagement is more important than ever. The Marketing Science Institute, for example, has identified understanding how marketing activities create engagement as one of its top research priorities for 2014–2016. More and more brands are using social-media platforms to connect with their customers by creating engaging content so that consumers can interact (e.g., sharing an interesting and current Tweet) and/or by initiating dialog with them (e.g., responding to a customer comment or complaint).

These steps undoubtedly are very important in connecting with customers, but they are not sufficient. Most visionary brands not only interact with customers but also empower them.

Consider Lego, which enables its customers to create and vote for new product designs on a “Lego Ideas” platform. The designs that receive considerable votes from other customers (i.e., 10,000 “supports”) are then reviewed formally. Those that pass the review are transformed into products to be sold all over the world. The initiative of Lego not only involves the emotional, cognitive, and behavioral engagement of customers—characteristics of a successful customer engagement initiative—but also shifts the power and control of the company’s product development to its customers.

THE CASE FOR CUSTOMER EMPOWERMENT

Enabling customers to impact marketing decisions entails interactions between brands and customers. In each and every interaction, customers spend at least a little time thinking about the brand and connect to it more. In some cases, this engagement involves thinking about what makes a brand offering unique to them (e.g., when thinking about a new advertisement for a product). Customer empowerment therefore means a deeper connection with the brand.

Customers who are empowered develop positive attitudes towards a brand. And when they have a hand in creating a marketing offering (e.g., when they create new product ideas), the “Ikea effect” occurs—they tend to value and like their creations.
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more (Mochon, Norton, and Ariely, 2012; Norton, Mochon, and Ariely, 2012).

Even customers who are not directly involved in generating a marketing offering, but who are involved in decisions related to it (e.g., by voting for a favorite brand advertisement), can develop positive attitudes because they likely will feel that they have made an impact on the brand and its strategies. In one study, customers who were involved in a new-product selection process experienced psychological ownership of the target product (Fuchs, Prandelli, and Schreier, 2010).

Developing positive attitudes might not be limited to those who actively are empowered (i.e., participants) but also can include other customers who do not have a say in the process (i.e., observers). We believe this is of great importance given that observers tend to be a much larger group than participants. Indeed, when a firm involves customers in its marketing processes, observers identify more with the firm and perceive it as more customer-oriented and innovative (Dahl, Fuchs, and Schreier, 2015; Fuchs and Schreier, 2011; Schreier, Fuchs, and Dahl, 2012).

Empowerment also can lead to important outcomes, such as word of mouth (WOM) and buying behaviors. Coca-Cola and Frito-Lay were overwhelmed by the positive reactions and word of mouth generated by each of their co-creation efforts (Moth, 2012). Nabisco’s Facebook page was shared 4,400 percent more during its crowdsourcing campaign for Oreo cookies (i.e., “Daily Twist”) compared with the three months before the campaign’s launch (Kirby, 2013). Both observer and participating customers, in fact, are more inclined to recommend firms that involve customers in designing products and show stronger demands for the offerings of those firms (e.g., Fuchs et al., 2010; Schreier et al., 2012). (For more on this topic, see “The Effects of Advertising Consumer Co-Created New Products: A Brand-Alliance Framework Model Can Predict Perceptions about Co-Created Brands and Their Creators,” on page 53.)

Finally, beyond these demand-side benefits, customer empowerment might improve marketing processes objectively by incorporating consumer creativity and insight into these processes. At Muji, a Japanese retailer, user-generated products were found to be more novel, to have greater strategic importance, and to perform better in the marketplace compared to products generated by designers of the company (Nishikawa, Schreier, and Ogawa, 2013).

Customer Empowerment Strategies

Brands that are convinced of the potential of customer empowerment need to design initiatives to reach that potential. But how? Here, we provide a framework that

- categorizes empowerment initiatives based on engagement objectives of brands, and
- identifies four main empowerment strategies.

We believe there are two dimensions of the engagement objectives:

- The first relates to what role customers play in the target brand’s marketing strategy. Drawing on current practices of and recent research on customer empowerment (i.e., Fuchs and Schreier, 2011), we distinguish between initiatives that

  - engage customers to create something for the brand (e.g., creating an advertising slogan or a new product);
  - engage customers to select an option to be used by the brand (e.g., selecting an advertisement to be used in a television spot or for a product to be developed).

- The second dimension relates to whether a company seeks broad or deep engagement:

  - If the objective is broad engagement, initiatives will focus on maximizing the number and diversity of the customers engaged with the brand (e.g., asking a large number of customers to spend a couple of minutes to vote for new product designs).
  - If the objective is deep engagement, initiatives will focus on maximizing the level of engagement of the customers involved (e.g., asking a small number of customers to spend several hours to create a new product design).

Typically, there is a trade-off between these two objectives: A broader engagement implies a shallower level of involvement, whereas a deeper engagement means brands tend to reach out to a relatively narrower consumer base.

The intersection of these two dimensions creates what we’ve identified as four main customer empowerment strategies (See Table 1):
TABLE 1
The Customer Empowerment Strategies Framework

<table>
<thead>
<tr>
<th>Engagement</th>
<th>Create Engagement</th>
<th>Select Engagement</th>
</tr>
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<tbody>
<tr>
<td>Deep Engagement</td>
<td>Create/Depth strategy: Customers are deeply engaged in content creation (e.g., creating a full video ad from idea generation to shoot).</td>
<td>Select/Depth strategy: Customers are deeply engaged in content creation (e.g., providing detailed feedback on an advertising idea).</td>
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<tr>
<td>Broad Engagement</td>
<td>Create/Breadth strategy: Customers are broadly engaged in content creation (e.g., asking a large number of customers online to suggest possible names for a new brand).</td>
<td>Select/Breadth strategy: Customers are broadly engaged in content creation (e.g., sharing their votes for full advertisement copies).</td>
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- **Create/Depth** is one of the most commonly used strategies to engage customers. Customer-generated advertisements—“consumer-created brand communications with the look, feel, form, and intent of traditional advertising” (Lawrence, Fournier, and Brunel, 2013, p. 292)—are typical examples of this strategy used by numerous advertisers, such as Coca-Cola, Frito-Lay, and Unilever.

  In such instances, brands can connect with a relatively small group of motivated and creative customers who are willing to expend substantial effort to contribute to the brand. What’s more, the magnitude of the “Ikea effect” and psychological ownership likely will be strong because the more effort customers put into a pursuit, the more they value it (Festinger, 1962).

  Generally, this strategy involves incentives (monetary or else) and a more prescriptive approach in terms of what is expected of customers. Coca-Cola China used this strategy when it asked for videos describing the taste of Coke. The brand was clear about what it expected—the brief included sentences like, “Don’t create an ad for Coke, we are interested in your creative point of view about the taste”—and offered $31,000 for the best videos.²

- **Create/Breadth** also is a common strategy that does not require taxing customer input or deep engagement.

  In Dell’s well-known IdeaStorm community, for example, customers share their ideas about a variety of brand related issues, such as those on new products, services, or advertising ideas. The ideas submitted often are very brief—sometimes even just a single line. The number of customers engaged with the brand naturally is much higher than in the Create/Depth strategy. This enables brands to involve a more diverse group of customers, often including who might be neglected in traditional market research methods. As a natural consequence of this broader reach, an important benefit is that more customers experience the “Ikea effect” and psychological ownership.

- **Select/Depth** is not as prevalent as the former two strategies—and often is provided as an option (or supplement) rather than stand-alone—for motivated customers who prefer a deeper engagement with the brand.

  In the Starbucks online community (MyStarbucksIdea.com), customers can share a comment on other customers’ ideas. Some of these offerings—such as those that explain environmental regulations or scientific research for a social responsibility idea shared by another customer—are quite detailed. This strategy is important for accessing in-depth customer intelligence and providing customers the opportunity to contribute to marketing decisions to a greater extent. Similar to Create/Depth, customers engage deeply with the brand, which can strengthen the psychological ownership of a marketing decision.

- **Select/Breadth** is probably the most common empowerment strategy. Some typical examples include voting for alternative advertisements or liking/disliking ideas created in brand communities. This strategy enables brands to quickly access customer feedback from a broad group of customers regarding alternative marketing options. It often involves a participation of a large number of customers and, therefore, psychological ownership likely will be more widespread.

Combining Strategies

Of course, brands shouldn’t limit themselves to a single course of action: Combining strategies might have synergizing effects. When used together, the Create and Select strategies can help companies harness the potential of customer empowerment, as well as overcome some of the potential drawbacks. In particular, Create/Breadth can lead to empowerment initiatives that can generate an overwhelming amount of feedback, and adopting a Select

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strategy might enable brands to make better sense of customer input.

Similarly, content created by customers sometimes can be limited in terms of appropriateness (or usefulness), and the Select strategy can serve as an effective filtering mechanism. Customers, after all, are the most suitable people to judge which products or brand messages appeal to them. By adopting both broad and deep strategies, companies can satisfy and leverage the potential of both the customers who want to engage deeply with brands and those who just want to be engaged without committing extensive time, effort, and resources. Additionally, adopting a combination of strategies will lead to greater customer empowerment, which we believe might, in turn, bring about more positive attitudinal and behavioral customer response.

Some best practices, therefore, include combining these four strategies. Frito-Lay combines Create/Depth and Select/Breadth strategies. For an entire decade, Doritos invited customers who had a creative idea and a decent camera to produce advertisements for the Super Bowl, the U.S. National Football League championship game played annually in January. Customers were then invited to vote for these advertisements on the brand’s “Crash the Superbowl” website, and the winners were broadcast on television during Super Bowl. This combination of strategies worked so well for Doritos that the advertisements won USA Today’s Ad Meter, which ranks all Super Bowl advertisements based on customer reaction, three times in 2009, 2011, and 2012.1

The MyStarbucksIdea.com platform2 leverages the benefits of all four strategies. Customers share ideas about anything related to Starbucks, and they comment and vote for any idea generated by other customers. Over seven years through 2015, hundreds of thousands of ideas have been shared, about a thousand of which already have been implemented.

Customer Empowerment in Advertising
It also is worth discussing what additional benefits empowerment might entail in the context of marketing communication. Customer empowerment might be a solution to the widely noted credibility problem in the advertising industry. Recent market research shows a clear trend that consumers’ trust toward traditional advertising is declining: Customers increasingly trust information from other consumers, be it a family member or a stranger on the Internet (Nielsen, 2015).4 Customer-generated advertisements, therefore, likely will be perceived as more credible and, consequently, more persuasive.

Empirical evidence supports this argument. Scholars have found that when an advertisement is generated by another customer, it is perceived to be more trustworthy and persuasive than when it is generated by an advertising agency, or when no information about the creator is provided (Lawrence et al., 2013). Beyond this perceptual benefit, customer empowerment also can objectively enhance the effectiveness of brand messages.

As empowerment initiatives enable brands to access a large number of fresh and authentic ideas, while also enabling real-time customer insight into the creation and selection of advertisements, they might help brands to cut through the advertising clutter. Empowerment initiatives also can help deal with increasing advertising expenditures, allowing brands to obtain a large number of alternative advertisements at a relatively low cost.

Conclusion
Empowerment initiatives—such as crowdsourcing, co-creation, and brand communities—are fast emerging as powerful tools to strengthen the connection between brands and their customers. They can be used successfully by brands to initiate dialog with customers for various marketing processes, from the creation of new products to the selection of advertising copy. Obviously, for these effects to occur, “observer” customers need to know that other customers are

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March 2016 JOURNAL OF ADVERTISING RESEARCH
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empowered, and therefore brands should communicate this. Lego communicates this message clearly and prominently in its product package with a “designed by Lego fans” tag.

It is important to note that brands also should signal that they genuinely value customer-generated input. If customers perceive a brand’s empowerment efforts as an attempt to generate buzz, such initiatives might even backfire. To address this, firms can openly communicate whether and how customer input has been used and/or engage in a dialog with customers about their ideas. The most successful brand communities, such as those of Starbucks and Dell, provide evidence for the ideas that have been implemented.

About the authors

Ozgur Ali Acar is lecturer in marketing at the School of Business and Management, King’s College London, England. His research aims to answer questions such as how using digital marketing strategies for empowering consumers (e.g., crowdsourcing, co-creation) affect a firm’s innovative efforts, and how these strategies psychologically impact consumers. Acar’s work can be found in PLoS One and has been presented at international conferences on marketing, strategy, and innovation.

REFERENCES


