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Summary

Customer engagement in co-creating customer experience and value has raised growing interest in the past decade, both for scholars and professionals. PepsiCo, McDonald's, Lacoste are examples of firms developing online engagement platforms to co-create their new products with their customers and advertising them and more is to come. We design a between-subject experiment where we manipulate the firm's philosophy (user-generated-idea vs firm-driven) and the product category. This research advances extant literature by showing that advertising co-created new products on social media can drive "willingness-to-engage" of the observing brand audience despite her non-participation. We empirically confirm recent research suggesting that engagement can be seen as a broader system. We also show that the impact of communicating a user-driven brand philosophy on non-participants' willingness-to-engage is serially mediated by non-participants' perceived empowerment and brand integrity.

Keywords : Innovation challenges, customer engagement, co-creation, new products, non-participants

This work is part of Fanny Cambier's doctoral research.

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FOSTERING THE OBSERVING BRAND AUDIENCE'S WILLINGNESS-TO-ENGAGE THROUGH THE COMMUNICATION OF CO-CREATIONAL EFFORTS.

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Customer engagement in co-creating customer experience and value has raised growing interest in the past decade, both for scholars and professionals. PepsiCo, McDonald's, Lacoste are examples of firms developing and advertising the co-creation of their new products with their customers through online engagement platforms and more examples are to come. We design a between-subject experiment where we manipulate the firm's philosophy (user-generated-idea vs firm-driven) and the product category. This research advances extant literature by showing that advertising co-created new products on social media can drive "willingness-to-engage" of the observing brand audience despite her non-participation. We empirically confirm recent research suggesting that engagement can be seen as a broader system. We also show that the impact of communicating a user-driven brand philosophy on non-participants' willingness-to-engage is serially mediated by non-participants' perceived empowerment and brand integrity.

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1. Introduction

Nowadays, more and more firms develop various tools and platforms to engage with their customers into interactive and dialog-based relationships. McDonald's, PepsiCo, Danone and Starbucks are examples of firms developing digital engagement platforms for co-creating their new products with their customers. In this context, we draw on the recent concept of "actor engagement" which broadens the to-date dyadic "customer engagement" framework (Brodie et al., 2016) and suggest that the non-participants to engagement platforms can also play a role into that wider system. This present research empirically shows that communicating innovation challenges to a broader brand audience can drive "willingness-to-engage" (WTE) among those non-participating customers. Further analyses provide a deeper understanding of the mechanism at work.

Customer engagement (CE) in co-creating customer experience and value has raised growing interest in the past decade, for scholars and professionals alike (Hollebeek, 2011). CE has initially been defined by Brodie et al. (2011) as “a psychological state that occurs by virtue of interactive, co-creative customer experience with a focal agent/object (e.g. a brand) in focal service relationship” (p.260). So far, research on engagement has focused on the dyadic exchanges between a customer and a focal object. A few scholars (Brodie et al., 2016) have only recently started to consider “many-to-many engagement in networks” (Brodie et al., 2016, p 4). At the same time, the customer is always more informed, willing to have a greater role in exchanges with companies (Bendapudi and Leone, 2003), to promote products/services and brands to other customers (Jaakkola and Alexander, 2014) as well as to be more active in sharing opinions explicitly. According to a global study recently conducted by InSites Consulting (2012), almost half of the respondents surveyed even expects that their brands invite them to co-create products and services on their social network sites. In other words, the customers want to be “empowered” by the firm.

Innovation challenges, i.e the context of the communication presented in this research, as well as other engagement platforms are a way for brands to reach a larger number of customers, to draw on their customers’ communities and to engage with them into interactive and dialog-based relationships. Yet, research on innovation challenges has so far mostly focused on customers who actively participate. Among the participants, one can distinguish two sub-groups: active versus passive participants. The latter are present on the platforms but rather as internal observers, do not affect the performances, have no role in decision-making and/or in creating the performance or event that yields the experience (Pine and Gilmore, 1998). Inversely, active participants are present on the platforms and do submit or select ideas. But another bigger group can also be studied: the brand audience as a whole, not participating to those initiatives but who might be interested to know that their brand appeals to her consumers for developing new products.

In this context, the purpose of this paper is twofold: first we show that communicating a user-driven brand philosophy is positively linked to perceived empowerment feeling and brand integrity. Second, we shed light on the mechanism by which communicating on innovation challenges and their output can be a way to drive the bulk of the brand audience’s willingness-to-engage with the brand. Namely we show that this effect is serially mediated by the level of empowerment perceived and the perception of brand integrity.

This paper is structured as follows: first, the conceptual framework is presented. The second section will present our research methodology. The third part will then deal with results of the research. Conclusion will highlight main contributions, limits and research perspectives.

2. Theoretical framework and hypotheses development

The concept of empowerment is not new and has been applied in various contexts, from political studies to research in information systems. At the heart of the empowerment

concept lies the idea of power. Power can be conceptualized as a psychological state of feeling in control (Kull and Heath, 2016), as an intrinsic need for self-determination or as a personal belief in one's competence, i.e. self-efficacy (Conger and Kanungo, 1988). That is, empowerment can be defined as a process or a mechanism through which one feels in greater control, i.e. believes that he/she can influence the outcomes (Zimmerman, 2000).

Nowadays, customers increasingly seek to increase their relative power in the marketplace, for instance by joining brand communities or by seizing opportunities to participate at engagement platforms, e.g. innovation challenges (Fuchs & Schreier, 2011). Customers may feel empowered when they perceive they can influence the brand decision-making process and certain outcomes (i.e. perceived impact) as well as when they feel enabled by the brand and competent to solve the task assigned to them (Füller et al., 2009). As empirically observed, participating to engagement platforms leads to direct impacts on participants' attitudes and on the product demand (Schreier et al., 2012). But recent studies related to empowering strategies like innovation challenges have also highlighted effects on non-participants' attitudes and preferences (Fuchs & Schreier 2011; Schreier et al., 2012) as well as on behavioural intentions (Fuchs & Schreier 2011). More specifically, in their recent empirical study, Dahl et al. (2014) shed light on the empowerment non-participants can feel when they see other customers participating in innovation challenges; namely, they feel vicariously empowered to shape the product offerings even if they did not participate themselves. This leads us to first hypothesize, with regards to non-participants:

H1: A communication claiming that a new product was co-created generates higher perceived empowerment than a classical communication for a new product.

Co-creation activities, like innovation challenges, are a way to engage with participating customers and to foster active brand relationships (Brodie et al., 2016; Füller et al., 2009; Hsieh & Chang, 2016). Engagement can be driven by empowerment felt by customers (Jaakkola and Alexander, 2014; Hsieh and Chang, 2016; Kull and Heath, 2016).

But Brodie et al. (2016) also suggest that the dyadic relationship between participating customers and the brand may be broadened to a wider engagement system. Besides, interactions and participation characterize engagement (Brodie et al., 2013). The observing audience does neither participate nor interact though. Yet, we build on that recent conceptual extension and hypothesize that the non-participants' perceived empowerment feeling about a user-generated-idea product may actually lead to the non-participants' "willingness-to-engage" with the empowering brand.

H2: Perceived empowerment has a positive effect on non-participant's willingness-to-engage with the empowering brand.

The observing audience exposed to a communication related to co-creation output might interpret it as a means to overly and unduly appear customer-oriented (Fuchs & Schreier,

2011). Brand trust is then crucial, especially in the current context of greater general suspicion toward brands, and relates to brands acting with the customers' best interest in mind (Brodie et al., 2011). Trust includes integrity, that may be defined as "the trustor's perception that the trustee adheres to a set of principles that the trustor finds acceptable" (Mayer & Davis, 1999, p124). In a marketing context, it means that a brand not only espouses values that the customers find acceptable but also that the brand acts in a way that is consistent with the espoused value. As Füller et al. (2009) empirically show it, customers participating in virtual new product development (NPD) process who feel empowered will develop increased trust in the empowering brand. That is, we suggest that non-participants who perceive empowerment will also develop higher perceived integrity feeling toward the empowering brand:

H3: Perceived empowerment has a positive effect on non-participants' perceptions of brand integrity.

Finally, we test the theory we mention here above and hypothesize (H4) that communicating about the co-created NPD can favour empowerment feeling of the observing audience; in turn, it will lead to non-participants' fostering of brand integrity perceptions and then to an increased willingness-to-engage.

H4: The co-creation message effect on non-participants' willingness-to-engage will be serially mediated by perceived empowerment and their perception of the brand integrity.

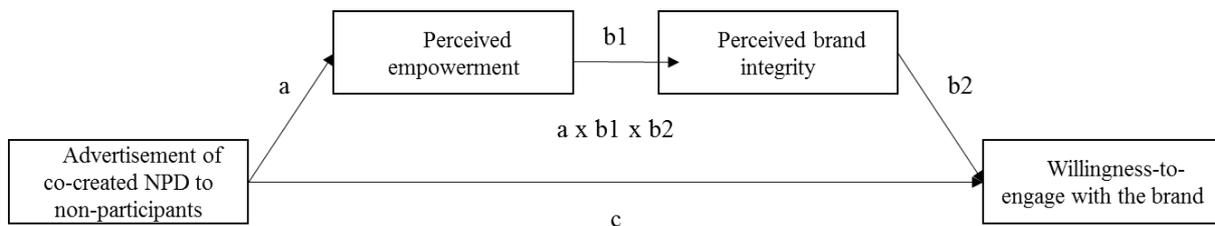


Figure 1: Successive mediation in the relation between advertised co-creation and non-participants' willingness-to-engage with the brand

3. Method

To test our hypotheses, we design a 2x2 between-subject experiment where we manipulate the NPD-philosophy (user-generated-idea vs firm-driven (control)) and the product category (sportswear jacket vs alarm clock).

To capture the willingness-to-engage, we adapt thirteen items from the measure developed by Vivek et al. (2014), by reformulating them with conditional tense to better reflect the non-participants' context, with items such as "I would like to learn more about

this brand". Perceived empowerment is measured with a set of fifteen items (the ten items adapted from Pierce et al., 1989 plus five ad hoc items). Example items include "I believe that customers have impact on the brand offering", "I believe that this brand listens to her customers' ideas" ($\alpha = 0.957$). Brand integrity is captured by four items (Venable et al., 2005): honest, reliable, engaged, honourable ($\alpha = 0.883$). Items are all measured on 7-point Likert scales.

For this study, we use fictive brands. The product categories were chosen based on practical applications of innovation challenges and on literature: a sportswear jacket (SJ) and an alarm clock (AC). A validated scale was used to assess the level of engineering and technology necessary to design such products (Fuchs & Schreier, 2011, 3 items, 7-point Likert scale, $\alpha=0.88$). The alarm clock is significantly perceived as less engineered than the sportswear jacket ($\text{mean}_{AC} = 2.8$ and $\text{mean}_{SJ} = 3.3$, $p < 0.001$, where "1" = low and 7 = "high"). Our advertisements take the form of branded Facebook posts, as if written by each (fictive) brand, in which we feature a picture of the new product and a short marketing text. To increase realism, we display 325 likes, 4 shares and 1 comment. We assessed the overall stimulus realism with a score aggregated from 3 ad hoc items: credibility, believability and plausibility, on 7-point Likert scale where 1 = "not at all" and 7 = "totally" ($\alpha = 0.89$, $\text{mean} = 4.45$).

A total number of 159 respondents was recruited for the sportswear jacket brand ($\text{mean}_{AGE} = 34.6$ years old; 52% male – 48% female) and of 160 respondents for the sportswear jacket ($\text{mean}_{AGE} = 32.2$ years old; 49% male - 51% female). Respondents were randomly allocated to one of the four groups: user-generated-idea_{SJ} ($n=81$), control_{SJ} ($n=78$), user-generated-idea_{AL} ($n = 80$), control_{AL} ($n = 80$). All respondents could first read identical basic information about one of the two fictive brands before receiving their respective treatment. In the control condition, the respondents were told "*We are proud to present you our new product*" followed by some description of the alarm clock and of the sportswear jacket. In the empowerment condition, the respondents could read "*We are proud to present you the result of our call to customers' ideas:*" followed by the same description about the product. The comment mentioned either "*Well done!*" (control condition), either "*Well done and thank you for your feedback about my idea!*" (user-generated-idea condition).

After the treatment, respondents completed a questionnaire containing our measures and a few socio-demographics questions.

4. Results

First, groups are all equivalent in terms of gender (overall 50.5% males – 49.5% females) and age (overall mean 33.6 years old). Preliminary analyses also confirmed scale reliability and measure validity. Regarding the "willingness-to-engage" scale, the literature (Vivek et al., 2014) foresees three dimensions. Yet, when running a factor analysis and test whether the items load on three factors, we find an unidimensional construct, with 64.7% variance extracted on one factor and good reliability ($\alpha = 0.939$).

First, a GLM analysis performed on SPSS, with perceived empowerment as dependent variable indicates that when considering the interaction product category x NPD-philosophy; we see that there exists a main effect to manipulate the NPD-philosophy ($F(1,315)=81.297$, $p<0.001$) but not to manipulate the product category ($F(1,315)= 0.190$, $p=0.663$). The interaction is not significant ($F(1,315)=2.705$, $p=0.101$).

More importantly, we find here support for H1: non-participants' perceived empowerment is significantly higher in the user-generated-idea (UGI) condition than in the control condition ($M_{SJ}^{UGI} = 4.91$, $M_{SJ}^{CONTROL} = 3.95$, $M_{AC}^{UGI} = 5.07$ and $M_{AC}^{CONTROL} = 3.69$). Therefore, if the Facebook advertising post of a brand describes her NPD as co-created, respondents perceive more empowerment than when the brand classically presents her new product. That is, observing customers may indeed feel psychologically empowered by a user-driven brand.

Then, to verify if H2 and H4 are supported, we run GLM analyses again. We report that the effect of perceived empowerment on willingness-to-engage is significant ($F(1,316)=69.388$, $p<0.001$, adjusted $R^2=0.178$) whereas the product category proves again insignificant ($p=0.181$). Therefore, non-participants' perception of empowerment positively predicts willingness-to-engage with the brand. Similarly, we support H4 as we find a significant relation between perceived empowerment and perceived brand integrity ($F(1,316)=224.738$, $p<0.001$, adjusted $R^2=0.414$) whereas the product category proves again not significant ($p=0.224$). To test the perceived empowerment and perceived brand integrity as successive mediators on the relation between communicating about a co-created new product and the non-participants' willingness-to-engage (H5), we carry out mediation analyses separately for the two product categories according to the Hayes macro (2013, PROCESS Model 6), with 5000 bootstrap. In line with previous results here above, we first find that communicating a user-generated-idea philosophy has a positive and significant effect on non-participants' perceived empowerment ($a_{SJ} = 0.96$, $t=5.42$, $p<0.0001$ and $a_{AL} = 1.39$, $t= 7.27$, $p<0.0001$). By controlling by the CES communication variable, the effect of perceived empowerment on perceived brand integrity is positive and significant ($b1_{SJ} = 0.55$, $t = 8.61$, $p <.0001$ and $b1_{AL} = 0.65$, $t = 12.17$, $p <.0001$). By controlling by the CES communication and perceived empowerment variables, the effect of perceived brand integrity on willingness-to-engage is positive and significant ($b2_{SJ} = 0.49$, $t = 4.93$, $p <.0001$ and $b2_{AL} = 0.41$; $t = 3.83$; $p <.001$). Moreover, the total effect of the CES communication on willingness-to-engage is not significant ($p_{SJ} = 0.22$ and $p_{AL} = 0.15$). In addition, the indirect effect of a CES communication on non-participants' willingness-to-engage through successive mediators of perceived empowerment and perceived brand integrity is positive and significant for both product categories ($a_{SJ} \times b1_{SJ} \times b2_{SJ} = 0.26$ and $a_{AL} \times b1_{AL} \times b2_{AL} = 0.37$), with confidence intervals both times excluding 0 ($IC_{SJ} [0.15; 0.425]$ and $IC_{AL} [0.17; 0.62]$). It indicates an indirect mediation effect (Zhao et al., 2010), which supports H5.

5. Discussion

Our research sheds initial light on the consequences of communicating co-created new products toward non-participating consumers. First, our empirical findings validate the hypothesis that non-participants are sensitive to know, via a Facebook post, that a brand appeals to her customers in her new product development process. This research shows that observing customers, not participating themselves to innovation challenges, may perceive empowerment after exposure to co-creation-related communication. Perceived empowerment is indeed significantly higher in the user-generated-idea treatment.

Then, we show that communicating a user-driven philosophy may foster positive brand associations in non-participants' minds, like brand integrity.

Drawing on recent research (Brodie et al., 2016), we consider non-participants as part of a broader actor engagement system. That is, we contribute to extant engagement literature by showing that non-participants can develop a feeling of willingness-to-engage with a brand relying on and advertising co-creation with other customers for her new product development. Using an existing customer engagement measure, we then empirically show that perceived empowerment positively predicts non-participants' willingness-to-engage. Lastly, our dataset allows us validate our theory, highlighting the successive mediation effects of perceived empowerment and perceived brand integrity on the relation between CES communication variable and non-participants' willingness-to-engage.

Our results then suggest that participation to engagement platforms is not a necessary prerequisite to the intention to engage with a brand. Instead, since engagement platforms like innovation challenges are associated with positive brand association in terms of empowerment and integrity, advertising them might constitute a promising strategy to raise willingness-to-engage of the brand audience. It is suggested that these findings will be useful for researchers and practitioners interested in understanding how to stimulate customers' engagement with their brand. Yet, this research is not without limitations. First, like all experimental designs, external validity may be discussed. Then, we tested only two low-complexity product categories and unknown brands. Follow-up research might explore well-known brands and see whether the effects replicate. Then, in this research, we did not identify boundary conditions, yet we know that communicating user-driven philosophy may backfire under certain conditions or contexts, like in the luxury fashion industry or with technological brands (Fuchs et al., 2013; Meissner et al., 2015). That is, future research should seek to identify idiosyncratic non-participants' characteristics as well as elements characterizing the brand engagement platforms and their communication which could moderate these effects.

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