All that is Users Might not be Gold:

How Labeling Products as User-designed Backfires in the Context of Luxury Fashion Brands

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C. FUCHS, E. PRANDELLI, M. SCHREIER AND D. W. DAHL

Christoph Fuchs
Assistant Professor of Marketing
Rotterdam School of Management (RSM)
Erasmus University Rotterdam
Burgemeester Oudlaan 50, 3062 PA Rotterdam, The Netherlands
Phone: +31-10-4082325
E-mail: cfuchs@rsm.nl

Emanuela Prandelli
Associate Professor of Management
Bocconi University
Via Roentgen 1; 20136 Milan, Italy
Phone: +39-02-5836-6824
E-mail: Emanuela.Prandelli@sdabocconi.it

Martin Schreier
Professor of Marketing
WU Vienna University of Economics and Business
Augasse 2-6, 1090 Vienna, Austria
Phone: +43-1-31336-4098
E-mail: Martin.Schreier@wu.ac.at

Darren W. Dahl
Fred H. Siller Professor in Applied Marketing
Sauder School of Business
University of British Columbia
Henry Angus 774 & 575, Vancouver, BC V6T 1Z2, Canada
Phone: +001-604-822-1890
E-mail: Darren.Dahl@sauder.ubc.ca

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Abstract

An emerging literature advocates that drawing on users rather than firm-internal designers in new product ideation might be beneficial for firms because the resulting products may effectively satisfy consumer needs. Four studies conducted in the context of the luxury fashion industry uncover an important conceptual boundary condition of this positive user-design effect. Contrary to extant research, the results show that being "close" to its users does not help but rather harms luxury fashion brands. Specifically, user-design is found to backfire as consumers are shown to have reduced demand for products of a given luxury fashion brand collection if labeled as user- vs. company-designed. Results further reveal the underlying rationale for this reversal: user-designed luxury products are perceived to be lower in quality and fail to signal high status which results in a loss of agentic feelings for the consumer. A number of strategies luxury brands might pursue in order to overcome this negative user-design effect are further explored. Finally, it is found that the negative outcomes of user-design are attenuated for a luxury fashion brand's products that are not utilized for status signaling, i.e., product categories of a luxury brand that are characterized by lower status relevance for the consumer.

It seems that harnessing the creative potential of users has come of age and that if realized wisely, it might constitute a significant source of competitive advantage. Specifically, it has been argued that "user-design", i.e., drawing on users' ideas and designs for new products, can allow firms to reduce new product development (NPD) costs, improve time-to-market, and most importantly derive innovative products that are better at meeting consumer needs and wants (e.g., Hoyer et al. 2010; Lilien et al. 2002; Ogawa and Piller 2006; von Hippel 2005). In the context of the baby products firm MAM, for example, it has been found that ideas by users outperformed ideas generated by the firm's NPD team in terms of novelty and customer benefit (Poetz and Schreier 2012). Compared to internally developed ideas, field data from the consumer goods brand Muji further revealed that products based on user-ideas actually performed better on the market in terms of aggregate sales revenues and profit margins (Nishikawa, Schreier, and Ogawa 2013).

Beyond any such promising examples of positive user-design outcomes, the final identification of who designed a given product, i.e., users vs. a company's designers, seems to also have more subtle implications for the broader market of observing consumers (Fuchs and Schreier 2011; Moreau and Herd 2010). Recently, Schreier, Fuchs, and Dahl (2012) found that consumers evaluate a product more positively and indicate stronger purchase intentions if the product is labeled as created by users versus the firm's internal designers. While the technical extent of user-design might differ from firm to firm (spanning from merely pointing out some ideas to submitting ready-to-make designs), the important implication for marketers in general, and our research in particular, is that the mere source of design might affect consumer preferences at the point of purchase. This is because consumers can often easily observe the source of design, for example, on the tag inside the product, on its packaging, and/or on the firm's website. Threadless features the user-designer's name on the tag inside their T-shirts and even ships every product with a card stressing the fact that it is likeminded others who created them (e.g., "You are Threadless. You make the ideas, you pick what we sell, you're why we exist. Join us, why don't you?"). Similarly, LEGO sells user-designed toys

where the source of design is prominently promoted on the product's packaging (e.g., "designed by LEGO fans").

In this paper, we extend this line of research by testing whether the benefits attributed to identifying products as user-designed are generalizable to different product contexts. Indeed, does a user-design labeling strategy benefit all products? Specifically, we empirically examine this question in the context of the fashion industry, an industry that generates more than one and a half trillion dollars in sales per year (Datamonitor 2011). Note that actively marketing the source of design is generally very common in fashion (e.g., Gucci by Tom Ford, Givenchy by Riccardo Tisci). From a substantive perspective, the fashion industry seems well suited for our study because many users are highly involved in fashion and its brands. The complexity of designing fashion items, compared to high complex products like cars, aircraft, or nuclear plants, is also relatively low. Thus, the "objective" promises of user-design discussed above seem to be high.

Fashion brands seem to have realized this already. The handbag brand Coach, for example, recently invited their users to participate in a "Design a Coach Tote" initiative which resulted in 3,000 user-designs, the best of which were realized by the brand. Even high-end luxury brands have been getting on the user-design bandwagon; fashion brands such as Oscar de la Renta, Fendi, and Anita Dongre rely on crowdsourcing to generate new product ideas and designs – as Alex Bolen, CEO of Oscar de la Renta stated: "We like the idea of trying to collaborate with our fans. There are people who love our brand and have ideas about what would be beautiful." (Crowdsourcing.org). The importance of this trend has also been recognized by notable fashion magazines including Vogue. According to a personal conversation one of the authors had with Sara Maino (Senior Editor of Vogue Italy): "Luxury fashion has to bring new ideas from the market inside the industry. The rules of the game have changed. Contests to identify new talents are fundamental to get fresh ideas. That's the reason why Vogue is deeply committed in sponsoring such initiatives."

Importantly, getting better products might be only one driving motif for fashion brands to employ user-design. In addition, they are also likely to target the broader mass of consumers who might, for example, be invited to participate in some online voting processes which might increase consumers' involvement with and ultimately their commitment to buy from the underlying brand (Fuchs, Prandelli, and Schreier 2010; Schau, Muniz, and Arnould 2009). The initiative by Coach indeed produced a significant amount of online chatter; more than 100,000 customers rated the user-designs and more than 6 million page views resulted from the campaign. Similarly, Anna Rihl, a former designer for luxury brands like Christian Lacroix, founded the label Useabrand, where fashion items created by Anna Rihl are sold next to user-designed ones. As she recently said in a blog-interview, "We thought about how we could make the brand more exciting … we wanted to do something where people can codetermine and have influence on the brand".

What happens, however, to observing consumers – the larger fraction of potential customers – who did not participate in any of these co-creation activities? If a given fashion item is prominently labeled as designed by users, will they develop a similarly positive attitude for such products as demonstrated in prior research? And what role does the underlying brand play in this context? An answer to these questions will guide fashion brands whether they should (continue to) rely on user-design initiatives in the first place, and if so, whether they should actively stress users as the source of design in their marketing efforts. The answer to these questions, however, appears non-obvious: on the one hand, the fashion industry has always distanced itself from consumers (Kapferer and Bastien 2009a). Fashion brands "are experts at controlling their image and their brand equity" and this control "implies a top-down, we-know-best-and-we-won't-listen-to-you attitude" (Colyer 2007). On the other hand, being active in the emerging Web 2.0 era seems to be an imperative for any brand. Forming stronger bonds with their user communities would allow brands to become truly customer-oriented which could positively affect purchasing behavior (Fuchs and Schreier 2011; Schau, Muniz, and Arnould 2009). This trade-off between being far vs. close to users prompts some

"some soul-searching among [fashion] brands as to what their social personality should be" (Corcoran 2010).

While we believe that a user-design label might benefit mainstream fashion brands, we posit that it might backfire in the context of luxury fashion brands. Luxury fashion brands are defined as brands that entail the highest level of quality and are thus premium priced (e.g., Prada, Burberry, Louis Vuitton; Hansen and Waenke 2011; Silverstein and Fiske 2003; Berton et al. 2010). Mainstream fashion brands, in contrast, are defined as brands that entail a lower but reasonable level of quality; consequently, they are also more affordably priced (e.g., Diesel, Replay, or H&M; Lee, Motion, and Conroy 2009). The core prediction of a negative user-design effect in the context of luxury fashion brands is developed based on the psychological literature on social distance and comparison (cf. Locke 2003; Wood 1996). In short, we argue that being "close" to its users does not help but rather harms luxury fashion brands because user-design will stand in the consumers' way of signaling high status. Indeed, compared to products that are created by a company's elite product designers, we believe that user-designed products will be ineffective in creating feelings of high status, defined here as agentic feelings of being advantaged, superior, and worthy compared to others (Locke 2003).

Four experiments presented in the manuscript conceptually extend current thinking on user-design. While prior research has analyzed user-design labeling strategies in the absence of high-equity brand names (i.e., Schreier, Fuchs, and Dahl 2012), we test for such user effects in the context of highly familiar brands. Prior research has also been silent on how user-design labeling strategies might impact consumer behavior in the fashion context; our studies thus also contribute to a better understanding of its impact in this multi-billion dollar industry. More generally, we also provide a first test of whether a user-design labeling strategy affects the product's more subtle signaling qualities for the consumer.

Study 1 first demonstrates that the positive user-design effect documented in prior research replicates for established mainstream fashion brands like Diesel, H & M, or Replay. This is encouraging news for marketers in this brand tier (i.e., market space) who are interested to pursue user-design. It is also found, however, that the effect fully reverses for luxury fashion brands like Prada, Gucci, or Louis Vuitton. Providing understanding on this reversal, Study 2 explores why consumer demand for products of luxury fashion brands is reduced if they are described as user-designed. First, we see that the user-design cue negatively affects design quality perceptions for the consumer. Second, we find that the social signaling of user-designed luxury products fail to provide agentic feelings that are characteristic of luxury products created by internal company designers. It seems that the social distance created by high status signaling, inherent in luxury brands, is compromised by user-designed products. Both of these factors are found to underlie the reduction in demand for user-designed luxury fashion products.

Study 3 identifies a number of strategies luxury fashion brands might pursue in order to mitigate the negative implications of user-design. Specifically, it is found that consumers resonate more positively toward user-design if the notion of users is afforded social distance from regular consumers. Communication strategies where users are (1) legitimized by the brand's head designer, (2) described as artists, or (3) linked to celebrity status are shown to attenuate the identified negative effects of user-design in the luxury fashion brand context. Finally, Study 4 demonstrates that negative user-design effects are also mitigated if the underlying product category is characterized by lower status relevance. A product category is defined here as status-relevant if status considerations are important for the purchase decision and if the product is utilized by consumers for status signaling. This implies that luxury fashion brands can involve their users – as long as signaling high status is not key to the product category (of the luxury brand) that is being purchased.

THE NEGATIVE EFFECT OF USER-DESIGN IN FASHION

The Fashion Industry, its Brands, and the Source of Design

The word fashion is broadly defined as the style or styles of clothing and accessories worn at any given time by groups of people (Encyclopedia Britannica); the fashion industry per se comprises apparel and related accessories like handbags, shoes, scarves, etc. where the "change in the design of things for decorative reasons" is particularly important (Robinson 1961, p. 376; Sapir 1931; Sproles 1981). Fashion products are thus defined as products where the design, aesthetics, and style hold the primary importance for the consumer (Business Dictionary). Note that we do not equate product with brand; while the product is the specific item that is being purchased (e.g., pants), the brand is the umbrella label under which the product is marketed (e.g., Prada). Although fashion brands may differ on multiple dimensions, we differentiate them for our research purpose along the extent to which they offer luxurious products.

Luxury is derived from the Latin word "luxus" which translates into "excess;" luxury products in general thus refer to products leading to a condition of abundance, something that adds to pleasure or comfort but is not absolutely necessary (Encyclopedia Britannica). Thus, as noted previously, we define luxury fashion brands as brands that offer products entailing the highest level of quality which are premium priced (e.g., Prada, Burberry, Louis Vuitton; Hansen and Waenke 2011; Silverstein and Fiske 2003; Berton et al. 2010). In contrast, mainstream fashion brands are brands that offer products entailing a lower but reasonable level of quality. Consequently, they are also more affordably priced (e.g., Diesel, Replay, or H&M; Lee, Motion, and Conroy 2009).

Although luxury brands are typically perceived to have the "better" company-internal professionals, i.e., product designers (Dubois, Laurent, and Czellar 2001), brands in both fashion tiers traditionally rely on company-internal experts to conceive new product designs. We define a product created by a company-internal product designer as one where the original design is conceived by a professional employed by the underlying brand. In contrast, a user-designed product refers to one that has been created by a user, who resides outside the contractual boundaries of the

firm; a user refers to an individual such as a consumer or community member who primarily realizes product benefits by using it (von Hippel 2005).

As noted above, the technical *extent* of user-design in practice might differ from firm to firm; the important implication for our research, however, is the mere *labeling* of the source of design, which is independent of the actual extent of user-design (spanning from merely pointing out some ideas to submitting ready-to-make designs). Note that in both cases – user-design and design by company-internal designers – it is the firm and its employees who finally translate any given design into a marketable product. Thus, attributes impacting final product quality beyond the aesthetic design appeal per se (e.g., materials, manufacturing quality etc.) are not affected by the mere source of design.

In the following conceptual discussion, we focus on luxury fashion brands and their products to develop the prediction of a reversal of the previously identified positive user-design effect (Schreier, Fuchs, and Dahl 2012). We note, however, that we integrate mainstream fashion brands as an empirical benchmark in Study 1.

Quality Perceptions and the Source of Design

Would consumers evaluate the same product differently if described as user-designed vs. created by company-internal designers (i.e., company-designed)? At first sight, the aesthetic appeal of a given product, marketed under the umbrella of a given brand, can readily be observed and assessed and any secondary information like the source of design should not be relevant. Yet, we argue that such a bias might exist, particularly in the case of luxury fashion brands which possess the highest level of design equity (i.e., established reputation for design quality, innovation, and functional excellence, Dubois, Laurent, and Czellar 2001; Bruce and Kratz 2007; Okonkwo 2007). While fashion brands with their company-internal experts have continuously "proven" their skills and ability to conceive high quality designs, users might be perceived by consumers to lack the

related expertise. As Moreau and Herd (2010, p. 807) note: "professionals often have a significant advantage, either real or perceived, over consumers, in terms of their knowledge, training, and experience." Similarly, Ulrich (2007, Chapter 3, pp. 5-6) argues that firm professionals "have acquired skills and capabilities that allow them to perform most design tasks … at a higher level of quality." Indeed, and even compared to professionals employed by an unknown brand ("Company X"), Schreier Fuchs, and Dahl (2012, p. 23) find that consumers associate users with lower design expertise. For our research, we thus argue that users would likely not be perceived to have the artistic skill to create quality fashion and to possess the authority to say what will constitute the next fashion trend.

This line of reasoning seems particularly likely to hold for brands that are strongly driven by their founding head designers (e.g., Giorgio Armani for Armani, Domenico Dolce and Stefano Gabbana for Dolce & Gabbana). Due to luxury fashion brands' equity gained in the past, however, it should also work for brands where the head designer is less prominent or even unknown to lay consumers (e.g., Burberry, Hermès, Louis Vuitton). In sum, we conjecture that the quality of a given luxury fashion product will be evaluated less favorably if described as user- vs. company-designed and that this bias will negatively affect consumer demand for user-designed fashion products.

Symbolic Signaling and the Source of Design

In addition to buying fashion products for the sake of their functional and aesthetical design qualities per se (Rucker and Galinsky 2009), extant research suggests that a second independent driver of consumer behavior may be the fashion products' "symbolic significance for the expression of the ego" (Sapir 1931, p. 144); put differently and as envisioned by 19th century poet Gottfried Keller (1874; and Shakespeare in Hamlet before him): "Clothes make the man." Fashion products are thus highly identity-relevant; they help to develop and form one's self concept and communicate it to others (e.g., Escalas 2004; Fournier 1998; Goffman 1959; Richins 1994; Robinson 1961). From

this perspective, which can be traced back to Veblen's (1899) seminal work on *The Theory of The Leisure Class*, buying and using fashion products serves consumers as a vehicle to signal to themselves and others who they are or who they want to be (e.g., Douglas and Isherwood 1979; Fournier 1998; Schmitt and Simonson 1997; Wernerfelt 1990). Fashion can thus be seen as a "costuming of the ego" (Sapir 1931, p. 143).

Conceptually, the signaling motivation underlying luxury fashion consumption can be understood by psychological literature on social distance and comparison (cf. Locke 2003; Wood 1996). Social comparison is defined as the "process of thinking about information about one or more other people in relation to the self" (Locke 2003, p. 619). One fundamental dimension of social comparison is status or vertical comparison; i.e., whether "a comparison target is perceived as standing above the self (an upward comparison) or below the self (a downward comparison)" (Locke 2003, p. 619). Such vertical comparisons are usually performed along characteristics that share a common basis for evaluation, like wealth, academic standing, or physical appearance given most people prefer to have lots of money, good grades, or good looks (Festinger 1954; Locke 2003).

Psychologists have found that people feel better when making downward vs. upward comparisons, i.e., when they perceive themselves to be superior vs. inferior compared to others (Giordano, Wood and Michela 2000; Locke and Nekich 2000; Olson and Evans 1999; Wheeler and Miyake 1992). More specifically, vertical comparisons are predictive of feelings of status, or agentic feelings: in the case of downward comparisons, for example, people tend to feel confident, advantaged, superior, and worthy (Locke 2003).

A natural correlate of this discussion is the facilitation of comparison through the effective brand positioning of fashion, known simply as the "fashion pyramid" (Kapferer 1992). While high-end luxury brands like Prada are at the narrow summit of the pyramid, positioned around a narrow, wealthy customer segment, the pyramid is progressively enlarged in diffusion and clientele comprising mainstream labels like H&M. The narrow target of fashion luxury brands (Kapferer and

Bastien 2009a; Silverstein and Fiske 2003), however, does not fully explain the more than 200 billion dollars that these brands are generating globally per year (Datamonitor 2011). Instead, people "outside" their core target segment account for a significant part of luxury brands' sales: while "luxury products are the ordinary products of extraordinary people," they are "the extraordinary products of ordinary people" (Kapferer 2010, p. 44). As luxury brands are positioned around a wealthy upper-class segment, displaying such possessions might allow its owner to signal a high rank in society and hence to have high status (Belk, Bahn, and Mayer 1982; Berger and Ward 2010; Han, Nunes, and Dreze 2010; Silverstein and Fiske 2003). Luxury brands thus stimulate vertical comparisons, create social distance, and facilitate a downward comparison accompanied by a boost in agentic feelings (e.g., feeling superior compared to others). Note that status signaling, however, is not a definitional component of luxury fashion brands. While signaling might be important to some, it is clearly not critical for all consumers (Rucker and Galinsky 2009). For example, it appears to be highly unlikely that pope Benedict XVI's decision to have his red Papal shoes manufactured by the luxury fashion brand Prada was driven by status signaling considerations.

For our research, this implies that the mere source of design – users vs. company-internal designers might influence the signaling qualities regarding vertical comparisons. In particular, we predict that the same fashion brand's product will be less effective in allowing a downward comparison along the vertical status dimension if described as user- vs. company-designed. This is because the brand gets naturally intertwined or contaminated with users (Argo, Dahl, and Morales 2006) – a population, compared to a firm's elite experts, which is unlikely to be associated with high status. Indeed, the popular press and fashion firms themselves have effectively linked fashion designers directly to status and wealth (e.g., Bye 2010; Manlow 2009; Tungate 2008), whereas a stereotypical "user" has been framed as an everyman in press coverage related to user-design (e.g., Finkelstein 1996). Thus, it follows that user-designed products of luxury fashion brands would be less able to generate agentic feelings for the consumer (compared to company-designed products) in

social comparison. In sum, both different design quality perceptions and different signaling qualities underpin the expectation that consumers demand for a luxury fashion brand is reduced if the fashion brand is described as user- vs. company-designed.

H1: Labeling a luxury fashion brand's product as user- vs. company-designed reduces consumer demand for that product (the "negative user-design effect").

H2: The "negative user-design effect" is due to (i.e., is mediated by) a reduction in both (a) perceived design quality, and (b) agentic signaling qualities for the luxury fashion brand's product.

Mitigating the Negative Implications of User-Design

If negative implications for user-design are validated in the luxury fashion context, but luxury brands still seek to pursue user-design (e.g., because of potential positive effects on *objective* product qualities and brand involvement among participating users noted earlier), one might question what strategies could be employed to avoid negative outcomes. Guided by our proposed process account (H2), we test three strategies that have the potential to increase social distance between the consumer and the identified user-designer. We argue that creating movement with respect to status hierarchy (i.e., making the user-designer unique or special in some way) will enable social distance that facilitates downward comparison, better fit the luxury moniker of the fashion brand, and produce design quality perceptions and agentic feelings on the part of the consumer.

A first strategy might be to "legitimize" the winning user-designers by company-internal design authorities in communication campaigns. If, for example, the head designer of Prada would give approval of the user-designers by being responsible for the underlying selection process and/or by reflecting about their "great" potential, these winning users might distance themselves from ordinary users. Indeed, this validation might lead to a boost in their perceived positioning on the respective skill and status ladder. High potentials, particularly if accredited by an accepted authority, might even be preferred by consumers over experts that have already realized their potential. This is consistent with recent research in social psychology which demonstrates that people often prefer "potential" over (realized) "achievement" when evaluating others in domains such as sports

(athletes), entertainment (comedians), and academia (graduate students) (Tormala, Jia, and Norton 2012). We therefore suggest that some form of firm-sponsored legitimization might positively affect both perceived design quality perceptions and agentic feelings associated with the underlying fashion brand. It follows that communicating this legitimization would likely attenuate the negative implications of user-design in the luxury fashion context.

A second strategy might simply involve avoiding the word "user" in a firm's communication efforts. The word user presumably activates associations to ordinary consumers. This, in turn, might negatively affect design quality perceptions as well as agentic feelings; as Groucho Marx put it: "I refuse to join any club that would have me as a member." If, instead, user-designers were described as "artists," the negative effects might be attenuated. Note that this idea is not unethical: an artist is defined as "one…who is able…to create works of aesthetic value…" (Free Online Dictionary). By definition, a winning user-designer meets these criteria. Interestingly, this strategy is already used by some user-driven firms. Threadless, for example, markets user-designed T-shirts and features the background of winning user-designers under "Artist Stories: Meet the masterminds behind the designs!"

While consumers might think of lay people when reflecting about users, they might do so to a much lesser extent when reflecting about artists. In the case of artists, they might more readily activate favorable associations similar to ones linked to luxury brand designers (particularly regarding skill and status) – essentially the words luxury and arts are conceptually interlinked (Hagtvedt and Patrick 2008); branding scholars (Kapferer and Bastien 2009b, p. 74) even recommend managers of luxury brands to "cultivate closeness to the arts for [luxury] initiatives." Indeed, luxury brands often market collections designed by artists (e.g., tattoo artist Scott Campbell or modern artist Takashi Murakami for Louis Vuitton; the luxury fashion brand Breeyn McCarney marketed "vessel" – a collection of couture dresses – co-designed by artist Irena Komadinic). Importantly, the specific artists are often not well known to the general public *before* the initiative,

but it seems that being labeled as an artist is sufficient to stimulate favorable consumer reactions. For our study context, we thus predict that if user-designers are described as artists, the negative effects of user-design might be attenuated.

A third strategy might involve carefully selecting the user population that is invited to participate in product design a priori. In particular, luxury brands might decide to only involve famous celebrity users. Celebrities typically hold status, and while the rationale for their status will differ from fashion designers, the social distance achieved by this population in an unrelated context is likely to transfer to the fashion brand (Bye 2010; Okonkwo 2007). Indeed, here we argue that status per se will enable social hierarchy for user-design and facilitate downward social comparisons that underlie luxury fashion brands. Face validity for this logic is shown by luxury brands that have recently involved celebrities in product design with successful outcomes (e.g., Nicky Hilton for Samantha Thavasa, Rihanna for Giorgio Armani; Time Magazine 2011). Thus, we predict that celebrities are a potential user population that create social distance, activate perceptions of design quality, and enable agentic feelings that thereby mitigate the negative outcomes of user-design. In sum, we predict:

H3: The "negative user-design effect" is attenuated if users are (a) legitimized by the firm, (b) described as artists, or (c) constitute celebrities.

Status Relevance and Product Category

Do the identified negative implications of user-design hold for all product categories marketed under a fashion luxury brand? At first sight, one might argue that this effect should universally hold across the whole product range offered by a brand. After all, it is the specific luxury brand, its image, its logo etc., and not the product category per se, that allows the consumer to realize a boost in agentic feelings (e.g., Berger and Ward 2010; Han, Nunes and Dreze 2010). However, one might counter-argue that it is the specific interplay between brand and product category that determines the extent to which a given product-brand bundle is instrumental in effective status-based

social comparison. In other words, consumers may perceive variance in status-relevance across products offered by a luxury fashion brand. While a dress shirt or a pair of leather shoes, for example, might be highly adequate to signal high status, a T-shirt or a pair of sneakers might be less instrumental in achieving vertical status comparisons. Luxury brands sell product categories that range from exclusive fashion for formal events (e.g., evening gowns) to staples (e.g., underwear) and accessories (e.g., belts) that represent more accessible products for the consumer. More formally, a product category is defined here as status-relevant if status considerations are important for the purchase decision and if the product is utilized by consumers for status signaling.

This discussion is not only of theoretical interest; luxury brands regularly do sell both types of products (Kapferer and Bastien 2009a). Indeed, market research studies have documented that the financial well-being of luxury brands heavily depend on the sales of more mainstream staples that are likely to be less status relevant (Euromonitor International 2012; Focus 2012). Thus, an important boundary condition for our predicted main effects might be the status relevance of a given product category. We argue that variation in status relevance, with respect to the ability of the branded product category to facilitate social comparisons, will moderate the extent to which perceptions of design quality and agentic feelings are realized by the consumer. We expect that for low status relevant product categories, the specific source of design should have less severe consequences on the product's signaling qualities, i.e., the reduction in demand for a user-designed item will be attenuated for these types of products. More formally[1]:

H4: The "negative user-design effect" is attenuated for low vs. high status relevant products.

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[1] A validation of this prediction speaks against tautological concerns regarding H1. If the relationship was purely tautological, then *any* product of a given luxury fashion brand labeled as user-designed would necessarily need to lead to negative demand effects. If the negative user-effect can be attenuated along the lines suggested in H4, however, then the tautology argument is mitigated. A similar argument can be made in the validation of H3.

OVERVIEW OF STUDIES

Four experiments test our conceptual framework (see Figure 1). Study 1 validates the negative implications of user-design for luxury fashion brands (H1). Study 2 provides a replication using full brand collections and establishes the role of design quality perceptions and agentic feelings in underlying these effects (H2). Study 3 then tests the postulated strategies firms might pursue in order to overcome negative outcomes from user-design in the luxury fashion context (H3). Finally, Study 4 explores whether variance in the status relevance of specific product categories (within a luxury brand product portfolio) can moderate the effects identified (H4).

[INSERT FIGURE 1 ABOUT HERE]

STUDY 1

Objectives

The objective of Study 1 is to provide a preliminary test of our prediction that user- vs. company-designed luxury branded fashion products will lead to reduced consumer demand (H1). We calibrate consumers' demand for user-designed luxury products against mainstream branded products. In contrast to luxury brands, user-designed products of mainstream brands might resonate positively among consumers (Schreier, Fuchs, and Dahl 2012). First, mainstream brands are generally not positioned around the upper-class; thus, status signaling and agentic feelings are generally less relevant to the respective purchase decision. Second, customers may appreciate user-design as this might make them feel closer to likeminded others, triggering communal feelings (e.g., Han, Nunes and Dreze 2010; Locke 2003; Ordabayeva and Chandon 2011). Third, the respective design equity of mainstream brands is typically lower than that of luxury brands which suggests that user-design might be perceived to be more comparative to mainstream designers with respect to ability and output.

Method

Participants in each of the reported studies were recruited at Bocconi University (Milan, Italy). Study 1 is a scenario-based experiment which employed a 2 (brand tier: luxury vs. mainstream) x 5 (brand replicates) within-subject design. We exposed participants (n=73 students; M_{age} = 23 years; 62% females) to five representative luxury brands including Louis Vuitton, Prada, Emporio Armani, Gucci, and Dolce & Gabbana as well as to the five mainstream brands Sisley, Diesel, Zara, Replay, and H & M (brands were presented in random order, no order effects were noted). A pilot study validated the brand positioning as perceived by an independent sample of consumers drawn from the same population (n = 24). A repeated-measures ANOVA on brand luxury perceptions (1 = mainstream brand, 7 = luxury brand) with the ten brands nested in their respective tier revealed a significant main effect of the brand factor (M_{Luxury} = 6.08 vs. $M_{Mainstream}$ = 2.45, $F(1, 23)$ = 1501.45, $p < .001$). Although there was some variance within the brand tiers, the lowest mean in the luxury tier was still significantly and substantially higher ($M_{E.Armani}$ =5.21) than the highest mean in the mainstream tier (M_{Diesel} = 3.75) (see Figure 2 for individual brand means).

A second pilot study (n = 29 students) assessed the different signaling qualities of luxury vs. mainstream brands. Participants were asked to assess the extent to which fashion items of the ten brands trigger agentic feelings. Following the preamble "How would owning and wearing a product of [BRAND] make you feel?", participants completed a single-item scale for each brand ("I would have high status, I would feel better off than others"; 1 = strongly disagree, 5 = strongly agree; Locke 2003). A repeated-measures ANOVA on this item with the ten brands nested in their respective tier revealed a significant effect of the brand factor. Consistent with our conceptualization, luxury brands are seen as substantially more instrumental in agentic signaling (M_{Luxury} = 3.57 vs. $M_{Mainstream}$ = 2.51, $F(1, 28)$ = 17.39, $p < .001$; both means are significantly different from the scale midpoint; $ps < 05$). Although there was again some variance within the brand tiers, the lowest agentic mean in the luxury tier was still higher than the highest mean in the mainstream tier ($M_{E. Armani}$ = 3.28 vs. M_{Diesel} = 3.07;

see Figure 1 for individual brand means). In sum, results of the two pilot studies validate the appropriateness of the selected brands in the two tiers and their related signaling qualities.

Participants in the main study were asked to imagine that they would find two items of the respective fashion brands to be similarly attractive – one being created by the designers working for the respective firm; one being designed by users. They were also told that a consumer report had assessed both items to be very fashionable and "in line" with the brand's values, style, and personality. Product demand, our dependent variable, was operationalized by asking participants to indicate which item they would choose to buy – the product created by company designers or the one created by users (or report if they had no preference). Each respondent completed this scenario for the ten different brands.

Findings

A 2 x 5 repeated-measures ANOVA on product demand (-1 = company-designed, 0 = indifferent, 1 = user-designed) revealed a significant main effect of the brand factor: Consumers indicated reduced demand for user-designed products of luxury brands (M_{Luxury} = -.39) compared to user-designed products of mainstream brands ($M_{\text{Mainstream}}$ = .28, $F(1, 72)$ = 46.96, $p < .001$). Further, both means are significantly different from zero which indicates that consumers are not indifferent in terms of their preferences ($t_{\text{Luxury}}(72)$ = 5.98, $p < .001$, $t_{\text{Mainstream}}(72)$ = 4.37, $p < .001$). Only 15% of respondents chose the user-designed product marketed under the label of luxury brands, whereas 47% indicated to do so in the case of mainstream brands. A proportion test further confirms that user- vs. company-designed products see significantly lower (higher) demand under the label of luxury (mainstream) brands (z = 9.45, $p < .001$). Although there was some variance within brand tiers, the luxury brand with the strongest demand for the user-designed product (D & G: 22%) had a user-share that was only approximately half the share seen by the weakest mainstream brand (Sisley: 40%; see Figure 2 for individual brand results).

[INSERT FIGURE 2 ABOUT HERE]

Discussion

Study 1 suggests that demand for fashion products of a given brand depends on who is the communicated originator of the design: user vs. company-internal designer. It is notable that on average, only 33% of participants indicated indifference in choosing between a user- vs. a company-designed item, although both products were described as being aesthetically similarly attractive. Importantly, the direction of this demand depends on the brand's positioning. While mainstream brands might see an elevated demand for user- vs. company-designed products, this effect reverses for luxury brands, which provides preliminary support for our main prediction (H1).

In Study 2 we extend these findings by also testing the process that underlies the negative effects of labeling a luxury fashion brand's product as designed by users (H2).

STUDY 2

Objectives

The objective of Study 2 is to test H1 in a setting that comes closer to the point of purchase by exposing participants to real fashion collections of luxury brands where the source of design is manipulated between-subjects. We further aim to test whether different design quality perceptions and signaling qualities (agentic feelings) associated with designer- vs. user- vs. company-designed items mediate the negative effects of user-design (H2).

Method

Participants, procedures and stimuli. Participants were 222 students (M_{age} = 22 years; 56% females) who participated in a concept test study of new fashion collections for the upcoming season. The study employed a 2 (source of design: user vs. company) x 3 (luxury brand replicates: Gucci,

Hermès, Armani) mixed model design experiment, where the design source was a between-subject factor and the luxury brand replicates a within subject factor. Brand selection was guided by a pretest in which respondents were provided with a definition of luxury brands and were asked to indicate brands they like in this tier. Top-of-mind brands were selected for this and the following studies.

Participants were first informed that we would be seeking "feedback on upcoming collections of three established luxury fashion brands." They were then told that they would see "pictures of new fashion products of these brands that will be marketed in the upcoming season." Participants were next provided with their respective design source treatment (which remained constant across brands within condition) after which they were exposed to the first brand and its collections. Immediately after product exposure, participants completed the respective questionnaire after which they were exposed to the next two brand replicates repeating the procedure for each brand.

Participants were exposed to two different collections per brand – labeled as "Collection A" and "Collection B" – in order to solicit their demand for one vs. the other. Product pictures used for the two collections were taken from a B2B database from the underlying brands' real collections (pictures of real items from the upcoming collections which were unknown to participants at the time of the study). We created the two product sets comprising high-end fashion items like dresses, pants, suits etc. after a careful pretest to derive at two different, but similarly liked collections per brand. The three within-subject brand replicates were presented in random order.

Before the specific collections were presented, participants were informed that they would see two collections of each brand "coming from two different design paradigms." The design source manipulation was implemented as follows: In the *User A* condition "Collection A" was described as being the user-driven collection ("products have been externally designed: they are designed by users identified through the underlying firms' community network") and "Collection B" as the collection that had been created by company designers ("products have been internally designed: they are created by designers employed by the underlying firms"). In the second *Company A* condition the

description was reversed, i.e., Collection A was described as the company-driven collection and Collection B as the collection that had been designed by users. Thus, participants in both conditions saw the exact same product stimuli. The only difference between them is the different labeling manipulation of Collection A and Collection B (*User A Condition*: Collection A user-designed; Collection B company-designed; *Company A Condition*: Collection A company-designed; Collection B user-designed). We can thus test variability in consumer demand for the same collection if described as user- vs. company-designed (H1).

Measures. Immediately after product exposure of each brand, participants were asked from which of the two collections they would buy a product, if they wanted to purchase an item from the underlying brand (1 = Collection A, 0 = Collection B). This allowed us to test whether consumer demand for a given collection varies as a function of our design source manipulation (test of H1). In our findings section below, we will focus on presenting the choice share of Collection A for expository reasons. Specifically, we will contrast demand for Collection A between the User A vs. Company A conditions. Naturally, the findings for Collection B are simply the inverse of Collection A (i.e., choice share of Collection B = 1 − Choice share of Collection A). We created a collection demand index by summing up the scores of the binary choice measure for the three brands [0;3] which serves as our dependent variable. Next, we captured our process variables – design quality perceptions and agentic feelings. Design quality was measured with a single-item, measured on a continuous, five-point scale (see Fuchs and Diamantopoulos 2012; Rossiter 2002): "The product designs of the collection are of high quality" (where 5 = Collection A and 1 = Collection B). Agentic feelings were captured by three five-point scaled items adapted from Locke (2003) with the preamble: "How would you feel to own and wear a product from this collection?" (1) "I would feel better off than others", (2) "I would feel I had high status", and (3) "I could signal more prestige" (5 = true for Collection A, 1 = true for Collection B; α = .88). Note that any variations in degrees of

freedom reported in the following analyses (for this and the following studies) stem from missing responses from participants.

Findings

Preliminary analyses. First, we tested whether respondent reactions to individual brands interacted with the source of design. A repeated measures ANOVA on our dependent variable revealed that the two-way interaction between the source of design and brand replicate factor proved insignificant ($F<1$). This indicates that the individual luxury brands do not respond differently to the design source manipulation, which gives us confidence that any observed effects cannot be attributed to idiosyncratic brand characteristics. We therefore collapsed the data across the brand replicates.

Test of Hypothesis 1. An ANOVA on the aggregated demand index reveals a significant main effect of the design source factor ($M_{\text{User A}} = 1.33$, $M_{\text{Company A}} = 1.77$, $F(1, 220) = 14.98$, $p < .001$) such that the same collection (i.e., Collection A) is chosen substantially less frequently if described as designed by users vs. company designers (choice share Collection $A_{\text{User}} = 44\%$ vs. Collection $A_{\text{Company}} = 59\%$, $z = 3.77$, $p < .001$; Armani: 48% vs. 62%; Hermès: 43% vs. 58%; Gucci 42% vs. 57%). As the product collections were objectively identical across the design source conditions, this effect can be considered quite substantial given the treatment caused an average demand change of 15 percentage points (relative change: 34%). In sum, these findings support H1: Labeling a luxury fashion brand's products as user- vs. company-designed reduces the respective consumer demand. We thus find evidence for a negative user-design effect.

Test of Hypothesis 2. An ANOVA on design quality perceptions reveals a similar pattern of results; participants evaluate the same collection significantly more favorably if described as designed internally by the company designers ($M_{\text{User A}} = 2.68$ vs. $M_{\text{Company A}} = 3.33$, $F(1, 219) = 47.04$, $p < .001$). Similarly, an ANOVA on agentic feelings reveals that participants associate the same collection more strongly with agentic feelings if described as company- vs. user-designed

($M_{\text{Company A}} = 3.32$ vs. $M_{\text{User A}} = 2.82$, $F(1, 218) = 39.80$, $p < .001$). In order to understand the specific demand pattern in greater detail, we performed a series of mediation tests. In H2, we state that the negative user effect in the context of luxury brands will be explained by lower design quality perceptions as well as lower levels of agentic feelings. Consistently, we find that the significant negative effect of the design source factor on demand turns insignificant ($F_{\text{Treatment}} < 1$) if design quality perceptions and agentic feelings are entered as covariates in the ANOVA; at the same time, both process variables are significant predictors of demand and thus mediate the negative user effect ($F_{\text{Quality}}(1, 215) = 10.81$, $p < .001$, $F_{\text{Agentic}}(1, 215) = 12.35$, $p < .001$). Bootstrapping analyses further supports mediation (CI$_{95\%\text{Quality}}$: -.18, - .03; CI$_{95\%\text{Agentic}}$: -.17, -.03; Preacher, Rucker and Hayes 2007). Study 2 thus provides evidence for H2.

Discussion

Study 2 extends our previous findings in several important ways. First, we replicate the identified negative influence of user-design (H1) in a setting which comes closer to the point of purchase. Even if participants were exposed to real and directly observable product stimuli of luxury fashion brands, we find that a given fashion collection sees a significant decrease in demand if described as user- vs. company-designed. Second, we shed important light on the effect's underlying process. Specifically, user-designed products of luxury fashion brands are attributed lower design quality perceptions as well as weaker agentic signaling qualities which, taken together, fully mediate the negative user-design effect on consumer demand (H2).

Based on this process account, Study 3 tests the postulated strategies firms might pursue in order to overcome negative outcomes from user-design (H3).

STUDY 3

Objectives

The primary objective of Study 3 is to explore strategic alternatives that luxury brands might pursue in order to mitigate the negative perceptions of user-design in this product context. In particular, we test whether consumers might resonate more positively toward user-design if the winning users are legitimized by the brand's head designer (H3a), are described as artists (H3b), or linked to celebrity status (H3c).

Method

Participants, procedures and stimuli. Participants were 705 students (60% females, $M_{age} = 21$ years). The basic experimental set-up was identical to the one employed in Study 2 with the following exceptions. First, we employed three different luxury brand replicates to add generalizability, which were Louis Vuitton, Burberry, and Versace (pretested product pictures were again taken from the underlying fashion brands' collections from the upcoming season). Second, we added three experimental conditions to the two experimental conditions utilized in Study 2 for a total of five separate conditions.

The first two conditions were identical to those utilized in Study 2 (User A and Company A conditions). A comparison of demand for Collection A between these two conditions again serves as a test of H1. In a third condition (Legitimized User A) we added a legitimacy cue to all three brands when presenting Collection A as the user-designed collection (as in the User A condition, Collection B was portrayed as company-designed). Specifically, respondents were informed that the respective brand's head designer had selected the winning user-designers and legitimized their design capabilities (e.g., "The head designer in chief of the brand personally selected the winning users: 'We identified some extraordinary creative talents. They are the next generation of fashion designers!'"). In this condition (and in the subsequent conditions), the contrasting Collection A is identified as being user-designed (User A condition). We can thus test whether adding a legitimacy

cue to the user-designed collection significantly increases its demand (and hence mitigates the negative user effect).

In a fourth condition (Artist A) we changed the wording for Collection A from designed by "users" to designed by "artists" ("products have been externally designed: they are designed by artists identified through the underlying firms' community network"). Finally, a fifth condition (Celebrity A) was utilized where famous celebrities rather than mere users were identified as the external designers of Collection A ("products have been externally designed: they are designed by selected celebrities"). We employed three celebrities (George Clooney, Claudia Schiffer, and Emma Watson) which were successfully pretested for relevance and celebrity status. The matching of celebrities to the three brands was counterbalanced among participants.

Measures. As in Study 2, immediately after the product exposure of each brand, participants were asked from which collection they would buy a product (1 = Collection A, 0 = Collection B). We again created a demand index by summing the scores of the binary choice measure for the three brands [0;3]. This was followed by the items capturing design quality and agentic feelings (α = .83).

Findings

Preliminary analyses. In order to justify collapsing data across brand replicates, we first tested whether the brand replicates interacted with the manipulated factor on our dependent variable. We did this for all conditions. Results revealed that the two-way interaction between the brand replicate factor and the source of design proved insignificant throughout (Fs < 1). The individual brands did thus not respond differently to the design source manipulation, which gives us confidence that any observed effects cannot be attributed to idiosyncratic brand characteristics. Further, a series of ANOVAs points to differences between groups for all variables of interest ($F_{\text{Demand}}(5, 699) = 4.81$, $p < .001$, $F_{\text{Quality}}(5, 696) = 22.37$, $p < .001$, $F_{\text{Agentic}}(5, 698) = 30.50$, $p < .001$). We proceed by presenting the results for each research objective in sequence.

Test of Hypotheses 1 and 2: Users A vs. Company A. Parallel to Study 2, we find again evidence for H1: demand for Collection A is reduced if described as designed by users vs. company designers (M_{User} = 1.09, $M_{Company}$ = 1.60, $F(1, 232)$ = 19.65, $p < .001$; choice share Collection A_{User} =36% vs. choice share Collection $A_{Company}$ = 53%, $z = 4.50$, $p < .001$). Thus, the source of design manipulation again caused a notable average demand change for the same luxury brand collection of 17 percentage points (relative change: 47%). We also conducted ANOVAs on our two process measures, design quality perceptions and agentic feelings. First, we find a significant effect on design quality ($F(1, 232)$ = 101.67, $p < .001$); Collection A receives lower evaluations if described as user- vs. company-designed ($M_{User\ A}$ = 2.54 vs. $M_{Company\ A}$ = 3.35). Second, we also find a significant effect on agentic feelings ($F(1, 232)$ = 97.59, $p < .001$): Collection A is rated lower on status associations if described as user- vs. company-designed ($M_{User\ A}$ = 2.65 vs. $M_{Company\ A}$ = 3.34). Finally, an ANOVA on the demand index that also included design quality perceptions and agentic feelings as covariates produces two significant main effects of quality ($F(1, 230)$ = 7.56, $p < .01$) and agentic feelings ($F(1, 230)$ = 20.42, $p < .001$) while the treatment effect turned insignificant ($F<1$). Bootstrapping analysis demonstrates that the two mediators fully account for the treatment-demand effect ($CI_{95\%Quality}$: .06, .40, $CI_{95\%Agentic}$: .20, .53). These findings again support H2: user-designed products of luxury fashion brands are attributed lower design quality perceptions as well as weaker agentic signaling qualities which, taken together, mediate the negative user-design effect on consumer demand.

Test of Hypothesis 3a: User A vs. Legitimized User A. Consistent with H3a, we find that Collection A realizes increased demand in the legitimized user condition compared to the mere user condition ($M_{Leg.\ User\ A}$ = 47%, $M_{User\ A}$ = 36%, $z = 2.87$, $p < .01$, $F(1, 229)$ = 8.50, $p < .01$). The effect size is notable: demand increases by 11 percentage points (relative change: 31%). Further, the legitimization treatment affects our proposed process variables: respondents rate Collection A higher on design quality ($M_{Leg.\ User\ A}$ = 2.71, $M_{User\ A}$ = 2.54, $F(1, 229)$ = 4.36, $p < .05$) and agentic feelings

($M_{\text{Leg. User A}}$ = 2.79, $M_{\text{User A}}$ = 2.65, $F(1, 229) = 4.49$, $p < .05$) if the brand's head designer legitimized the user-designers. Mediation analyses demonstrate that both design quality perceptions and agentic feelings mediate the effect on product demand (ANOVA: $F_{\text{Quality}}(1, 227) = 10.81$, $p < .001$, $F_{\text{Agentic}}(1, 227) = 19.27$, $p < .01$, $F_{\text{Treatment}}(1, 227) = 4.00$, $p < .05$; bootstrapping: $CI_{95\%\text{Quality}}$: .002, .03, $CI_{95\%\text{Agentic}}$:.001, .04).

Test of Hypothesis 3b: User A vs. Artist A. Consistent with H3b, we find that the artist manipulation positively affects consumers' demand for Collection A ($M_{\text{Artist A}}$ = 46%, $M_{\text{User A}}$ = 36%, $z = 2.65$, $p < .01$, $F(1, 235) = 6.79$, $p = .01$). Merely framing the user-designers behind Collection A as artists rather than users caused a sizable demand change of 10 percentage points (relative change: 28%). Further, we find that respondents also rate Collection A significantly higher on design quality ($M_{\text{Artist A}}$ = 2.76, $M_{\text{User A}}$ = 2.54, $F(1, 235) = 6.82$, $p = .01$) and agentic feelings ($M_{\text{Artist A}}$ = 2.87, $M_{\text{User A}}$ = 2.65, $F(1, 235) = 9.42$, $p < .01$) if described as having been designed by artists vs. users. Follow-up analyses also confirm mediation (ANOVA: $F_{\text{Quality}}(1, 233) = 5.37$, $p < .05$, $F_{\text{Agentic}}(1, 233) = 21.42$, $p < .001$, $F_{\text{Treatment}}$-1.64, $p = .20$; bootstrapping: $CI_{95\%\text{Quality}}$: .003, .06, $CI_{95\%\text{Agentic}}$:.02, .11).

Test of Hypothesis 3c: User A vs. Celebrity A. Consistent with H3c, we also find that labeling Collection A as celebrity-designed (vs. user-designed) significantly increases its demand ($M_{\text{Cel. A}}$ = 44%, $M_{\text{User A}}$ = 36%, $z = 2.03$, $p < .05$, $F(1, 229) = 3.85$, $p = .05$). The effect size is again notable: celebrity-designers boost demand for Collection A by 8 percentage points (relative change: 22%). Further, respondents rate Collection A significantly higher on agentic feelings ($M_{\text{Cel. A}}$ = 2.81, $M_{\text{User A}}$ = 2.65, $F(1, 229) = 4.67$, $p < .05$), but not on design quality ($M_{\text{Cel. A}}$ = 2.65, $M_{\text{User A}}$ = 2.54, $F(1, 229) = 1.66$, $p = .20$), if described as having been designed by celebrities vs. users. Follow-up analyses again confirm mediation (ANOVA: $F_{\text{Quality}}(1, 227) = 4.66$, $p < .05$, $F_{\text{Agentic}}(1, 227) = 11.81$, $p = .001$, $F_{\text{Treatment}}(1, 227) = 1.66$, $p = .20$; bootstrapping: $CI_{95\%\text{Quality}}$: -.001, .16, $CI_{95\%\text{Agentic}}$: .001, .03). Taken together, these findings confirm H3 and indicate that the negative user-design effect can be

attenuated if the company effectively invokes a user label that provides some form of social distance between the designer and the consumer.

Legitimized User A vs. Artist A vs. Celebrity A. Finally, we also contrasted the legitimized user, artist, and celebrity conditions to each other. We note, however, that the three conditions do not differ in terms of product demand, design quality perceptions, nor agentic feelings (Fs<1.4). Note also that we cannot formally compare the choice share of Collection A between the *Company A* condition (53%) to the *legitimized User A* (47%), *Artist A* (46%), and *Celebrity A* (44%) conditions. This is because in the *Company A* condition, Collection B was framed as user-designed, while Collection B in the latter three conditions was framed as company-designed.

Discussion

Study 3 replicates the findings reported in Study 2 using different brand stimuli. More importantly, Study 3 also validates the strategic alternatives that luxury fashion brands might pursue in order to mitigate the negative perceptions of user-design. Specifically, we find that participants resonate more positively toward user-design if the winning users are legitimized by the brand's head designer (H3a), are described as artists (H3b), or linked to celebrity status (H3c). These strategies are shown to facilitate quality perceptions and agentic feelings that are critical in driving consumer demand for luxury fashion. As argued, these potential efforts seem to create social distance from the mere user and reestablish the status differential of the brand.

In the following study we explore whether variance in the status relevance of specific product categories (within a luxury brand product portfolio) further moderate the effects identified (H4).

STUDY 4

Objectives

Previous studies utilized fashion items of luxury brands such as dresses, pants, suits, etc. which were either described as having been designed by users or company designers. These product categories are characterized by high status relevance – i.e., status considerations are highly relevant to the purchase decision for these products. In Study 4, we aim to test whether the identified negative perceptions attached to user-designed luxury products might be attenuated if the focal product category is less status relevant to consumers (H4).

Method

Participants, procedures and stimuli. Ninety four students (M_{age} = 21 years, 46% female) participated in a 2 (low vs. high status relevant product) x 3 (product category replicates) within-subjects design experiment. Participants were asked for feedback on upcoming collections of the luxury brand Prada. Specifically, respondents were told that they would be exposed to six special collections of Prada that will be released over the next year. The collections were described as containing products stemming from two different "design paradigms": Products which have been either created by Prada designers or by members of Prada's user community. After this initial information, product collections were shown one at a time including pictures of twelve to fourteen items per collection (collections contained both female and male models to make the collections usable and appealing to both female and male respondents). Unlike Study 2 and 3, products were not explicitly labeled as stemming from the user- vs. company-designed paradigm.

Product categories were yoked for similarity across high vs. low status relevance (e.g., footwear = leather shoes vs. sneakers) to minimize confounding effects stemming from non-status related sources. Participants saw all six product categories in random order, including high (low) status relevance products leather shoes (sneakers), dress shirts (T-shirts), and handbags (messenger bags). Products were successfully pretested to validate the categorization of high versus low status relevance, i.e., whether the product category had the potential to communicate status to others. Price

was explicitly kept constant within the first two product category pairs (shoes: 350 Euros, shirts: 150 Euros); due to external validity considerations, the price for handbags: 500 Euros was set higher than the price for messenger bags: 400 Euros.

Immediately after each collection exposure, participants indicated whether they would prefer a Prada product of the respective category created by Prada product designers or users. All process measures were captured after participants had completed the choice task for all six categories to avoid demand effects. At the end of the study, participants completed an open-ended suspicion probe. Only three respondents correctly guessed that the research was interested in consumer preferences for user- vs. company-generated products and that this preference might depend on the product category. None of these three, however, indicated the hypothesized direction of the effect and they were thus retained in the sample.

Measures. As in previous studies, product demand was operationalized as choice: "Now consider that you find two [products] of this product collection which you find aesthetically similarly attractive – one designed by users and one by designers. Would you rather choose the product designed by Prada designers or by users?" (-1 = product designed by Prada designers; 1 = product designed by users). Agentic feelings for each product category was captured by a single item, measured on a continuous, five-point scale, which asked respondents whether a user- vs. company-designed item of the focal category would give respondents more status ("We are interested in how much status you would obtain by wearing such Prada products designed by users vs. designers: i.e., with which item would you feel to have high status, signal high prestige, and feel better off than others?" (1 = user-designed item, 5 = designer-designed item). We employed the same measure used previously to capture design quality perceptions of the individual products ("Which design mode – design by users or designers - would give you the feeling that the products are of higher quality?"; 1 = designed by users, 5 = designed by Prada designers). Given the nature of the study design (i.e., process measures taken after exposure to all product replicates), we opted for single item measures

here (Fuchs and Diamantopoulos 2012; Rossiter 2002). Finally, as a manipulation check, we assessed the extent to which participants perceived the underlying product categories to be status relevant: "How important are status motives (having high status, signaling high prestige, etc.) when considering buying these branded products?" (1 = not important at all, 5 = very important).

Findings

Preliminary analyses. To confirm that the selected product categories are associated with different levels of status relevance we submitted the participants' perceived status relevance scores to a 2 (low vs. high status relevance of product) x 3 (product category replicates) repeated-measures ANOVA. As expected, respondents rated the products nested in the low status relevance factor lower on status importance than the ones nested within the high status relevance factor (M_{Low}= 2.71, M_{High}= 4.08; $F(1, 91) = 172. 03, p < .001$). Thus, we collapsed the data across replicates (for individual choice shares per product, see Figure 3).

[INSERT FIGURE 3 ABOUT HERE]

Test of Hypothesis 4. Consistent with H4, we find that product demand for user- vs. company-designed products depends on the status relevance of the underlying category. For high status relevant products, we find that 88 percent of respondents prefer the company-designed item (which provides convergent evidence for H1). This preference pattern is found to be significantly different from 50 percent which indicates that respondents are, in aggregate, not indifferent whether a product is designed by users vs. company product designers ($z = 9.50, p < .001$). Interestingly, the negative implication of user-design is not visible for low status relevance products. Only 45 percent of respondents indicated a preference for the company-designed item; in other words, for low status relevance product categories, respondents (in aggregate) appear to be indifferent between user- vs. company-designed items ($z = -1.27, p = .20$). Thus, the negative user-design effects found for high status relevant products (88% designer preference) is attenuated for low status relevant products

(45% designer preference; z= 10.68, $p < .001$). Results are parallel if we subject an additive demand

index [-3; 3] for high vs. low status relevance products to a repeated-measures ANOVA.

Respondents demonstrate a significantly stronger demand for company-designed items if the product

category is characterized by high vs. low status relevance (M_{High} = -2.24 vs. = M_{Low} = .35, $F(1, 91)$ =

97.90, $p < .001$). In sum, these findings support H4: The negative user-design effect is attenuated for

low vs. high status relevance products.

Supporting evidence: Agentic feelings. We find for high status relevance products that

company-designed items lead to more agentic feelings compared to user-designed ones (M_{High} =

4.34). A one-sample t-test confirms that this mean is significantly different from the mid-point of the

scale ($t(92)$ =16.83, $p < .001$). For low status relevance products, however, this effect is attenuated

and the mean (M_{Low} = 2.93) is not different from the scale mid-point ($t(91)$ = - .85, $p = .40$). A

repeated-measures ANOVA confirms that the agentic feelings mean for high vs. low status relevance

products is significantly different (M_{High} = 4.34, M_{Low} = 2.93, $F(1, 91)$ = 180.72, $p < .001$), indicating

that the negative user status effect is robust across the individual product replicates.

Design quality perceptions. For design quality perceptions, we also find that company-

designed high status relevance products are evaluated more favorably compared to user-designed

ones (M_{High} = 4.57). A one-sample t-test confirms that this mean is significantly different from the

mid-point of the scale ($t(93)$ = 29.62, $p < .001$). For low status relevance products, however, this

effect appears to be attenuated somewhat and the mean is closer to the scale mid-point (M_{Low} = 3.42,

$t(93)$ = 4.45, $p < .001$). A repeated-measures ANOVA confirms that the design quality mean for high

vs. low status relevance products is significantly different (M_{High} = 4.57 vs. M_{Low} = 3.42, $F(1, 93)$ =

153.81, $p < .001$). While there is some variation between the product types in terms of design quality

perceptions ($F(2, 186)$ = 15.41, $p < .001$, M_{Bags} = 4.04, M_{Shoes} = 4.15, M_{Shirts} = 3.80), the two-way

interaction again proves insignificant ($F<1$).

Discussion

Consistent with H4, our findings indicate that for products with high status relevance, consumers demand company-designed items more strongly than user-designed ones. For products with low status relevance, in contrast, this effect is attenuated – even if the underlying brand is the same luxury brand. To further explore this account in more general terms, we can use respondents' average status relevance perceptions across the six product categories to test whether higher status importance perceptions moderate the effects identified. This would provide convergent evidence for our conceptualization and add important substantive insights: it would suggest that individual-level differences would qualify the negative effects of user-design. To accomplish this, we ran a regression with the demand index across the six product categories as the dependent variable and the averaged status importance index as the independent variable. Consistent with our account, we find that the higher the status importance respondents' assign to Prada products on average, the stronger their preference for company-designed items ($\beta = -.26$, $t = -2.48$, $p < .05$).

In order to visualize the related effects' strength, we reran this analysis using a between-subject ANOVA which contrasted individuals to whom status concerns are of high vs. low importance (median split). Parallel to the regression results, we find that high status importance individuals demonstrate a significantly higher demand for company-designed items ($M_{High} = -2.64$) compared to low status importance individuals ($M_{Low} = -1.11$, $F(1, 90) = 6.73$, $p = .01$). Consistently, we also find that high status importance individuals scored designer-designed items as significantly more instrumental in producing agentic feelings ($M_{High} = 3.85$ vs. $M_{Low} = 3.40$, $F(1, 90, = 13.71$, $p < .001$). If agentic feelings (and design quality) are added as covariates to the ANOVA on the additive demand index, we find that the main effect of the median-split turns insignificant ($F<1$), while agentic feelings are significantly related to demand ($F(1, 86) = 12.30$, $p < .001$; quality: $F<1$). These findings highlight that for individuals that value high status, both the negative effects of user-design and the importance of agentic feelings in company-design are more pronounced.

GENERAL DISCUSSION

Theoretical Contributions and Managerial Implications

The task of generating ideas and designs for new products, which used to be performed exclusively within the boundaries of the firm, is now being increasingly taken over by users. One major promise of user-design is to generate objectively better products (e.g., von Hippel 2005). A second argument put forth by extant research is that consumers might exhibit stronger demand for products labeled as designed by users versus company designers (e.g., Schreier, Fuchs, and Dahl 2012). This bears important implications because consumers can easily observe the source of design given firms prominently label such products as "designed by users" (visible on the product, its packaging, and/or the firm's website).

In this paper, we extend this line of research by testing whether the benefits attributed to labeling products as user-designed are generalizable to all product contexts. Drawing on psychological research on social distance and comparison (cf. Locke 2003; Wood 1996) to motivate our predictions, we identify an important conceptual boundary condition of the positive user-design effect. We find that for high status relevance products (i.e., products of luxury fashion brands), user-design backfires because user-designed items provide the wrong signal in the marketplace. Indeed, user-design fails to provide consumers' agentic feelings (e.g., "I am better than others") and a signal of product quality which are both shown to be central to the appeal of luxury fashion brands.

Four studies conducted in the context of the fashion industry offer interesting theoretical insights and practical implications. Study 1 first demonstrates that the previously identified positive outcomes of user-design replicate for mainstream brands like Diesel, H & M, or Replay. The managerial implication is straight forward: For brands in this fashion tier, user-design constitutes a promising strategy for marketers because consumers tend to prefer products described as designed by users over products described as designed by a company's internal designers. Managers might thus

not only employ user-design to get fresh user input for new products, they might also consider mass marketing the source of design prominently to consumers. Study 1 also reveals, however, that this relationship fully reverses for luxury brands like Prada, Gucci, or Louis Vuitton – here consumers prefer company designers over user-design. Study 2 provides further understanding on why luxury fashion brands exhibit negative outcomes for user-design. First, it is found that in the luxury context user-design cues negative quality perceptions. Second, user-designed luxury products fail to exhibit the signaling qualities consumers seek from high-end fashion brands. While luxury brands serve as signals of having high status, user-designed products of such brands see a sharp decrease in related agentic feelings.

The managerial implications of these findings are critical: they constitute a strong warning for luxury brands – many of which are currently experimenting to more actively involve their users in the firm's value creation process. However, user-design offers other potential positive outcomes (e.g., generating objectively valuable new products, higher brand involvement among participants in user-design initiatives etc.), and is likely to be pursued in one form or another by luxury fashion brands moving forward. Thus, can the negative perceptions and outcomes identified in this research be managed? In Study 3, we validated three potential strategies which were developed based on the identified drivers of the negative user-design effect (i.e., design quality perceptions and agentic feelings). Specifically, it is found that consumers resonate more positively toward user-design if the users (1) are legitimized by the brand's head designer, (2) are described as artists instead of users, or (3) constitute celebrity rather than ordinary users. These findings provide direct counsel to fashion firms regarding how to communicate user-design initiatives to the broad mass of consumers. Indeed, they show that framing user-design with some form of social distance ensures that agentic feelings that consumers need from luxury fashion brands can be realized. Thus, our findings point to specific segments which managers might target for user-design campaigns. Instead of inviting "people like

me and you" to participate, they might carefully select and involve only users that have some form of status vis-à-vis the targeted consumer.

Finally, Study 4 demonstrates that negative outcomes realized in user-design in the luxury fashion brand context are also attenuated if the underlying product category is of lower status relevance. This finding offers direct implications for marketers: it implies that luxury brands can directly involve their users at low risk – as long as signaling high status is not key to the purchase decision of the underlying product category (e.g., T-shirt vs. dress shirt, sneakers vs. leather shoes, messenger bag vs. handbag). Importantly, this offers managers of luxury brands an important path in utilizing user-design strategies; namely, cultivating user-design activities in non-status product categories with the goal of building brand relationships. Such relationships would then hypothetically transfer to more status relevant product categories, and produce both financial and brand community benefits for the firm.

Further Speculations and Opportunities for Future Research

First, in order to isolate the impact of design labeling (designed by users vs. company-internal product designers) it was important to keep the "objective" design quality constant across the experimental conditions we utilized. It would be interesting, however, to also explore potential "real" differences between fashion items designed internally vs. by users. Are user-designed products systematically different from internally-designed ones and if so, along what dimensions? Are they, for example, in line with the brand's image, personality and style? At the Hacking Couture Community, for example, users and fashion experts have joined their forces to "hack" and document the "code" of established fashion identities of brands like Chanel to allow for a democratic access that might serve as a nest for promising new ideas (see hacking-couture.com). Thus, it seems at least possible that users might be able to create fashion items that are objectively aligned with the brand's personality, but more research is clearly needed towards that end. Such research efforts might be

valuable because maintaining one's DNA is of utmost important for luxury brands: any innovation efforts need to be balanced with preserving the brand's unique style and design aesthetics (Cappetta et al. 2006; Davis 1994; Postrel 2003).

Second, one might ask whether the findings reported in this manuscript are relevant to marketing managers outside fashion. We think so. The conceptual underpinnings of the identified negative outcomes of user-design should also hold for other luxury brands which possess high design equity and for branded products which are purchased to signal high status. Consider wrist watches as an example. While it seems possible that consumers might enjoy buying a watch "designed by users" for popular mainstream brands like Swatch, it however seems unlikely that a positive user-design effect might realize for Rolex or Patek Philippe. Similarly, the recent re-launch of the Italian Fiat 500 car – imbued with user-design – was a great success. In contrast, however, it appears likely that an upscale Mercedes or Jaguar labeled as "user-designed" might resonate substantially less positively among consumers. This is speculative, however, and more research is needed to better understand whether and to what extent user-design produces negative (positive) outcomes in branded luxury (mainstream) fields beyond fashion.

Third, involving users in new product design is only one strategy to shift power from the firm to its users. Indeed, users are also frequently empowered at later stages of the NPD process including product selection, where users, for example, vote on available product concepts (designed by a firm's NPD team). For example, Massi – a luxury jewelry and accessories brand – empowers fans to vote for their favorite Massi products on Facebook (for similar initiatives see luxury brands Derek Lam or Telfar Clemens). Mirroring a direct democratic decision making process, the firm ultimately realizes the concepts which receive the highest user-scores (Fuchs, Prandelli, and Schreier 2010; Hoyer et al. 2010; Ogawa and Piller 2006). Would observing consumers be similarly affected as reported in this manuscript, if they became aware that it had been users rather than firm-internal product designers that took the decision of what should be produced?

An add-on study (n = 87) suggests that this might indeed be the case. Participants were informed that users selected (rather than designed) fashion products to be marketed by established brands to the general public; other than that, we employed the same methods as used in Study 1. A 2 x 5 repeated-measures ANOVA on product demand (-1 = company-selected, 0 = indifferent, 1 = user-selected) again reveals that consumers' demand for luxury brand products was significantly reduced (M_{Luxury} = -.42) if users were involved in the selection process. For mainstream brands, instead, consumers again tend to have a stronger demand for items selected by users ($M_{Mainstream}$ = .28, $F(1, 84)$ = 58.87, $p < .001$, one-sample t-tests: $t_{Luxury}(84)$ = -7.46, $p < .001$, $t_{Mainstream}(84)$ = 5.39, $p < .001$). Overall, 45% of respondents prefer items selected by users in the mainstream brand condition (37% indifferent), but only 15% report to do so in the luxury brand condition (28% indifferent; $z = 9.67$, $p < .001$, see Figure 4). Interestingly, this finding suggests that our conceptualization might also be applied to customer empowerment strategies that go beyond user-design. Future research might build on these initial findings to explore whether and to what extent luxury brands should *at all* try to get closer to its customers by using Facebook, Twitter, and other social networking and media sites – a question that concerns the executive suites of many prominent fashion and luxury brands (Corcoran 2010).

[INSERT FIGURE 4 ABOUT HERE]

Finally, we only considered consumer demand for user-designed products of the underlying fashion brands. To derive a more complete theory of the promise and pitfalls of user-design for established brands, it is also important to study potential longer-term effects on variables like brand image or brand equity. More broadly, this research points to the nuanced nature of user-design outcomes. The identification of an important boundary condition for the previously identified positive effect of user-design (Schreier, Fuchs, and Dahl 2012) validates the complexity of this phenomenon, and points to the need for additional understanding and the careful consideration required when pursuing this consumer-based strategy.

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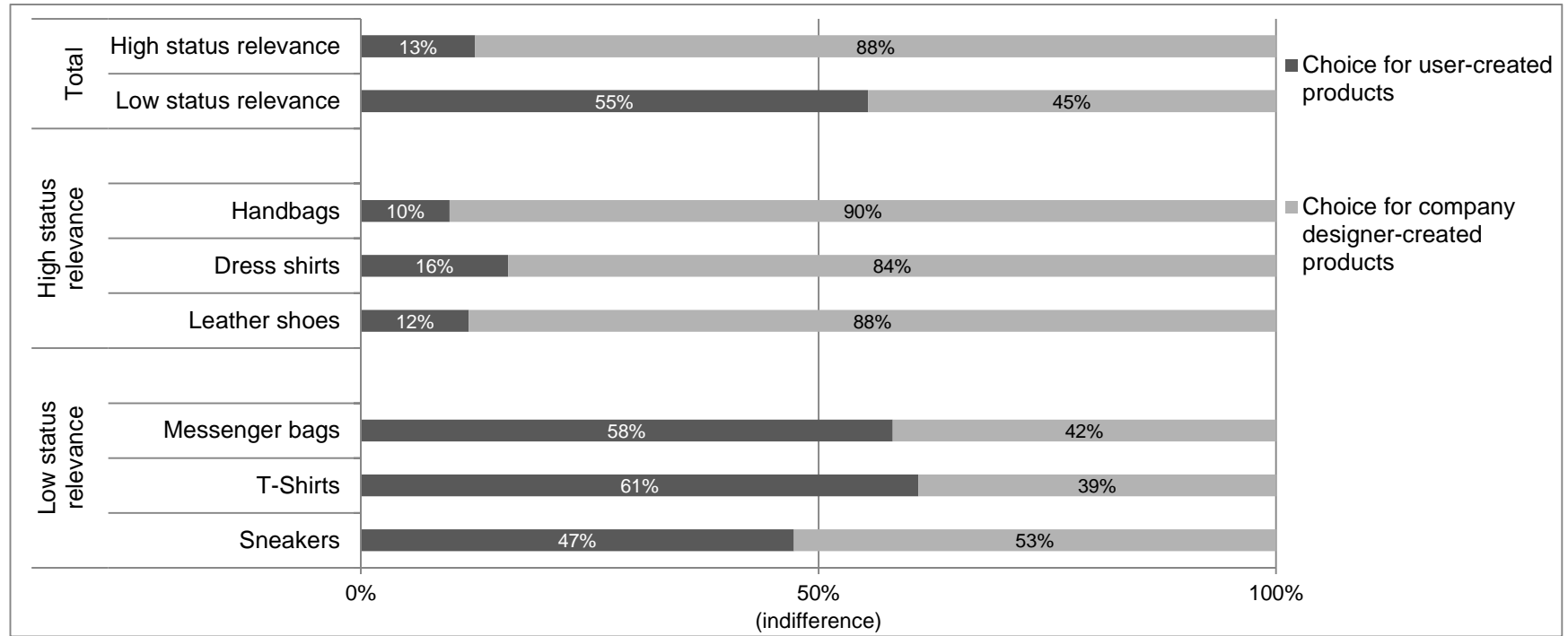
Figure 1: Conceptual Framework
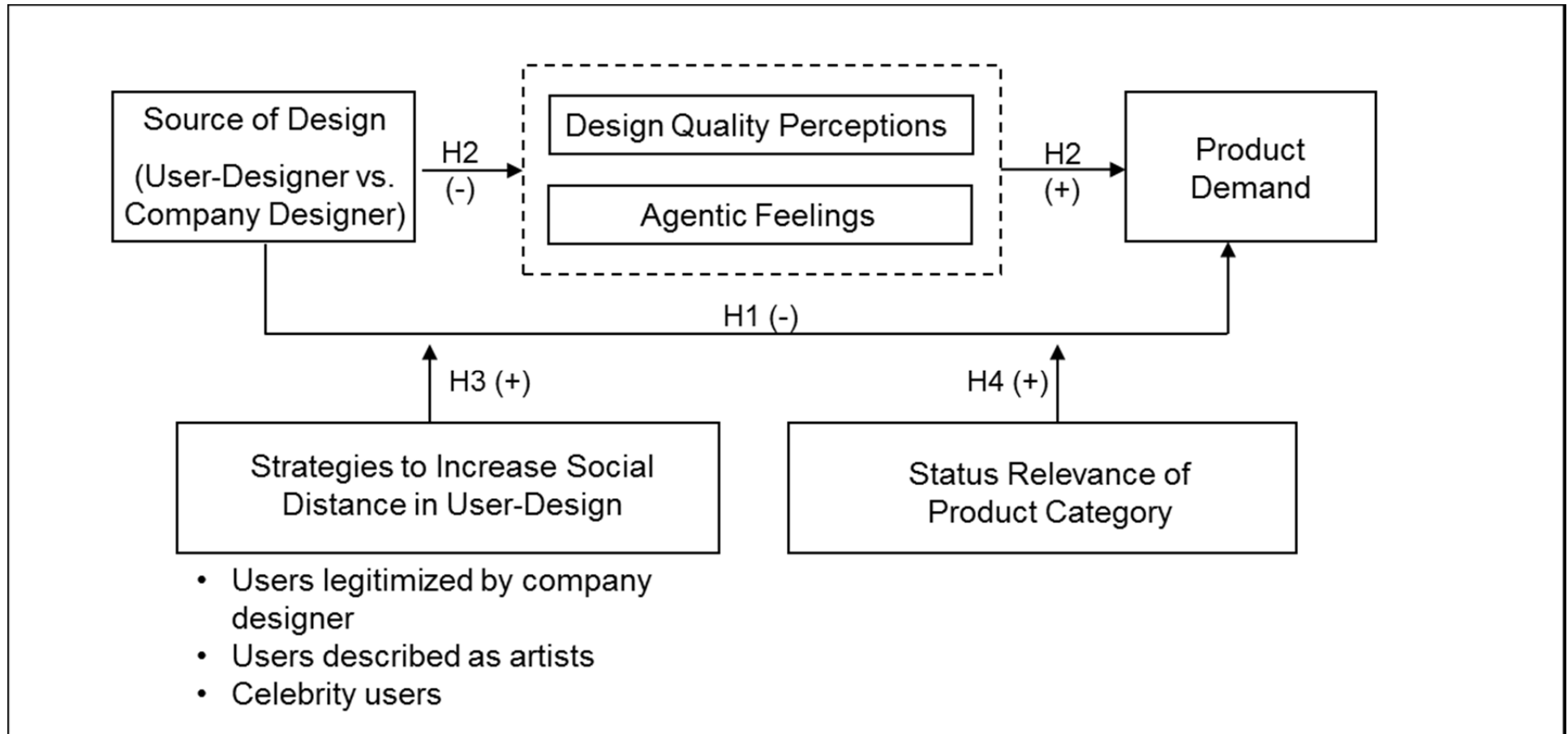
Figure 2: Demand for user- vs. company-designed products across fashion brands (Study 1)
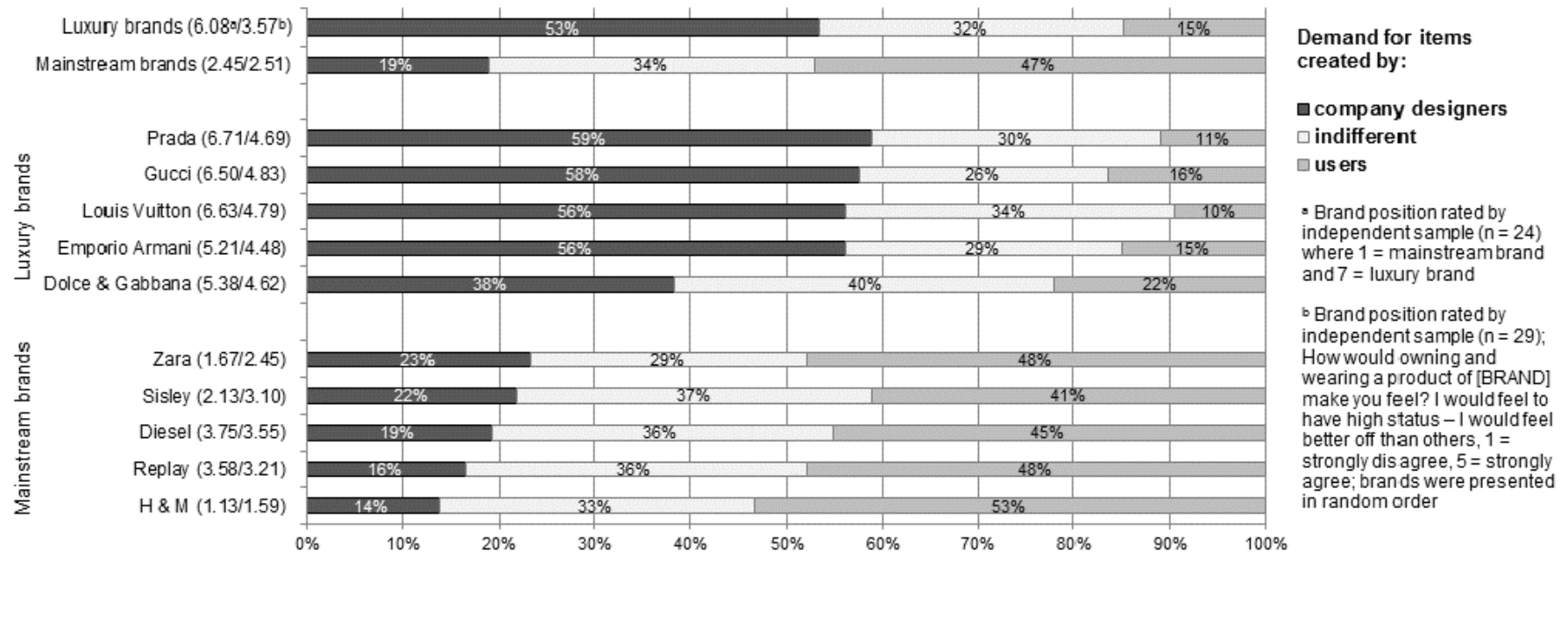
Figure 3: Demand for user- vs. company-designed products across products with high vs. low status relevance (Study 4)

Figure 4: Demand for user- vs. company-*selected* products across fashion brands (add-on study)

Demand for items selected by:

■ company designers
□ indifferent
▨ users

[a] Brand position rated by independent sample (n = 24) where 1 = mainstream brand and 7 = luxury brand

[b] Brand position rated by independent sample (n = 29); How would owning and wearing a product of [BRAND] make you feel? I would feel to have high status – I would feel better off than others, 1 = strongly disagree, 5 = strongly agree; brands were presented in random order