

It's the Thought (and the Effort) That Counts: How Customizing for Others Differs from Customizing for Oneself

While interest in customization is growing among consumers and academics, researchers have focused on consumers designing products for themselves. Many customization firms, however, are successfully positioning themselves as key sources for unique gifts. In this research, the authors examine whether factors under the firm's control (i.e., the level of design support provided and the presence of a strong brand) are differentially effective when consumers design products for themselves or as gifts for others. Using participants drawn from the relevant target market, they report two studies involving real customization tasks undertaken on fully functioning customization websites. The findings lead to the surprising conclusion that design support is less effective for consumers designing products intended as gifts rather than for themselves, raising expectations without a corresponding rise in evaluations. However, the results offer some good news to firms targeting gift-giving consumers. Both Studies 1 and 2 reveal that gift-givers place a higher value on their own time and effort and thus report a higher willingness to pay than those designing for themselves. This effect is diminished, however, when a strong brand is present and consumers share credit with the brand for the product's design.

Keywords: customization, gift, gift-giving, brand, design

According to the *New York Times*, customization firms are enjoying tremendous growth, with industry leaders Zazzle and CafePress reporting annual increases greater than 80% (Miller 2009). Even as overall growth in e-commerce sales slows to single-digits, consumers are increasingly choosing to create one-of-a-kind products across a wide range of categories. Importantly, recent research has demonstrated that consumers are willing to pay a significant premium for these customized products relative to their comparable mass-produced counterparts (Franke, Keinz, and Steger 2009; Franke and Piller 2004). This customization research, however, has focused exclusively on consumers designing products for themselves (e.g., Franke, Keinz, and Steger 2009; Franke, Schreier, and Kaiser 2010; Moreau and Herd 2010). As spikes in holiday sales suggest, many customization firms are successfully positioning themselves as key sources for unique gifts (Miller 2009).

In this research, we examine whether factors under the firm's control (i.e., the level of design support provided and the presence of a strong brand) are differentially effective

when consumers design products as gifts for others rather than for themselves. Because gifting situations impose unique challenges on consumers, we expect that they will. To be a successful giver, a consumer must predict the recipient's preferences, select or create a product to match those preferences, and do so in a way that communicates the value of the recipient and their relationship (Belk 1996). The challenges associated with gifting situations often create a specific type of anxiety for givers that is uncharacteristic of self-purchasing situations (Wooten 2000).

In customization settings, design support can reduce anxiety and improve customer satisfaction in categories in which consumers lack the requisite knowledge to design a product (e.g., computers; see Randall, Terwiesch, and Ulrich 2005, 2007). Design support is likely to play a similar role in gifting situations because the giver often lacks the requisite knowledge to correctly predict the recipient's preferences. Thus, the influence of design support should be greater when consumers design for others rather than for themselves. Similarly, a firm's use of a strong brand name is likely to be differentially effective when consumers are customizing a product as a gift rather than for themselves. Prior research has shown that recipients value gifts to a greater degree when the behavioral costs to provide them (e.g., the effort the giver invests in identifying and/or creating an ideal gift) are perceived as high (Robben and Verhallen 2004). When a strong brand name is placed on a customized product, the recipient may give the brand, not the giver, credit for its design. Recognizing this possibility, the giver may place less value on his or her own design efforts.

Using participants drawn from the relevant target market, we test for these differential effects in two studies involving

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real customization tasks undertaken on fully-functioning websites. Together, the studies demonstrate that consumers' willingness to pay for their customized products is influenced by two important factors: satisfaction with the product at delivery (Study 1) and the value consumers place on their own behavioral resources (i.e., the correlation between their effort and willingness to pay; Studies 1 and 2). In turn, both factors are influenced jointly by the intended product recipient (self vs. other) and either the level of design support provided by the firm or the presence of a strong brand (see Figure 1).

How Customizing for Others Differs from Customizing for the Self

Customization enables consumers to design a unique product by selecting each of the product's attributes from a wide array of options. In many of these customization contexts, the toolkits consumers use offer an almost infinite set of combinations, which can lead to frustration or confusion on the consumer's part (Huffman and Kahn 1998; Iyengar and Lepper 2000). This possibility is enhanced when consumers "lack insight into their own preferences," as behavioral decision theory suggests is often the case (Valenzuela, Dhar, and Zettelmeyer 2009, p. 761; see also Bettman, Luce, and Payne 1998; Chernev, Mick, and Johnson 2003; Franke, Keinz, and Steger 2009; Simonson 2005). Thus, for many consumers, customizing products for oneself can result in frustration or anxiety (Valenzuela, Dhar, and Zettelmeyer 2009).

A different type of anxiety is created by a gifting context (Wooten 2000). The stakes in the gifting process can be high. Unsuitable gifts can cause embarrassment to both the giver and the recipient, jeopardizing valued social relationships (Sherry, McGrath, and Levy 1993; Wooten 2000). Thus, a giver's unfamiliarity with the recipient's preferences (i.e., their "lack of knowledge about the recipients' tastes, wants, or needs") is one major contributor to anxiety during gift selection (Wooten 2000, p. 92). A second major contributor is social anxiety, the anxiety that occurs when

people "are motivated to make desired impressions but are doubtful of success" (Wooten 2000, p. 85; see also Schlenker and Leary 1982). Social anxiety stems from a concern about being evaluated by others and is at its highest when a giver is highly motivated to make the right impression on the recipient yet believes that his or her chances of success are relatively low (Wooten 2000).

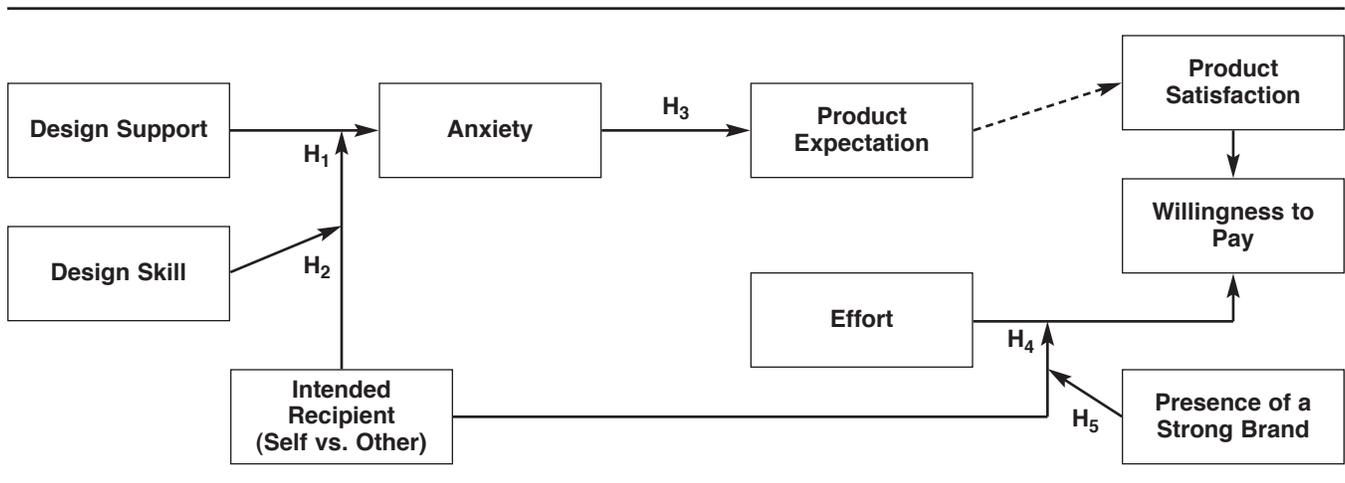
In summary, both the customization process itself and the selection of a gift for someone else can produce anxiety in consumers. What factors influence this anxiety, and what can firms do to alleviate some of it? In the following sections, we discuss the role of design support and self-perceived design skill.

Design Support and Anxiety

In functional customization tasks (e.g., selecting the different attributes of a Dell computer, such as processing speed and storage capacity), design support has been shown to be particularly helpful for consumers who lack the requisite category knowledge to design the product (Randall, Terwiesch, and Ulrich 2005, 2007). However, in aesthetic customization tasks (e.g., selecting the colors for a shoe), category knowledge is less relevant. In these tasks, the most relevant knowledge is the designer's knowledge of the intended recipient's preferences. Consumers designing products for themselves have direct access to their own preferences (even if those preferences are not well established). Those designing for others, however, do not have direct access to the recipient's preferences and thus need to predict them.

Davis, Hoch, and Ragsdale (1986, p. 25) find that consumers attempting to predict the preferences of others tended to anchor on their own preferences "and attempt to adjust for ways in which we are likely to differ from others." The real difficulty lies in identifying the "adjustment factors" that are more diagnostic of the others' preferences than of their own (Davis, Hoch, and Ragsdale 1986, p. 25). We propose that design support can help consumers make those adjustments because the recommendations offered are presumably based on preference information aggregated

FIGURE 1
Conceptual Overview



from a wider population of consumers. Access to this type of generalized preference information would likely reduce the anxiety created by a giver's lack of knowledge regarding the recipient's preferences by helping them make the appropriate adjustments. However, this type of generalized information will not likely be as effective in reducing anxiety for consumers designing for themselves because it may do little to help them understand their own unique preferences. More formally,

H_{1a}: When a product is designed as a gift, the provision of design support decreases consumers' anxiety at the time of design.

H_{1b}: When a product is designed for oneself, these effects are attenuated.

Self-Perceived Design Skill and Anxiety

The consumer's belief about his or her own design skill is also likely to contribute to the anxiety experienced during a customization task. As with design support, the influence of these beliefs is likely to differ depending on the product's intended recipient. Recall that social anxiety arises from a person's concern with being evaluated by others. In a gifting context, this anxiety is elevated when the person believes that his or her chances of making a good impression are relatively small. Self-perceived design skill likely contributes to the giver's assessment of his or her chances of making that good impression. Thus, lower self-perceived design skill is likely to contribute to anxiety when the consumer is designing for someone else, and this effect is likely to be particularly pronounced when no design support is provided.

When a consumer is designing for him- or herself, however, social anxiety is less of a concern. These self-designers may still be concerned about being evaluated by others when *using* the product, but consumers who are disappointed by the outcome of the customization task can simply choose not to use the product in public, thereby avoiding social judgments. Conversely, givers will not know whether the recipient is disappointed until after the gift is given and the exposure to social judgment has occurred. Thus, when consumers are designing for themselves, the effects of self-perceived design skill, as manifested through social anxiety, are likely to be less robust.

Taken together, consumers who feel that they do not possess the appropriate skills to design a product are likely to experience greater anxiety in a customization task, particularly when designing for others in the absence of design support. More formally,

H₂: Consumers' self-perceived design skill moderates the effects predicted in H₁. When a product is designed as a gift, the lower the consumer's self-perceived design skill, the greater is the influence of design support on anxiety.

The Effect of Anxiety on Product Expectations and Satisfaction

What is the relationship between the anxiety experienced during the design task and product expectations? Recent research on customization has found that consumers make

judgments about the outcome of a customization task based, in part, on their subjective experience during the task (Kramer 2007; Valenzuela, Dhar, and Zettelmeyer 2009). Specifically, Valenzuela, Dhar, and Zettelmeyer (2009) find that the negative emotions that resulted from the customization task decreased consumers' willingness to purchase the customized product. Consequently, we expect that the anxiety consumers experience during the customization task will have a negative effect on their expectations about the product they designed. Moreover, experienced anxiety is expected to mediate the effects of the intended recipient, design support, and design skill on product expectations.

H₃: Anxiety is negatively related to product expectations, mediating the effects of the intended recipient, design support, and self-perceived design skill.

While prior research has demonstrated the relationship between the customization experience and preferences for the customized product, we are unaware of any research that goes the additional step of examining the effects of this relationship on actual product satisfaction. By capturing satisfaction with the actual customized product, our research is able to assess how the use of emotions (e.g., experienced anxiety) when forming product expectations ultimately affects product satisfaction.

The expectations formed during the design process are an important factor influencing satisfaction on receipt of the customized product. The expectation–disconfirmation framework in the satisfaction literature (e.g., Diehl and Poynor 2010; Oliver 1996) suggests that higher expectations can lead to greater negative disconfirmation (e.g., “unpleasant surprises”) if the actual product does not meet those elevated expectations. Such disconfirmation is more likely to occur if design support simply reduces anxiety without any accompanying improvement in actual product outcomes.

The Value of the Productive Resources

The giver's knowledge of the recipient's preferences and his or her ability to manifest those in the customized product may not be the only factors influencing the value of the outcome. While the giver's intent is usually to please the recipient, personal motivations are often also active when selecting a gift. Givers may use the gifting process to create desired impressions (Wooten 2000) and communicate their own identity (Aron et al. 1991; Broniarczyk and Ward 2011; Sherry, McGrath, and Levy 1992). Balancing these often-opposing goals makes “the choice of the right gift ... more complex than choosing something for oneself” (Broniarczyk and Ward 2011, p. 165). Because gifts reflect both the giver's perception of the recipient and the giver's self-identity (Belk 1979; Broniarczyk and Ward 2011; Sherry 1983; Vanhamme and De Bont 2008), greater investments of resources in the creation or purchase of a gift have the potential to enhance both the recipient's and the giver's self-identity. As such, the giver is likely to value the gift's ability to reflect the value that he or she, as the giver, places on the recipient and their relationship. Robben and Ver-

hallen (2004) demonstrate that recipients place a higher value on gifts that they believe required the giver to incur high behavioral costs (e.g., the psychic energy/effort expended on identifying or creating an ideal gift and the time and physical energy spent acquiring or creating it). The giver, recognizing this signal value, is likely to incorporate those behavioral costs into the value they place on the gift.

A similar argument cannot be made for self-purchases. While self-purchases can reinforce self-identity and self-esteem (Mick and DeMoss 1990), they cannot do so by communicating the value that the recipient (and the relationship) holds for the giver. Expenditures of time, effort, and physical energy when making purchases for the self can even be viewed as nuisances rather than reflections of one's own self-perceived value. As Norton, Mochon, and Arieli (2010) find in an origami-making task, increases in effort alone did not change participants' valuations of their own self-created objects.

Taken together, we propose that consumers place a higher value on the behavioral resources (e.g., the amount of the time and effort) expended in the creation of a product when it is intended as a gift for another as opposed to oneself.

H₄: When a product is designed as a gift, there is a positive correlation between the effort expended to create it and the willingness to pay for it. No such correlation are observed when the product is designed the self.

We test these four hypotheses in the following study.

Study 1

We selected customized tote bags as the product category for this study on the basis of several important factors: researchers' access to the primary target market (college women aged 18–24 years), product affordability, and cooperation from a customization firm. Specifically, the firm agreed to provide the bags at cost, program different versions of the website, and batch-ship the orders (enabling us to control delivery). With annual revenues of \$200,000, the company specializes exclusively in customized tote bags, allowing Internet customers to select all the features of each bag's design.¹ The firm is also an appropriate choice because gifts make up approximately 35%–40% of the tote bags that are purchased through their website.

To most closely approximate realistic conditions, female participants were recruited for the study using both advertisements and in-person announcements at or near college sororities and dorms. It is not uncommon in studies on gift-giving to use only female respondents (e.g., Lowrey, Otnes, and Ruth 2004; Luomala and Laaksonen 1999; Sherry, McGrath, and Levy 1993) because prior research has shown that women carry a disproportionate responsibility for household gift-giving (Fischer and Arnold 1990; Vanhamme and DeBont 2008; Wooten 2000). Furthermore, 97% of the sponsor firm's actual client base is women.

¹These features include size of the bag, fabric patterns and colors, trim components (e.g., ribbons, beads), closure type (e.g., zipper, magnetic, snap), and embroidered personalization (e.g., monograms, Greek letters).

Consistent with the study's cover story, the advertisement stated that a firm specializing in customized products was conducting marketing research on campus with members of its target market (college women aged 18–24 years). In exchange for participation, those completing the study would receive a customized product worth approximately \$50. Those interested in the study contacted a research assistant, who scheduled the sessions. No other incentives were provided. Eighty-two women responded to the advertisements and announcements, all of whom fell in the target age range. All but one successfully completed the study.

Design and Procedure

We manipulated two factors between participants: (1) the intended recipient (self vs. other) and (2) design support (present vs. absent). Self-assessed design skill was measured. When participants arrived, they were seated at a computer with dividers to ensure privacy, randomly assigned to one of the four experimental conditions, given a condition-specific instruction packet, and told they would have as much time as they needed to design their bag. Participants were also reminded that they would actually receive the bag they designed in four to six weeks at no cost to them. Each session contained between two and six participants and lasted an average of 45 minutes. All participants' packets contained the same step-by-step instructions explaining how to access the firm's website, create an account, and navigate through the customization process. Participants were able to choose the size of their bag, fabric for three different sections of the bag (from a collection of 37 patterns and colors), trim components, closure type, and embroidered personalization (for examples, see Appendix A). After they finished making their choices, participants saved their completed designs using a unique identification code assigned at the beginning of the session, enabling us to match the bags to the participant at delivery. Finally, participants completed the remainder of the survey, were thanked for their participation, and were told that they would be contacted when the bags arrived. The website does not have the capacity to show consumers a virtual picture of the final bag; rather, consumers must visualize their final design using the pictures of the fabric swatches and options. Thus, there is some uncertainty about what the actual bag will look like.

Independent Factors

Intended recipient. The first page of the instruction packet contained this manipulation. Following a brief introduction, participants in the "self" condition were given the following instructions:

You will be designing this bag for your own personal use! You can use it at school, on the weekends or any other time you would like. Please take a few minutes to think about and describe how, when, or why you might use this customized tote bag.

Participants in the "other" condition were instead given the following instructions:

You will be designing this bag as a gift for someone of your choosing! Take some time and think about who you

would like to design this tote bag for. They can use it at school, on the weekends or any other time they would like. Please take a few minutes to describe who you plan to give it to, why you are choosing to design it for them, and about how, when, or why they might use this customized tote bag.

Following each of these statements, participants wrote down their thoughts on a page of lined paper. We used these open-ended responses to ensure that the manipulation was successful.

Design support. We manipulated design support both in the instruction packet and on the website itself. For participants in the “support present” condition, the first page of their instruction packet also contained the following paragraph offering a review by the firm’s professional design consultants:

The company has also agreed to make their professional design consultants available to review your tote bag design before it goes into production, *if you choose*. After you have finished designing your bag on the website, you can decide whether or not you would like to have a design consultant provide you with feedback on your design. *This service is purely optional!* You are under no obligation to use it, but it is available if you would like. Just keep this in mind as you’re in the process of customizing the tote bag.

In addition to professional guidance/advice, this offer provided participants in the “support-present” condition with additional time following the session to think about and potentially change their design. Participants in the “support-absent” condition were also given similar opportunities; they were simply not offered access to the professional consultants.

The design support manipulation continued during the actual customization process. A software firm created two versions of the company’s website—one that contained “help” links for each step of the design process and one that did not. These help links provided advice to participants about things to think about when combining certain bag attributes into their designs. Those assigned to the support-present condition were given the URL connecting them to the site with the help links embedded; those assigned to the support-absent condition received the URL to the other site. Aside from the help links, no other differences in the websites existed.

Design skill. The third independent factor in this study was self-assessed design skill. After completing the customization task and the dependent measures, participants reported on four nine-point scales the extent to which they agreed that they were good designers and had the skills necessary to design a good tote bag, that creativity was an important part of their identity, and that their friends would likely select them to design a bag on their behalf. The four items loaded on a single factor and were averaged to create a measure of design skill ($M = 6.3$; range: 1.8–9.0; $\alpha = .91$). To verify that the manipulated factors did not influence participants’ self-assessed design skill, we used analysis of variance (ANOVA). Neither the manipulated factors nor their interaction significantly influenced design skill (overall model: $F(3, 78) = .56$, not significant [n.s.]).

Dependent Measures at the Time of Design

Following the completion of the customization task, participants reported their expectations of their bag on six nine-point scales. Keep in mind that the participants had not seen a picture of the final bag; they had to imagine what it would look like according to the choices they made. Participants indicated the extent to which they believed that their bag was well designed, a good product, and one that they (or the recipient of their gift) would enjoy using. Furthermore, participants indicated their confidence in the design they created, how certain they were that they would like it, and the degree to which they expected to be satisfied by the bag’s design (see Moreau and Herd 2010). All items loaded on a single factor and were averaged to create an overall measure of expectations ($M = 7.7$; range: 4.8 to 9.0; $\alpha = .94$).

Following the expectations measures, participants reported their current level of anxiety. On three nine-point scales, participants indicated the extent to which they were feeling frustrated, nervous, and stressed. The three items were averaged to create an index of anxiety-related negative emotions ($M = 3.6$; range: 1.0 to 9.0; $\alpha = .78$).² Next, on a nine-point scale, participants reported the extent to which they agreed that designing the tote bag required a great deal of effort ($M = 3.2$; range: 1.0 to 9.0).

Dependent Measures at Delivery

When participants received their bags six weeks later, they completed a brief follow-up survey. After taking time to examine their bags, participants reported on their satisfaction and willingness to pay.

We assessed satisfaction using a calculated expectation–disconfirmation measure (Diehl and Poynor 2010; Oliver 1977). To keep the questionnaire brief, we used three items to assess participants’ reactions to their completed bags. After they received their bags, participants indicated how attractive and well-designed their bag was and the extent to which they were proud of the design. The items loaded on a single factor, and we averaged them to form an evaluation index ($M = 7.0$; range: 3.0 to 9.0; $\alpha = .93$). We computed satisfaction by subtracting expectations at the time of design from evaluations at the time of delivery ($M = -.7$; range: -5.5 to 4.2; Diehl and Poynor 2010; Oliver 1977). Participants then responded to the following open-ended question: “If you had been asked to buy this tote with your own money, how much would you have been willing to pay for it?” ($M = \$26.45$; range: \$10.00 to \$55.00).

Results

At the Time of Design

Manipulation check. Two research assistants reviewed participants’ open-ended thoughts; they confirmed that the “intended recipient” manipulation was effective. Partici-

²Three items capturing positive emotions were also measured (happy, excited, and enthusiastic). Overall, participants reported a high level of positive emotions ($M = 7.8$ on a nine-point scale). Because neither the manipulated nor measured variables significantly influenced positive emotions, we do not discuss them further.

pants in the “other” condition identified a gift recipient for their bags.

Anxiety. Following Irwin and McClelland (2003), we treated design skill as a continuous measure and used regression to test the effects of the independent variables on participants’ anxiety at the time of design. The regression revealed both an interaction between the intended recipient and design support ($\beta = -1.67, t = -2.34, p < .05$) and a three-way interaction among those two factors and design skill ($\beta = .24, t = 2.24, p < .05$).

We used an ANOVA to interpret the two-way interaction and to test H_1 . Consistent with H_{1a} , when the tote bag was intended as a gift, design support significantly reduced participants’ anxiety ($M_{Other, Support Present} = 2.7$ vs. $M_{Other, Support Absent} = 3.7$; contrast: $F(1, 41) = 4.69, p < .05$). When the bag was intended for the participant herself, however, the effect of design support was attenuated ($M_{Self, Support Present} = 3.6$ vs. $M_{Self, Support Absent} = 4.0$; $F(1, 38) = .48, n.s.$), as H_{1b} predicted. Design support clearly reduced the anxiety of

those designing for others but did not have a similar effect on those designing for themselves (see Figure 2, Panel A).

We used a spotlight analysis to interpret the three-way interaction, with the results shown in Figure 3. We ran separate regressions for the self and other conditions with design support, design skill, and their interaction as predictors of anxiety. When participants were designing the bags for themselves, there were no significant effects of the predictors on anxiety (see Figure 3, Panel A). When participants were designing the bags for someone else, however, the results revealed the main effect of design support described previously ($\beta = -2.47, t = -2.82, p < .01$) as well as an interaction between design support and design skill ($\beta = .08, t = 2.38, p < .05$; see Figure 3, Panel B). When design support was present, the relationship between design skill and anxiety was significant ($\beta = .11, t = 2.39, p < .05$). Consistent with H_2 , design support was most effective in reducing the anxiety of those with lower reported design skill.

Notably, participants who designed the bags for themselves still reported a moderate level of anxiety. As we noted previously, consumers are not always fully aware of

FIGURE 2

The Interaction Between Design Support and the Intended Recipient (Study 1)

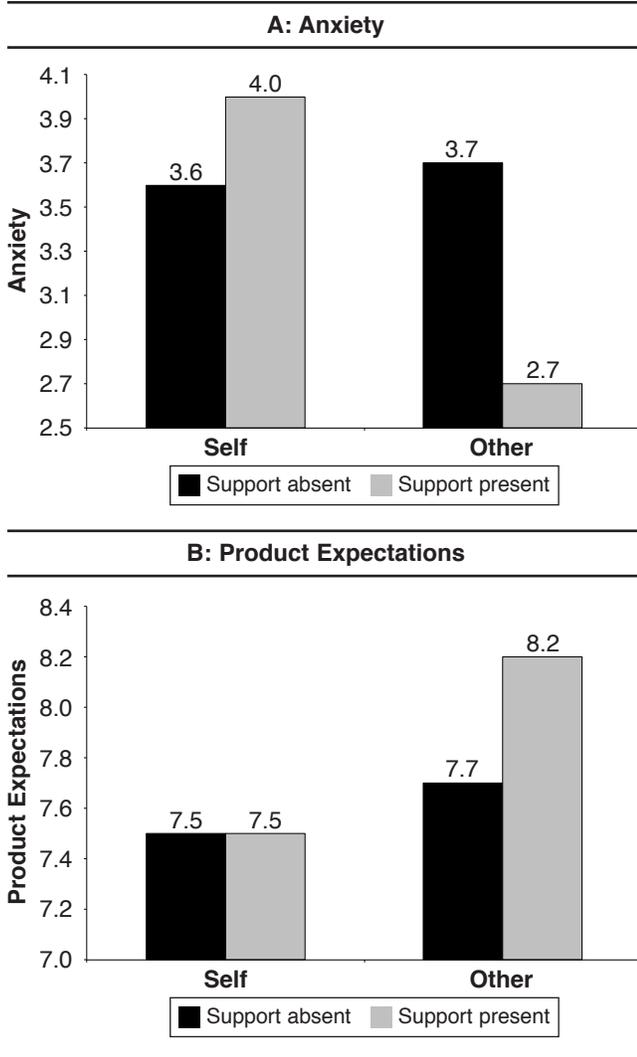
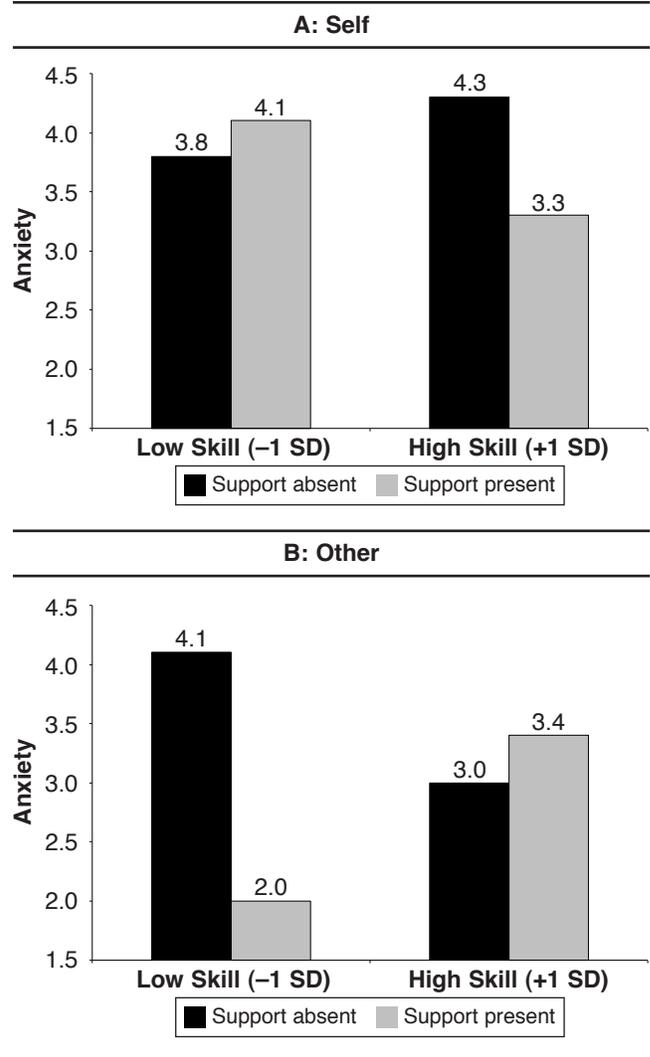


FIGURE 3
Anxiety (Study 1)



their own preferences, and for these consumers, customizing products can result in frustration or anxiety. Our findings suggest that the design support offered in this study alleviates the type of anxiety arising from a combination of a gifting context and a perceived lack of ability. The support, however, did little to lessen anxiety in participants customizing for themselves.

Product expectations. We also used regression to test the effects of the independent variables on participants' expectations of their bags at the time of design. As with anxiety, the results revealed a significant interaction between the intended recipient and design support ($\beta = 1.09$, $t = 2.84$, $p < .01$). We also observed a significant three-way interaction among the intended recipient, design support, and design skill ($\beta = -.16$, $t = -2.67$, $p < .01$).

We used an ANOVA to interpret the two-way interaction (see Figure 2, Panel B). When the bag was intended as a gift, the presence of design support significantly increased participants' expectations ($M_{\text{Other, Support Present}} = 8.2$ vs. $M_{\text{Other, Support Absent}} = 7.7$; contrast: $F(1, 41) = 4.06$, $p < .05$). However, when the bag was intended for the participant herself, design support had no influence on expectations ($M_{\text{Self, Support Present}} = 7.5$ vs. $M_{\text{Self, Support Absent}} = 7.5$; $F(1, 38) = .75$, n.s.).

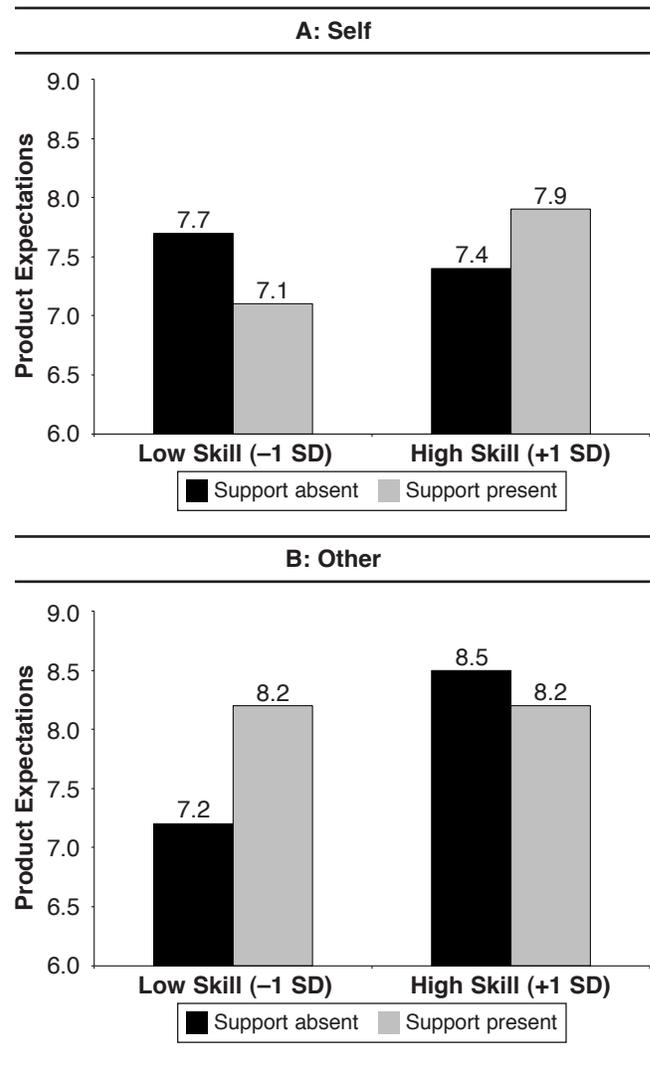
To facilitate interpretation of the three-way interaction, we again used a spotlight analysis at one standard deviation below and above the mean of design skill (Fitzsimons 2008). Figure 4 highlights the results. We ran separate regressions for the self and other conditions, with design support, design skill, and their interaction as predictors of product expectations. As with anxiety, when the product was intended for the self, the predictors had no significant effects on expectations (see Figure 4, Panel A). However, when the bags were intended as gifts, the results reveal the significant main effect of design support described previously ($\beta = 1.24$, $t = 2.47$, $p < .05$), a positive main effect of design skill ($\beta = .04$, $t = 2.07$, $p < .05$), as well as a significant interaction between the two ($\beta = -.04$, $t = -2.18$, $p < .05$; see Figure 4, Panel B). The negative valence of the interaction's coefficient suggests that the positive effects of design support diminish at higher levels of self-reported design skill.

Does the anxiety experienced during the design process more generally explain participants' expectations of their bags, as H_3 predicts? To answer this question, we added anxiety to the regression model predicting expectations and found the significant, negative effect H_3 predicts ($\beta = -.24$, $t = -4.26$, $p < .01$). With its addition, both the two-way interaction ($\beta = .68$, $t = 1.92$, $p > .05$; Sobel = 2.06, $p < .05$) and the three-way interaction fell below significance ($\beta = -.10$, $t = -1.79$, $p > .05$; Sobel = -1.98, $p < .05$). Anxiety mediated the effects of the intended recipient, design support, and design skill on participants' product expectations.

At the Time of Delivery

The bags arrived approximately six weeks following the completion of the study (for examples, see Appendix B). Participants were informed of their arrival and given the opportunity to schedule a pickup time. Of the 81 partici-

FIGURE 4
Product Expectations (Study 1)



pants, 74 picked up their bags and completed the final survey. There was no significant effect of the independent factors on participants' pickup behavior.

Satisfaction. With this computed measure, higher positive values indicate positive disconfirmation (e.g., "pleasant surprises"), and negative values indicate negative disconfirmation. A value of zero suggests that participants' expectations were perfectly matched by the actual bag. Recall that the effects of the independent factors on product expectations were mediated by the anxiety experienced during the customization task. Are these emotions experienced during the design process a good predictor of overall satisfaction? We use a regression to address this question, examining the influence of the independent factors on disconfirmation to assess whether design support, in addition to decreasing anxiety for some consumers, actually improved design outcomes.

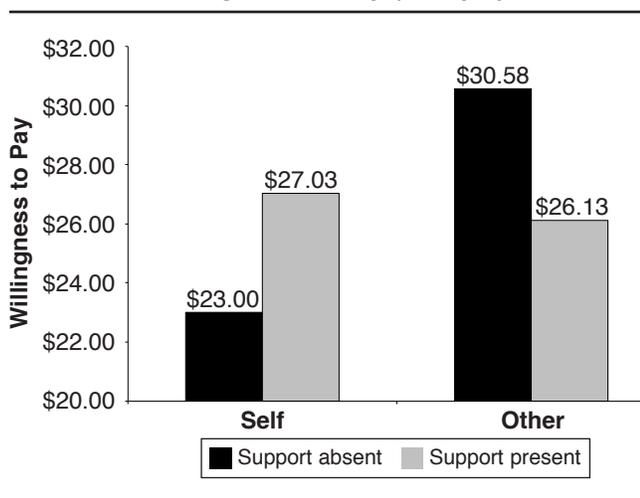
The results reveal a significant two-way interaction between the intended recipient and design support ($\beta = -1.51$, $t = -2.03$, $p < .05$). When the tote bag was intended as a gift, the presence of design support significantly

increased participants' negative disconfirmation ($M_{\text{Other, Support Present}} = -1.4$ vs. $M_{\text{Other, Support Absent}} = -3$; $F(1, 37) = 3.67, p = .05$). However, when the bag was intended for the participant herself, design support had no significant influence on disconfirmation ($M_{\text{Self, Support Present}} = -.6$ vs. $M_{\text{Self, Support Absent}} = -.4$). Together these findings suggest that design support acted more as a placebo during the design process, reducing anxiety for those designing gifts without actually increasing the quality of the outcomes.

Willingness to pay. We used a regression to determine the effects of the independent variables on willingness to pay. Both a main effect of the intended recipient ($\beta = 7.76, t = 2.08, p < .05$) and an interaction between the intended recipient and design support emerged ($\beta = -7.79, t = -2.09, p < .05$). Participants were willing to pay more for a bag designed for someone else rather than for themselves ($M_{\text{Other}} = \$28.11$ vs. $M_{\text{Self}} = \$25.52$). This main effect was qualified by an interaction. The presence of design support had a marginally significant, positive influence on participants' willingness to pay when the bag was for themselves ($M_{\text{Self, Support Present}} = \27.03 vs. $M_{\text{Self, Support Absent}} = \23.00 ; $F(1, 35) = 2.85, p < .10$) but a significant, negative influence when the bag was for someone else ($M_{\text{Other, Support Present}} = \26.13 vs. $M_{\text{Other, Support Absent}} = \30.58 ; $F(1, 37) = 3.83, p < .05$; see Figure 5).

Could satisfaction explain participants' willingness to pay? To test this relationship, we added satisfaction to the regression model predicting willingness to pay and found that it had a significant effect ($\beta = 1.54, t = 2.60, p = .01$). With this addition, the two-way interaction fell below significance ($\beta = -5.78, t = -1.53, p > .10$; Sobel = $-1.87, p = .06$), yet the main effect of the intended recipient remained significant ($\beta = 8.38, t = 2.81, p < .05$). Thus, satisfaction appears to explain why those who designed gifts with design support available were willing to pay less for their products than those who designed gifts without design support. Satisfaction, however, cannot account for why participants were generally willing to pay more when the bags were intended as gifts rather than for themselves.

FIGURE 5
Willingness to Pay (Study 1)



To explain this main effect, we test whether participants were differentially valuing their productive resources (e.g., time and effort) according to the intended recipient, as proposed by H_4 . We determined the correlation between self-reported effort and willingness to pay separately for those in the self and other conditions.³ Keep in mind that effort was reported at the time of design while willingness to pay was reported six weeks later at delivery. Consistent with H_4 , there was a positive, significant correlation between effort and willingness to pay for those designing the product as a gift ($r = .41, p < .05$). For those designing the bag for themselves, however, the correlation was not significant ($r = -.13, p > .10$). As Figure 1 highlights, our findings suggest that there are two mechanisms that influence willingness to pay for the customized product: (1) the consumer's satisfaction with the product and (2) the extent to which the consumer valued her own design effort.

Discussion

The findings from this study demonstrate two ways the intended recipient influenced the value consumers place on their customized products (see Figure 1). First, design support, together with self-perceived design skill, decreased anxiety and raised product expectations when participants were designing products as gifts but not for themselves. Because these expectations were not met, those designing gifts with design support reported greater negative disconfirmation and lower willingness to pay than those givers without support.

Second, the findings show that the intended recipient influenced how participants valued the effort they expended during the design process. One of the most intriguing findings from Study 1 was the premium participants were willing to pay for product when it was intended as a gift (\$28.11) rather than for oneself (\$25.52). While actual productive resources (e.g., money, time, effort; Wooten 2000, p. 93) were constant across conditions in this study,⁴ consumers placed a higher value on their effort when designing a gift. In all likelihood, these behavioral resources were valued to a greater extent in a gifting context because of their ability to signal the importance and meaningfulness of the recipient and the relationship. As Belk (1996, p. 61) notes, a perfect gift is one that the giver made a sacrifice to provide. Our results indicate that givers place a value on their sacrifices. In Study 2, we examine whether the presence of a strong brand moderates the value consumers place on their behavioral resources when designing a gift for someone else.

The Role of Branding

In a gift-giving context, brand names can be used to signal the resources that were devoted to acquisition or creation of a gift. Strong brands command a premium in the marketplace because they both signal and provide quality and consistency to the consumer (Aaker 1996). Brands essentially

³Neither the independent factors nor their interactions had any significant effects on reported effort.

⁴The independent variables had no significant independent or interactive effects on time, self-reported effort, or the actual cost of the bags in Study 1.

indicate the amount of productive resources that the firm devoted to the design and manufacturing of the product. A unique aspect of a customization setting, however, is that consumers and producers share in the design, but not in the manufacturing, of the product. For example, the functional aspects of the shoes sold through the NIKEiD customization site are fully controlled by Nike; however, the aesthetic aspects of the shoes are primarily under the control of the consumer. Does this “sharing” of the production process influence the brand’s effectiveness? We argue that the answer to that question depends on the intended recipient.

When the customized product is intended for the self, the consumer benefits both from the high-quality functional performance promised by the brand and the design’s close match to his or her own unique preferences. Thus, a customized product carrying a strong brand name is likely to be valued more highly than a comparable unbranded customized product because the brand still signals the significant resources devoted to the manufacturing process.

We might expect a similar effect when the customized product is intended for someone else. The giver may place a premium on a branded customized product because the brand is able to signal to the recipient the resources invested in the product by both the giver and the manufacturer. However, the act of designing a customized product requires behavioral resources not required when buying a product “off the rack.” We have shown that behavioral resources are more highly valued when the product is intended as a gift rather than for oneself. Key to this value, however, is the giver’s belief that the recipient will recognize the giver’s efforts. A strong brand placed on a customized product may obfuscate this attribution. Specifically, the giver may be concerned that the brand name, not the giver, will get credit for the behavioral resources expended in designing the product. Though the giver “designed it him- or herself,” the recipient may be unaware of the giver’s efforts. Thus, givers may not value their behavioral resources (i.e., effort) as much when a strong brand is present. Evidence for this process would be found by comparing the correlations between the giver’s effort and willingness to pay in a branded versus unbranded context. We predict that the correlation will be lower when givers are customizing a branded rather than an unbranded product. More formally,

H₅: When a product is designed as a gift, the positive correlation between effort and willingness to pay is attenuated when a strong brand is present.

How will these effects influence consumers’ willingness to pay for their customized products? When no brand is present, the results from Study 1 should replicate because participants value their own efforts to a greater extent when the product is intended as a gift rather than for themselves. For these participants, there is no brand to establish strong price or quality expectations. Thus, we predict higher willingness to pay when the bags are intended as gifts rather than for the consumer.

When a strong brand is present, however, such price and quality expectations do exist, regardless of the intended recipient. Furthermore, we expect the correlation between effort and willingness to pay to be less pronounced, for

those designing both for themselves and for others. Consequently, the intended recipient is less likely to influence participants’ willingness to pay for the branded product. We test these predictions in the following study using a more objective measure of behavioral resources (actual time).

Study 2

Design and Procedure

The same firm that partnered with us in Study 1 agreed to assist us with Study 2 to better understand the role of branding. In Study 1, we used the sponsor company’s active website as the context for the study. However, the sponsor firm is a start-up company with relatively small revenues and, more important, low brand recognition in the target market. Therefore, in Study 2, two new websites were created. One incorporated a highly recognized brand name on all the pages; the other was entirely generic, with no brand presence whatsoever. The firm agreed to work with its programmers to create these two dummy websites. These sites were identical in all ways except one was branded as a well-known handbag producer (Vera Bradley) while the other had no brand identity at all. The dummy sites worked exactly as the live site, but only participants in the study had access to the URLs. The potential for copyright infringement also prohibited us from producing bags for the participants in this study. Participants designed their bags online in the same way they had in Study 1.

In this study, no one received design support, and participants did not expect to actually receive the bag they had designed. To better approximate a real-world setting, we administered this study using online survey software, with participants completing the study when and where they chose (within a 48-hour window). Not only did this approach provide more realistic conditions, it also allowed us to measure the time participants spent on the task.

Participants were 76 women at a large southeastern university who took part in the study in exchange for course credit. Both the intended recipient (self vs. other) and brand (present vs. absent) were manipulated between subjects in this 2 × 2 study. Because we used a known brand in the study, we used participants’ attitude toward that brand as a covariate along with participants’ self-reported design skill.

Independent Factors

Intended recipient. Intended recipient (self vs. other) was manipulated in the exact same manner as in Study 1. The survey software contained the same instruction sheet given to participants in the “design-support-absent” conditions in Study 1. As in Study 1, the first page contained the “intended-recipient” manipulation followed by the same open-ended questions. After completing the open-ended section, participants designing for someone else also answered one additional question. Participants in the “other” condition indicated on a nine-point scale how close their relationship was with the intended recipient. Participants in the “self” condition were not presented with this question.

Brand. Two dummy versions of the customization website were created for this study, one branded and one not.

Both sites performed exactly the same way as the live site used in Study 1; however, to avoid copyright issues, the sites were actually dummy sites that only the participants could access. The branded website incorporated the logo and name of a popular, high-end handbag company (Vera Bradley) on all pages of the site. Participants were also led to believe that the bags produced would carry the Vera Bradley label.⁵

To select this brand, we conducted a pretest with 100 female students at the same university where the study took place. In the pretest, respondents reported the top five brands that first came to mind when asked to think of high quality handbags. Vera Bradley appeared as either the first or second brand in 72% of the responses and appeared as one of the top five brands in 88% of the responses. At the time of the study, this particular name brand did not offer cocreated products. The cover story given for the branded site was that Vera Bradley was researching a new cocreated product line. The generic version of the site was created by removing all references to any particular company.

Dependent Measures

Willingness to pay. As in Study 1, participants responded to the following open-ended question: “If you had been asked to buy this tote with your own money, how much would you have been willing to pay for it?” ($M = \$35.96$; range: \$0 to \$80.00). Unlike Study 1, participants provided this information without having seen (or received) the actual handbag.

Time. The survey software captured the time participants spent completing the full study. Although it does not indicate how much time they spent on the design task itself, it does serve as an approximation of the amount of time spent on the task. Because participants could complete this study at the time and place of their choosing (within a 48-hour window), the time spent had much greater variance than that observed in Study 1, in which the sessions were scheduled in the on-campus computer lab ($M = 29.9$ minutes; range: 13.0 to 101.0). Time is a measured productive resource indicative of effort, and we use its correlation with willingness to pay to test H_4 and H_5 .

Covariates

Design skill. Because design skill had a significant influence on expectations in the first study, we included it as a covariate in the analyses. We measured skill using the same items as in Study 1 at the end of the survey. As in the first study, the manipulated factors had no significant effect on participants’ self-assessed design skill ($M = 4.5$; range: 1.0 to 7.0; $\alpha = .89$).⁶

Brand attitude. All participants indicated their attitude toward the Vera Bradley brand. Only 3 of the 76 participants were unfamiliar with the name. Participants familiar with the brand indicated their agreement with the following

four statements: (1) “I will not buy other brands if a Vera Bradley bag is available at the store,” (2) “Vera Bradley would be my first choice when shopping for a new bag,” (3) “I consider myself to be loyal to Vera Bradley,” and (4) “I am willing to pay a higher price for a Vera Bradley bag than I would for other brands” ($M = 3.2$; range: 1.0 to 7.0; $\alpha = .92$). Neither of the manipulated factors significantly influenced this measure.

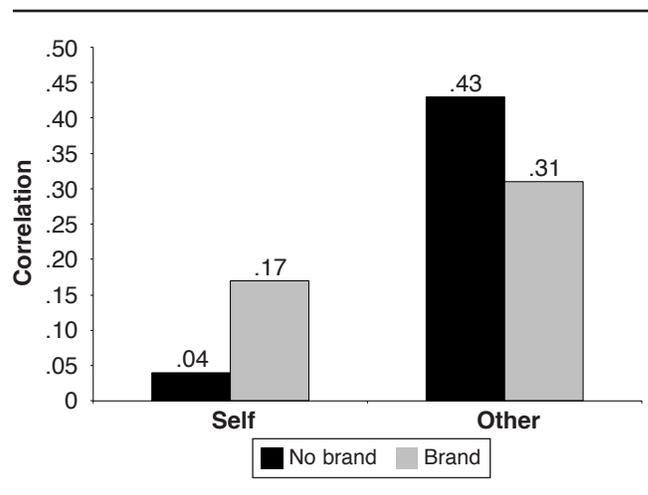
Results

Manipulation checks. Two research assistants reviewed participants’ open-ended thoughts regarding the intended bag recipient (self or other); they confirmed that the “intended recipient” manipulation was effective. All those in the “other” condition identified a gift recipient for their bags. Importantly, those in the “other” condition reported having close relationships with those for whom they were designing the bags ($M = 8.4$; range: 2.0 to 9.0).

The correlation between time and willingness to pay. H_4 predicts that a positive correlation will exist between the time participants spent customizing the product and their willingness to pay for it when designing the product as a gift but not for themselves. H_5 then predicts that the presence of a strong brand will moderate this effect. Specifically, H_5 predicts that the positive correlation will be stronger when participants are designing a gift on an unbranded (vs. a branded) website. As in Study 1, we expect no correlation between time and willingness to pay when participants design a product for themselves, regardless of whether a strong brand is present.

To test H_4 , we calculated correlations separately for the self and other conditions. As we predicted, the correlation between time and willingness to pay was positive and significant when participants designed for someone else ($r = .34$, $p < .05$) but not when they designed for themselves ($r = .02$, n.s.). To test H_5 , we calculated correlations between time and willingness to pay within each of the four conditions. The results appear in Figure 6 and are consistent with

FIGURE 6
Correlation Between Time and Willingness to Pay (Study 2)



⁵Participants were later debriefed on the study and informed that Vera Bradley’s involvement was hypothetical.

⁶Design skill did not interact with either of the independent factors manipulated in this study.

H₅. The only correlation that was both positive and significant was observed in the unbranded gift condition ($r = .43$, $p < .05$). The correlation in the branded gift condition was smaller in magnitude and nonsignificant ($r = .31$, $p = .20$), and those in both of the self conditions were also nonsignificant ($r = .04$ and $r = .17$, n.s.).

Willingness to pay. We used a two-way ANOVA to assess the influence of the independent factors on willingness to pay; we also included the two covariates as predictors. As expected, the results revealed a significant interaction between brand and the intended recipient ($F(1, 75) = 4.33$, $p < .05$). When no brand was present, the intended recipient had a significant effect on willingness to pay ($M_{\text{Self, No Brand}} = \30.05 vs. $M_{\text{Other, No Brand}} = \40.11 ; $F(1, 37) = 4.83$, $p < .05$). However, when the strong brand was present, no significant effects were observed ($M_{\text{Self, Brand}} = \38.84 vs. $M_{\text{Other, Brand}} = \35.41 ; $F(1, 35) = .82$, n.s.; see Figure 7). Importantly, when participants designed for themselves, the brand still had a positive effect on willingness to pay ($M_{\text{Self, No Brand}} = \30.05 vs. $M_{\text{Self, Brand}} = \38.84 ; $F(1, 36) = 3.75$, $p = .05$).

The results from this study demonstrate that firms' use of brand names on their customization websites can reduce the effects of the intended recipient on consumers' willingness to pay for their products. Furthermore, this study shows that when consumers design for themselves, the brand still commands a premium. There is good news, however, for firms lacking a strong brand name. These firms can benefit from the higher valuation consumers place on their productive resources (e.g., time and effort) when designing products as gifts.

General Discussion

While interpersonal giving has received considerable attention in the marketing literature (e.g., Belk 1979; Fischer and Arnold 1990; Lowrey, Otnes, and Ruth 2004; Sherry 1983; Vanhamme and De Bont 2008; Wooten 2000), little attention has been paid to direct comparisons between gift-purchasing

and self-purchasing occasions. Our research does exactly that in a customization context and shows that firms may benefit from tailoring the customization experience to the purpose of the consumer's visit (gift purchase versus self purchase).

Managerial Implications

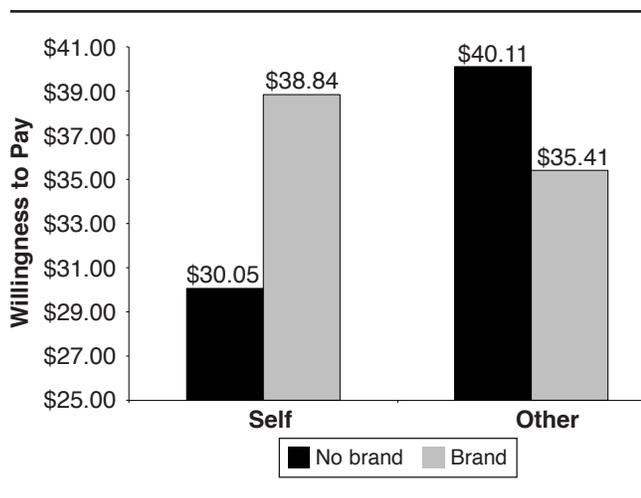
Randall, Terwiesch, and Ulrich (2005, p. 71) highlight the irony that many firms "that are at the forefront of the customization movement offer a single *standard* process for their customization experience." Because our findings ultimately show that willingness to pay depends on the intended product recipient (self vs. other), managers could ask consumers at the outset of the design process whether the product is intended as a gift. The entire customization experience could then be customized accordingly.

Expectations. In Study 1, design support was more effective in decreasing anxiety when consumers designed the custom product as a gift rather than for themselves. Lower anxiety levels then translated into higher expectations at the time of design. These inflated expectations, however, were not met six weeks later at delivery, and willingness to pay suffered. These findings lead to the conclusion that unless design support can actually improve design quality to meet expectations, design support may be less effective.

Rather than simply removing design support for those designing gifts, a more effective strategy for addressing this potential problem would be to better manage the giver's satisfaction after the design process is complete. Specifically, firms could send messages to givers during the time when the product is being manufactured that congratulate the giver on her design, reassure her that quality control has reviewed the product, and inform her that the firm's experts are confident that her product will be well received. Given the importance of social anxiety in the gifting context, the firm could also provide a quality guarantee that offers to allow the recipient to design a replacement product at no cost if the recipient is not completely satisfied with the custom product. This option would allow the giver to save face in the gifting situation and ensure that the recipient's exact needs and wants are met.

Perceived effort. Both studies found support for the idea that higher levels of effort, whether real or perceived, increased willingness to pay when the product was being customized as a gift. This finding suggests that the investments consumers make in navigating the potentially complex customization process are reflected in a higher value placed on the end product, but only when it is designed as a gift. Thus, firms may want to subtly emphasize the time, effort, and psychic energy that the consumer is investing when it is intended as a gift. To do this, a firm must be careful not to draw attention to the consumer's frustration but rather to the decisions that she is making on behalf of the recipient. One way to accomplish this would be to customize the website for givers, making the name of the recipient salient at each decision point. For example, when the giver first begins the customization process, she could

FIGURE 7
Willingness to Pay (Study 2)



provide the name of the intended recipient. For each decision she then makes, the website could use the recipient's name (e.g., "please choose the fabric that Susan would like on the front of her bag").

Another important way to leverage this finding would be to provide givers with a tasteful way to convey their efforts to the recipient. Firms could include custom labels in or on the customized product, noting that the product was designed by the giver specifically with the recipient in mind (e.g., "Designed by Jane especially for Susan on her 21st Birthday"). The custom label would reassure the giver that the recipient will be aware of her efforts, while the prompts on the website would remind the giver of the effort she is putting into the product on behalf of the recipient.

Branding. Study 2 demonstrates that branded products can still extract a premium from consumers who are designing for themselves. Self-designers who design a branded product enjoy the promise of quality offered by the brand in conjunction with a customized product optimized to their own unique preferences. This finding should be reassuring to firms engaged in or considering customization offerings because it implies that existing brand equity can be leveraged and further developed in the marketplace. For the designers of gifts, a strong brand may still be able to command a premium if the giver does not feel she is competing with the brand for credit. By employing tactics such as the use of the customized "Designed By..." labels, the firm may enable givers to value their own efforts to the same extent that they do on unbranded products, knowing that they will get the credit for the design.

Theoretical Contributions

To our knowledge, our research is the first to examine the influence that the intended recipient has on a customized product's evaluation. By undertaking such a study within a customization setting, we are able to make theoretical contributions to the gift-giving literature. Because customization involves effort on the part of the designer, we are able to examine how that effort contributes to consumers' product reactions. Using two different measures of effort (subjective in Study 1; objective in Study 2), we demonstrate that consumers place a higher value on the behavioral costs that they expend in the design of a customized product when it is intended as a gift rather than for personal use. This higher valuation likely reflects the value that the giver places on the recipient (and the relationship) while simultaneously enhancing the giver's self-identity. Further research will be necessary to generalize this finding to noncustomization settings.

We contribute to the growing literature on customization by demonstrating that the premium consumers are willing to pay for these unique products depends on whether consumers are shopping for themselves or for others. Specifically, our results show that the effectiveness of the firm's investments in design support and branding strategies in increasing consumers' willingness to pay depends on the intended recipient. To our knowledge, Study 2 is the first to manipulate the presence of a strong brand to understand its

influence in a customization context. Our findings demonstrate that brands can still command a premium in these customization settings; firms lacking a strong brand presence, however, can achieve a similar premium when consumers value their own design efforts, as observed in a gifting context. Further research on customization should consider whether more specific aspects of the brand (e.g., personality and awareness) are differentially effective depending on the recipient.

Limitations and Further Research

Inherent in any study are limitations and opportunities for further research that should be acknowledged. One shortcoming of the first study was that we only measured willingness to pay at the time of delivery and not immediately following the design process. We made this decision, in part, due to the capabilities of the website. Because the site could not show a simulated picture of the finished product, we felt that willingness to pay would be more informative when participants received their actual products.

Second, the design support provided in Study 1 produced a placebo effect, reducing gift-givers' anxiety without a commensurate improvement in the actual outcome. It is possible, however, that a different type of design support would be more effective in improving the actual outcome. Thus, further research should investigate whether different types of design support may reduce anxiety *and* improve the product's actual designs in the eyes of the customer.

A third limitation of this work is that the generalizability of the results is limited because of the composition of the sample and the choice of the stimuli. While female college students were an appropriate and realistic sample to use in the context of handbag customization, the application of the results to other cocreation media that serve broader segments should be done with caution. Future work on gifting and cocreation should extend to other product areas, should examine the effects of brands that vary in strength, and should include broader and more diverse samples. Further research should also examine customization decisions that extend beyond the purely aesthetic realm. Important differences may emerge. When customizing the functional aspects of products, for example, novice consumers may experience high levels of uncertainty regardless of the intended recipient. Extending this work into the functional domain would also allow for greater generalizability of our findings.

Finally, a central tenet of both studies is that relative effort is an important determinant of product outcomes (satisfaction and the prices that participants were willing to pay), especially when the customer is designing for someone else. However, neither of our studies compared designing products to simply selecting products from a standardized set. While it is important to note that designing and selecting are two different phenomena, future studies should investigate whether similar results would be found if customers were given such a choice.

APPENDIX A

Examples of the Choices Participants Made in the Customization Task

Step 1: Choose your size
Pricing includes one line of embroidery and magnetic snap closure.

Small
13 1/2" x 12"
\$26.00

Medium
11 3/4" x 10 3/4" x 3"
\$33.00

Large
16" x 13 1/4" x 4 1/2"
\$44.00

Step 2: Choose your layout

Plain (One Fabric)
[see sample](#)

Border Panel
[see sample](#)

Two Panel (25%/75%)
[see sample](#)

Two Panel (75%/25%)
[see sample](#)

Step 3: Choose your fabrics

Fabric Preview
Click fabric for enlargement. After viewing the fabrics, make your selections using the links on the right.

Interior Fabric
This is the fabric that will make the interior of your tote.
[Choose Interior Fabric](#)

Exterior Fabric
This is the fabric that will be the exterior of your tote.
[Choose Exterior Fabric](#)

Shopping for totes in bulk??
We have hundreds more fabric options for custom orders of 25 or more identical totes.
Also email us for bulk pricing discounts!
[Email Customer Service](#)

Border Panel Fabric
This is the fabric that will make the border of your tote.
[Choose Border Panel Fabric](#)

Step 4: Choose your trim

Trim style Preview
Click trim fabrics to enlarge. After viewing the fabrics, make your selections using the "Choose Trim Style" link on the right.

Trim Placement (adds \$2.00)

Top of Tote
[see sample](#)

25% Down
[see sample](#)

75% Down
[see sample](#)

None (no extra charge)

Trim Style
This is the material/fabric used to create your trim.
[Choose Trim Style](#)

Step 5: Pockets & Closures

Would you like a pocket(s)? (adds \$3.00 per pocket)

Yes No

Where would you like the pocket(s)? [see sample](#)

Inside Outside

[Choose Fabric](#) [Choose Fabric](#)

Closure
By default each tote comes with a magnetic closure, you can choose to leave the closure off and save \$2.00.

Keep Closure Remove Closure

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APPENDIX B Design Examples



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