For You or For Me?  
How the Intended Recipient Influences the Customization Experience and Valuations of Customized Products

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Abstract

While interest in customization is growing among consumers and academics, researchers have focused exclusively on consumers designing products for themselves. Many customization firms, however, are successfully positioning themselves as key sources for unique gifts. In this research, we compare consumers’ reactions to customized products intended for themselves or for others. Using two studies, we show that the intended recipient influences expectations and emotions at the time of design and satisfaction and willingness to pay at delivery. The studies also examine whether factors under the firm’s control (e.g., design support and brand) are differentially effective depending on the recipient. Using participants from the target market, both studies involve real customization tasks undertaken on live web sites. The findings contribute to the customization and gift-giving literatures by demonstrating that consumers place a higher value on their time and effort when the product is intended as a gift rather than for oneself. This explains, in part, why design support is less effective and the value of a strong brand is diminished when consumers create a customized product intended as a gift.

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 eighty percent (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 their comparable mass-produced counterparts (Franke, Keinz, and Steger 2009; Franke and Piller 2004). This premium can be attributed not only to the superior fit with preferences that customized products provide (Franke, Keinz, and Steger 2009), but also to the sense of accomplishment (the “I Designed it Myself” effect) consumers feel when they successfully complete the design process (Franke, Schreier, and Kaiser 2010; see also Norton, Mochon, and Ariely 2010).

While recent interest in customization is also growing among academics (e.g., Franke, Keinz, and Steger 2009; Franke, Schreier, and Kaiser 2010; Moreau and Herd 2010), researchers have focused exclusively on consumers who are designing products for themselves. Many customization firms, however, are successfully positioning themselves as key sources for unique gifts, offering consumers the opportunity to create a variety of custom products for others. Spikes in holiday sales at many of these sites confirm the customized gift-giving trend (Miller 2009).

How is the premium consumers place on customized products affected when the product is intended as a gift? When customizing a product for someone else, consumers are likely to be less certain of the recipient’s preferences than of their own, making that superior fit more difficult to achieve and evaluate. Further, the “I Designed it Myself” effect is likely to differ in magnitude when the product is intended for someone else, as consumers place either more or less emphasis on their own design efforts. Despite the potential importance of these differences, we
are unaware of any research examining the influence that the intended recipient (self versus other) has on how consumers value a given product or service. Our research addresses this void, and does so within a customization context. In this domain, it is possible to hold the basic product (and its price) constant while allowing the customer to optimize the fit between the product’s attributes and the preferences of the intended recipient, either the self or someone else. With preference fit explicitly accounted for, a customization context enables a more direct examination of the influence that the intended recipient (self vs. other) has on the customer’s product evaluations.

In this paper, we use two studies to demonstrate that the intended recipient influences product expectations, emotions, satisfaction, willingness to pay, and future purchase intentions. The studies also examine whether factors under the firm’s control (e.g., the level of design support provided by the website and the presence of a strong brand) are differentially effective when customers design for themselves or for others. These two factors were chosen because they are also likely to be important determinants of the premium placed on customized products. Specifically, the level of design support has been shown to influence the user’s ability (or perceived ability) to achieve a superior fit with preferences (see Randall, Terwiesch, and Ulrich 2005, 2007), while the presence of a strong brand has the potential to interfere with the “I Designed it Myself” effect (Franke, Schreier, and Kaiser 2010).

Using participants drawn from the relevant target market, both studies involve real customization tasks undertaken on live web sites. The first study examines how the intended product recipient (self versus other) interacts with the level of design support provided to influence the customer’s product reactions both at the time of design (emotions, expectations) and six weeks later at delivery (willingness to pay, satisfaction, and future purchase intentions).
The second study then examines the differential influence that a strong brand name has on customers’ expectations of and willingness to pay for customized products intended for either themselves or for others.

Our research makes theoretical and substantive contributions to both the customization and gift-giving literatures. To the customization literature, we contribute in two ways. First, we demonstrate that the effectiveness of design support depends on the intended recipient. When the customized product is intended for the self, design support increases consumers’ willingness to pay by enhancing actual product attractiveness. When the customized product is intended as a gift, the effect of design support is negative as it increases expectations with little increase in corresponding attractiveness. Second, we demonstrate that associating a strong brand with a customized product garners a premium similar to that observed for non-custom products, but only when the product is intended for oneself. When the product is intended as a gift, a strong brand has a negative influence on the product’s value. In this case, the brand shares the credit for the giver’s efforts to create the unique product design.

To the gift-giving literature, we contribute by demonstrating that consumers place a higher value on the time and effort required to create a product when it is intended as a gift rather than for oneself. This finding helps to explain why design support is less effective and the value of a strong brand is diminished when consumers create a customized product intended as a gift.

**How Customizing for Others Differs from Customizing for the Self**

In general, the stakes in the gifting process can be high. Unsuitable gifts can cause embarrassment to both the giver and recipient, jeopardizing valued social relationships (Wooten
2000, p. 84; Sherry, McGrath, and Levy 1993). Thus, the importance and complexity of the gifting process can create discomfort and unease for the giver. Wooten (2000) provides an in-depth, qualitative examination of the sources of such gifting anxiety. Drawing from the social-anxiety model (Schlenker and Leary 1982), Wooten (2000) highlights two factors, which contribute, in part, to gifting anxiety: 1) perceived uncertainty and 2) perceived gifting resources.

**Perceived Uncertainty**

Unfamiliarity, “the lack of knowledge about the recipients’ tastes, wants, or needs,” is a major contributor to uncertainty and anxiety during gift selection (Wooten 2000, p.92). Indeed, of the six characteristics that make for a “perfect gift,” three depend exclusively on the giver’s knowledge of the recipient’s preferences and his/her ability to manifest those in the choice or design of a gift (Belk 1996, p.61). Specifically, Belk (1996) defines the perfect gift as one designed to “solely please the recipient,” one that is “uniquely appropriate for the recipient,” and one that the recipient both desires and will be delighted by (p. 61).1 These characteristics, however, are not limited to inter-personal giving. Franke, Keinz, and Steger (2009), for example, found that the value of customization for the self depended on the consumer’s certainty of his/her own preferences.

While some consumers do struggle to understand their own preferences (Bettman, Luce, and Payne 1998; Chernev, Mick and Johnson 2003; Franke, Keinz, and Steger 2009), predicting others’ preferences is likely to be even more daunting (Davis, Hoch, and Ragsdale 1986). In this research, we make the straightforward assumption that consumers will have higher levels of insight into their own preferences as compared to those of others. As such, perceived uncertainty

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1 Belk (1996) also suggests that a “perfect gift” should be a luxury, something that the giver made a sacrifice to provide, and a surprise (p. 61). We hold these factors constant in our research by controlling both the type and price of the product and by insuring that the recipient is unaware that the gift is coming.
is likely to be higher when consumers design or select products as gifts for others rather than for themselves. A more interesting issue, however, lies in identifying the factors that could mitigate the effects of this uncertainty and the anxiety it causes.

**Perceived Gifting Resources**

Access to gifting resources is a key factor likely to reduce anxiety in a gifting context. Wooten (2000) defines a consumer’s gifting capacity as “the quality of possessing the necessary means to succeed as givers” (p. 93). Such capacity is enhanced when consumers have “both cognitive (e.g., creativity and knowledge) and productive (e.g., money, time, and effort) resources” (Wooten 2009, p. 93). While it has not been empirically tested in prior research, we propose that access to these cognitive and productive resources will be important in mitigating the potential negative effects that uncertainty could have on consumers’ product reactions. When uncertainty is high (as it often is when choosing for others), we expect these resources to have a more significant influence on consumers than when uncertainty is low (as it often is when choosing for the self).

When consumers enter into any purchase situation, they come equipped with their innate cognitive resources (e.g., existing knowledge, skills, and creativity) and may also benefit from additional resources provided by the shopping context itself (via salesperson support, on-line tools; see Randall, Terwiesch, and Ulrich 2005, 2007). In our first study, we examine how access to both types of resources (innate and firm-provided) influence consumers’ emotions, product evaluations, willingness to pay, and satisfaction with a product that is either intended for themselves or for someone else. We do so in an on-line customization context in which participants make all of the aesthetic choices for a product which they later receive.
In this context, a firm can provide important resources for consumers via on-line design support and assistance throughout the customization process (e.g., by suggesting color combinations, accessory options, etc.). Websites such as NIKEiD.com, Timbuk2.com, and other popular customization sites commonly provide this type of design support to their consumers. The provision of this support is likely to mitigate consumers’ uncertainty, evidence of which may appear in consumers’ experienced anxiety and product expectations at the time of design. When uncertainty is low at the outset, however, design support is unlikely to significantly influence these consumer reactions. Assuming that uncertainty is lower when customizing for oneself than for others, we advance the following hypothesis:

H1a: When a product is designed as a gift for another, the provision of design support will have a positive effect on consumers’ emotions and product expectations at the time of design.

H1b: When a product is designed for oneself, these effects will be attenuated.

In a customization context, consumers’ self-perceived design skill is an innate cognitive resource likely to influence anxiety. Consumers who feel that they do not possess the appropriate skills or talents to design a product are likely to experience greater anxiety in a customization task, particularly when designing for others. It is these consumers who are likely to benefit the most from the provision of design support by the firm. Thus, we make the following prediction:

H2: A consumer’s self-perceived design skill will moderate the effects proposed in H1. When a product is designed as a gift for another, the positive effect of design support on consumers’ emotions and product expectations will be greater for those with lower rather than higher self-perceived design skill.

Are these effects likely to endure to the point at which consumers actually receive their customized products? The expectation-disconfirmation framework in the satisfaction literature (e.g., Oliver 1996) suggests that higher expectations may lead to greater negative
disconfirmation. Such an explanation would suggest that the provision of design support may have a negative influence on satisfaction and willingness to pay at delivery, particularly when the product is intended for others. Alternatively, design support may improve the actual (not just expected) attractiveness of the design. Were that the case, expectations are less likely to be negatively disconfirmed, and in fact, may yield a positive disconfirmation or “pleasant surprise” (Diehl and Poyner; forthcoming; Oliver 1996). Using independent judges to assess design attractiveness, we are able to test these two competing explanations.

The Value of the Gifting Resources

The giver’s knowledge of the recipient’s preferences and his/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; Sherry, McGrath, and Levy 1992; Ward and Broniarczyk 2010). Balancing these often-opposing goals makes “the choice of the right gift…more complex than choosing something for oneself” (Ward and Broniarczyk 2010, p.8).

Because gifts reflect both the giver’s perception of the recipient as well as the giver’s self-identity (Belk 1979; Sherry 1983; Vanhamme and de Bont 2008; Ward and Broniarczyk 2010), higher 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 s/he, as the giver, places on the recipient and their relationship. Prior research has shown that recipients value gifts to a greater degree when the
behavioral costs to provide them (e.g., the psychic energy/effort expended on identifying and/or creating an ideal gift and the time and physical energy spent acquiring or creating it) are perceived to be high (Robben and Verhallen 2004). The giver, recognizing this signal value, is likely to incorporate those behavioral costs into the value they place on the product selected or created as a 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 Ariely (2010) found 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.

H3a: When a product is designed as a gift for another, there will be a positive correlation between the effort expended to create it and the willingness to pay for it.

H3b: When a product is designed for oneself, this effect will be attenuated.

We test Hypotheses 1, 2, and 3 in the following study.

**Study 1**
Customized tote bags were selected as the product category for this study based on several important factors: researchers’ access to the primary target market (college women aged 18-24), 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 of the features\(^2\) of each bag’s design. The firm is also an appropriate choice as 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 ads 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) as prior research has shown that women carry a disproportionate responsibility for household gift-giving (Fischer and Arnold 1990; Vanhamme and deBont 2008; Wooten 2000). Further, 97% of the sponsor firm’s actual client base is women.

Consistent with the study’s cover story, the ad 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). In exchange for participation, those completing the study would receive a customized product worth approximately $50.00. Those interested in the study contacted a research assistant who scheduled the sessions. No other incentives were provided. Eighty-two women responded to the ads and announcements, all of whom fell in the target age range. All but one successfully completed the study.

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\(^2\) These features include size of the bag, fabric patterns and colors, trim components (ribbons, beads, etc.), closure type (zipper, magnetic, snap, etc.) and embroidered personalization (monograms, Greek letters, etc.).
Design and Procedure

Two factors were manipulated between participants: (1) the intended recipient (self vs. other) and (2) design support (present vs. absent). Participants’ 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 2 to 6 participants and lasted an average of 45 minutes. All of the participants’ packets contained the same step-by-step instructions that explained 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 (See Appendix A for examples). Once they had 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.

It is important to note that the website does not have the capacity to show consumers a virtual picture of the final bag; rather, consumers must visualize their final design based on 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 like this customized tote bag.”

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

Design support. Design support was manipulated 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 also provided participants in the “support present” condition with additional time following the session to think about and potentially
change their design. Thus, 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 different versions of the company’s website, one of which contained “help” links for each step of the design process and one which did not. These help links provided advice to participants about things to think about when combining certain bag attributes into their designs (see Appendix B for examples). 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 9-point scales the extent to which they agreed that they were a good designer 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 to 9.0; α = .91). To verify that the manipulated factors did not influence participants’ self-assessed design skill, an ANOVA was used. Neither of the manipulated factors nor their interaction significantly influenced design skill (overall model: F(3, 78) = .56, n/s).

**Dependent Measures at the Time of Design**

*Product expectations.* Following the completion of the customization task, participants reported their expectations of their bag on six 9-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 based on 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 would enjoy using. Further, 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 evaluation (M = 7.7; Range: 4.8 to 9.0; \( \alpha = .94 \)).

*Emotions.* Following the evaluation measures, participants reported their current emotions. To broaden and test Wooten’s (2000) model, we include positive emotions along with the negative ones capturing anxiety. On six 9-point scales, participants indicated the extent to which they were feeling happy, excited, enthusiastic, frustrated, nervous, and stressed. The six items loaded on two factors, one positive and one negative. Thus, the three positive items were averaged to create an index of positive emotions (M = 7.8; Range: 5.0 to 9.0; \( \alpha = .86 \)). Similarly, the three negative items were averaged to create an index of anxiety-related negative emotions (M = 3.6; Range: 1.0 to 9.0; \( \alpha = .78 \)).

*Effort.* On a 9-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 the following:

*Satisfaction.* Satisfaction was assessed using a calculated expectation-disconfirmation measure (Diehl and Poyner forthcoming; Oliver 1977). To keep the questionnaire brief, three
items were used to assess participants’ reactions to their completed bags. Once they had 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 were averaged to form an evaluation index (M = 7.0; Range: 3.0 to 9.0; \( \alpha = .93 \)). Satisfaction was computed 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 Poyner, forthcoming; Oliver 1977).

\textit{Willingness to pay}. Participants then responded to the 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).

\textit{Future purchase intentions}. Finally, participants indicated on a 9-point scale how likely they would be to buy a tote from the company’s website in the future (M = 5.6; Range: 1.0 to 9.0).

\textit{Independent Ratings of Design Attractiveness}

Prior to the distribution of the bags to the participants, two independent judges provided evaluations of the design attractiveness of each bag. The judges had not participated in the study, were blind to the condition of the participants, and were from the target market. For each bag, each judge reported the extent to which they agreed, on two 9-point scales, that it was attractive and one of the best designed in the set. For each judge, the correlation between the two items was positive (both r’s >.88, \( p < .001 \)). For each bag, the two items were averaged to form a measure of design quality. Correlation between the judges on this measure was positive and significant (r = .43, \( p < .001 \)). Thus, the judges’ ratings were averaged for each bag (M = 3.9; Range: 1.25 to 6.25; \( \alpha = .83 \)).
Results

**At the Time of Design**

*Manipulation checks.* Participants’ open-ended thoughts were reviewed by two research assistants who confirmed that the “intended recipient” manipulation was effective. All of those in the “other” condition identified a gift recipient for their bags.

*Product expectations.* Following Irwin and McClelland (2003), design skill was treated as a continuous measure, and regression was used to test the effects of the independent variables on participants’ expectations of their bags at the time of design. The results revealed a significant interaction between the two manipulated factors ($\beta = 1.09, t = 2.84, p < .01$) as well as a three-way interaction among all of the independent variables ($\beta = -.16, t = -2.67, p < .01$). No other effects were significant.

An ANOVA was used to interpret the two-way interaction. As predicted by Hypothesis 1, when the tote bag was intended as a gift, the presence of design support significantly increased participants’ expectations ($M_{Other, Support Present} = 8.2$ vs. $M_{Other, Support Absent} = 7.7$, contrast: $F(1, 41) = 4.06, p < .05$). However, when the bag was intended for the participant herself, design support had little influence on expectations ($M_{Self, Support Present} = 7.5$ vs. $M_{Self, Support Absent} = 7.5$, contrast n/s).

To facilitate interpretation of the three-way interaction, we used a spotlight analysis at one standard deviation below and above the mean of design skill (Fitzsimons 2008). The results are highlighted in Figure 1. As predicted by Hypothesis 2, design support was particularly effective in increasing expectations for participants who reported lower levels of design skill and
who were designing the product as a gift. For those with higher levels of design skill, the presence of design support had less of an effect on expectations.

Emotions. Regression was also used to test the effects of the independent variables on participants’ emotions, with separate models used for positive and negative emotions. For positive emotions, there were no significant effects (overall F(7, 74) = .63, n/s). Overall, participants reported a high level of positive emotions (M = 7.8 on a 9-point scale). For negative emotions, however, the regression revealed both an interaction between the two manipulated factors (β = -1.67, t = -2.34, p < .05) and a three-way interaction (β = .24, t = 2.24, p < .05). No other effects were significant.

Consistent with Hypothesis 1, when the tote bag was intended as a gift, design support significantly reduced participants’ anxiety-related negative emotions (M Other, Support Present = 2.7 vs. M Other, Support Absent = 3.7, contrast: F(1, 41) = 4.69, p < .05) However, when the bag was intended for the participant herself, design support had little influence on these feelings (M Self, Support Present = 3.6 vs. M Self, Support Absent = 4.0, contrast n/s).

A spotlight analysis was used to interpret the three-way interaction, with the results shown in Figure 2. As predicted by Hypothesis 2, design support had its most pronounced effect in decreasing negative emotions (anxiety) for participants with lower levels of design skill and who were designing the bag for someone else. For those with higher levels of design skill, the presence of design support had a less pronounced effect on negative emotions.

Do the negative emotions experienced following the design/selection process explain participants’ expectations of their bags? To answer this question, a mediation test was used.
First, negative emotions were added to the regression model predicting expectations. They had a significant effect (β = -.24, t = -4.26, p < .01), and with their addition, both the two-way interaction (β = .68, t = 1.92, p > .05; Sobel = 2.06, p < .05) and the three-way interaction fell below significance (β = -.10, t = -1.79, p > .05; Sobel = -1.98, p < .05). Anxiety-related negative emotions following the product design and selection process mediated the effects observed in the first part of this study. The negative emotions experienced by participants were incorporated into their expectations of the bags they had designed. The next important question is how these effects would influence satisfaction, willingness to pay, and future purchase intentions.

At the time of Delivery

The bags arrived approximately six weeks following the completion of the study. Participants were informed of their arrival and given the opportunity to schedule a pick-up time. Of the 81 participants, 74 picked up their bags and completed the final survey. There was no significant effect of the independent factors on participants’ pick-up behavior.

Willingness to pay. A regression, similar to those used for expectations and emotions, was used to determine the effects of the independent variables on satisfaction. Both a main effect of the intended recipient (β = 7.76, t = 2.08, p < .05) as well as an interaction between the manipulated factors emerged (β = -7.79, t = -2.09, p < .05). Interestingly, participants were willing to pay more for a bag designed for someone else rather than for themselves (M Other = $28.11 vs. M Self = $25.52). This main effect was qualified by the interaction. The presence of design support had a significant, positive influence on participants’ willingness to pay when the bag was for themselves (M Self, Support Present = $27.03 vs. M Self, Support Absent = $23.00) yet a negative influence when the gift was for someone else (M Other, Support Present = $26.13 vs. M Other, Support Absent
= $30.58; see Figure 3). To better understand this pattern of data, we examine participants’ satisfaction with their bags as well as the independent ratings of bag quality.

Insert Figure 3 about here

Satisfaction. A regression was again used to determine the effects of the independent variables on satisfaction. With this computed measure, higher values indicate positive disconfirmation (e.g., “pleasant surprises”) while negative values indicate negative disconfirmation. A value of zero suggests that participants’ expectations were perfectly matched by the actual bag.

The results reveal only a significant two-way interaction between the manipulated factors ($\beta = -1.51$, $t = -2.03$, $p < .05$). When the tote bag was intended as a gift, the presence of design support significantly increased participants’ negative disconfirmation ($M_{Other, Support Present} = -1.4$ vs. $M_{Other, Support Absent} = -0.3$). This negative disconfirmation could explain why these participants were willing to pay less for their completed bags. However, when the bag was intended for the participant herself, design support had little influence on satisfaction ($M_{Self, Support Present} = -0.6$ vs. $M_{Self, Support Absent} = -0.4$). Why, then, were these participants willing to pay more for their bags? Perhaps the design support influenced the actual bag attractiveness. We turn to the ratings from the independent judges to address this question.

Independent ratings of design quality. A regression model was used to assess whether the independent factors had a significant influence on objective design attractiveness. The results show that they did. Specifically, the analysis revealed a significant interaction between the provision of design support and the intended recipient ($\beta = 1.13$, $t = 2.02$, $p < .05$). The judges’ ratings suggest that the presence of design support had a positive influence on bag attractiveness when the bag was intended for self use ($M_{Self, Support Present} = 4.3$ vs. $M_{Self, Support Absent} = 3.1$).
Absent = 3.5; see Figure 4). However, when the bag was intended for someone else, the design support had little influence on the bag quality (M Other, Support Present = 3.5 vs. M Other, Support Absent = 3.8). Participants designing bags for themselves appeared to genuinely benefit from the design support provided. While this effect was not apparent in expectations at the time of design, it was evidenced in both self-reported willingness to pay as well as objective ratings of the bags.

To determine whether participants differentially valued the effort they put into designing the bags, the correlation between self-reported effort and willingness to pay were assessed separately for those in the self and other conditions. 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 Hypothesis 3, 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, the correlation was negative and non-significant (r = -.13, p > .10).

Discussion

The findings in this study suggest that the influence that consumers’ cognitive resources (skill and creativity) and the resources provided by the company (via design support) have on consumers’ reactions to products depends on its intended recipient. When the tote was designed as a gift for someone else, design support diminished anxiety-related negative emotions, particularly for those participants with less design skill. The results also revealed the connection between those negative emotions and expectations at the time of design; the alleviation of negative emotions led to higher expectations of the completed bag. However, those expectations were not fully met. Participants who were designing the tote as a gift and who received design

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3 Neither the independent factors nor their interactions had any significant effects on reported effort.
support ended up being less satisfied and willing to pay less for their totes than those who had received no design support in the customization process. Though little differences emerged in the bag’s actual attractiveness, the negative disconfirmation experienced by these participants likely influenced willingness to pay negatively.

When participants designed the bags for themselves, however, there was little influence of either design support or skill on emotions and expectations at the time of design. However, design support did have an influence on these participants. Participants who received design support reported a higher willingness to pay for their bags than those for whom no support was provided, despite little difference in their reported satisfaction. Independent judges’ ratings suggest that the bags produced with design support were more attractive than those produced in its absence. Thus, participants designing for themselves with design support produced better bags for which they were willing to pay a premium.

More generally, 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 vs. $25.52), particularly when no design support was offered ($30.58 vs. $23.00). While actual productive resources (e.g., money, time, and effort; Wooten 2009, p. 93) were constant across conditions in this study, the way in which participants valued those resources differed. 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 those sacrifices.

To better understand the managerial implications of these results, we examined the factors influencing future purchase intentions at the company. With the likelihood of future purchases as the dependent measure, a regression model was run which contained the original

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4 The independent variables had no significant independent or interactive effects on time, self-reported effort, or the actual cost of the bags in Study 1.
independent factors and their interactions, the negative emotions, effort and expectations reported at the time of design, and the computed satisfaction measure and willingness to pay reported at the time of delivery. The results indicate that both satisfaction ($\beta = .44$, $t = 2.79$, $p < .01$) and willingness to pay ($\beta = .06$, $t = 2.37$, $p < .05$) were positive predictors of future purchase intentions. Thus, firms offering customized products may want to design their processes such that more extensive support is offered to those designing for themselves (to increase actual product quality) and less extensive support is offered to those designing for others (to keep expectations from being overly inflated and to keep effort salient).

Firms could easily ask consumers’ intentions up front and tailor the appropriate design/shopping process to their needs (gifting vs. self-purchasing). However, Randall, Terwiesch, and Ulrich (2005) highlight the ironic fact that many firms “that are at the forefront of the customization movement offer a single standard process for their customization experience” (p. 71). Franke, Keinz, and Steger (2009) note that, while customization was found to bring the greatest benefits to those with clear preference systems, they do not indicate that customization is unsuitable for those with less clarity. In fact, these researchers suggest “that customization processes should be designed differently” for those without such clear preferences and note that “the extent to which these systems provide benefits in such situations remains a question for further empirical research” (p.118).

The Role of Branding

In Study 1, participants valued the effort they put forth in the creation of the tote bag’s design to a greater extent when it was intended for someone else rather than for themselves.
Presumably, these behavioral resources were valued because of their ability to signal the importance and meaningfulness of the recipient and the relationship. Brand names may also serve as a signal of the resources devoted to acquiring or creating a gift. Clearly, a brand name provides the recipient with an indication of the monetary resources the giver expended in its acquisition. However, the brand may send a different signal of the giver’s expenditure of behavioral resources (time and effort), particularly in a customization context.

One reason that strong brands command a premium in the marketplace is their ability to signal and provide quality and consistency to the consumer (Aaker 1996). Brands essentially indicate the amount of productive resources that the firm devoted to the design and manufacturing of the product. Brands can then take credit for these expenditures, and often do so by charging a substantial premium. 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 value? We argue that it does, depending on whether the customized product is intended for the self or for someone else.

When the customized product is intended for the self, consumers benefit from the shoe’s quality functional performance promised by the brand as well as the design’s close match to their unique preferences enabled by the custom design. Thus, a customized product carrying a strong brand name is likely to be valued higher than a comparable unbranded customized product because the brand still signals the significant resources devoted to the manufacturing process.
When the customized product is intended for someone else, however, the picture becomes more complicated. The act of designing a customized product requires behavioral resources not required when buying a product “off-the-rack.” Behavioral resources, we have shown, are more highly valued when the product is intended as a gift rather than for oneself presumably because of their ability to communicate the recipient’s social value. 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 brand name, not the giver, may get credit for the behavioral resources expended in designing the product. Though the giver “designed it herself,” the recipient may be unaware of her efforts. Thus, givers may be threatened by the presence of a strong brand in a customization context and may not value it to the same extent.

Taken together, we predict the following:

H4a: When the product is intended for oneself, a strong brand will increase willingness to pay and expectations compared to when a brand is absent.

H4b: When the product is intended for someone else, this effect will be attenuated.

In the following study, we test Hypothesis 4 and re-test Hypothesis 3 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 also agreed to assist us with Study 2 to better understand the role of branding. In Study 1, the sponsor company’s active website was
used as the context for the study. However, the sponsor firm is a start-up company with relatively small revenues and more importantly, 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 of 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 that 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 on-line 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, this study was administered using on-line 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 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-participants in this 2x2 study. As a known brand was used in the study, participants’ attitude towards that brand was used as a covariate (see Moreau and Herd 2010) 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 9-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, a pre-test was conducted with 100 female students at the same university where the study took place. In the pre-test, 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 co-created products. The cover story given for the branded site was that Vera Bradley was researching a new co-created product line. The generic version of the site was created by removing all references to any particular company.

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

*Willingness to pay.* As in Study 1, participants responded to the 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). It is important to note that, unlike in Study 1, participants provided this information without having seen (or received) the actual handbag.

*Product expectations.* This dependent variable was measured in the same way as in Study 1. All items loaded on a single factor and were averaged to create an overall measure of expectations (M = 7.4; Range: 2.0 to 9.0; α = .92).

*Time.* The time participants spent completing the full study was captured by the survey software. While 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 where 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 its correlation with willingness to pay will be used to test Hypothesis 3.

**Covariates**

*Design skill.* As design skill had a significant influence on expectations in the first study, it was included as a covariate in the analyses for Study 2. Skill was measured 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; α = .89).
Brand attitude. All participants indicated their attitude towards the brand used in the study. Only three 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; 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. Participants’ open-ended thoughts regarding the intended bag recipient (self or other) were reviewed by two research assistants who confirmed that the “intended recipient” manipulation was effective. All of 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).

Willingness to pay. A two-way ANOVA was used to test Hypothesis 4 with the two manipulated factors, their interaction, and the two covariates included as predictors. The results revealed a significant interaction between brand and the intended recipient (F(1, 75) = 4.33, \( p < .05 \)). The presence of the brand had a significant, positive effect on willingness to pay when the product was intended for the self (M_{Self, No Brand} = $30.05 vs. M_{Self, Brand} = $38.84, F(1, 36) = 3.75, \( p = .05 \)). However, when the product was intended as a gift, brand actually had a negative,
but non-significant influence (M Other, No Brand = $40.11 vs. M Other, Brand = $35.41, F(1, 38) = 1.46, n/s). These findings are consistent with Hypothesis 4 (see Figure 5).

Insert Figure 5 about here

Product expectations. A similar ANOVA was used to test this aspect of Hypothesis 3. The results reveal an interaction between brand and the intended recipient that was marginally significant (F(1, 75) = 3.23, \( p = .07 \)). Following the pattern observed for willingness to pay, brand had a significant, positive effect on expectations when the product was for the self (M Self, No Brand = 6.7 vs. M Self, Brand = 7.7, F(1, 36) = 4.67, \( p < .05 \)). However, when the product was intended as a gift, brand actually had a negative, but non-significant influence (M Other, No Brand = 7.7 vs. M Other, Brand = 7.3, F(1, 38) = .61, n/s). These findings are also consistent with Hypothesis 4 (see Figure 6).

Insert Figure 6 about here

The theory underlying the predictions in Hypothesis 3 posits that consumers value the productive resources expended in the product design to a greater extent when the product is intended for someone else as opposed to themselves. To provide more support for this claim, we compared the correlations between time (a measured behavioral resource) and willingness to pay (an indicator of value) for the “other” and “self” conditions. When the tote was intended for the self, there was no significant correlation between time and willingness to pay (r = .02, n/s). However, when the tote was intended as a gift, this correlation was both positive and significant (r = .34, \( p < .05 \)). 6 These findings provide additional support, using a more objective measure of resources, for the mechanism proposed in Hypothesis 3.

General Discussion

6 The manipulated factors had no significant influence on the amount of time expended on the task.
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 the differences between gift-purchasing and self-purchasing occasions. One reason why such an investigation may not have occurred is the simple economic argument that products are evaluated based on how well their attributes fit the consumer’s preferences (Franke, Keinz, and Steger 2009, p. 104; Simonson 2005). When we select products for others, we usually try to match their preferences (not our own) with the product’s attributes (Aron et al. 1991). Rarely do consumers expect that a given “off-the-rack” product will fit their own preferences in exactly the same way it will fit another’s.

Customization, however, makes this limitation less relevant. In a customization context, consumers can optimize the fit between the product’s attributes and the intended recipient’s preferences. With fit accounted for, our research still demonstrates that products of comparable quality and cost are evaluated differently when intended for the self as opposed to someone else. Further, we demonstrate that variables under the firm’s control (level of design support provided; the presence of a strong brand) are less effective when the consumer is customizing a product as a gift.

**Managerial Contributions**

By engaging participants from the target market in real customization tasks, we add a level of external validity to these studies. The manipulations of design support and brand were programmed into the websites, and therefore, experienced directly (not hypothetically) by our participants. Study 1, in particular, delivers the actual product after a delay typical of most
customization companies. By doing so, we are able to capture more accurate indications of satisfaction and willingness to pay, helping us to overcome the “hypothetical bias” identified by Franke, Keinz, and Steger (2009) as a limitation.

Substantively, we contribute to the customization literature by demonstrating that design support is effective for participants designing products for themselves. Randall, Terwiesch, and Ulrich (2005, 2007) found that tailoring a customization site to the consumers’ level of expertise enhanced product satisfaction. Their study, however, dealt with functional rather than aesthetic customization decisions. We extend their work by showing that design support can help those with lower levels of expertise, even when the customization decisions are purely aesthetic in nature. Increasingly, firms offering all types of customization options are allowing access to online support via product examples, static design advice, and access to real-time chat sessions with design consultants. Customers who take advantage of this support are likely to benefit when designing products for themselves.

When customers design products as gifts, however, design support may be less effective. As Study 1 demonstrated, design support enhanced product expectations with little increases in actual, objective product attractiveness. Thus, gift designers were more likely to experience negative disconfirmation (“unpleasant surprises”) when their bags arrived. These findings suggest that expectations need to be managed throughout the entire transaction experience. While most marketing efforts by customization firms are focused on driving customers into the appropriate channels (website, retail location, etc.), firms should be cognizant of the importance of post-shipment marketing efforts designed to maintain or increase satisfaction levels with customized products.
We also contribute by demonstrating that a brand’s value, within a customization setting, is contingent on the intended recipient. Participants designing for themselves enjoyed 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, as it implies that existing brand equity can be leveraged and further developed in the marketplace. However, when the custom products are intended as gifts, the findings suggest that brand equity must be more carefully managed. Because gifting customers place a premium on their own efforts to design products specifically for a particular person, it may be in the firm’s best interest to help publicize this effort via product labeling (i.e. including a label in the product indicating that the product was custom created by the giver). Further, firms may want to de-emphasize brand identifiers in gifting situations.

**Theoretical Contributions**

To our knowledge, this is the first empirical research to examine the influence that the intended recipient has on a product’s evaluations. 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 (time and effort) that they expend in the design of a customized product when it is intended as a gift rather than for personal use. We propose that this higher valuation reflects the value that the giver places on the recipient (and the relationship) while
simultaneously enhancing the giver’s self-identity. Future research, however, is necessary to generalize this finding to non-customization settings.

Limitations

Inherent in any study are limitations that should be acknowledged. One shortcoming of both studies is that generalizability of the results is limited due to the composition of the sample. While college females were an appropriate and realistic sample to use in the context of handbag customization, the application of the results to other co-creation media that serve broader segments should be done with caution. Future work on gifting and co-creation should extend into other product areas and include broader, more diverse samples.

This work is also limited to aesthetic customization decisions. When customizing the functional aspects of products, 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.


FIGURE 1:  
Product Expectation (Study 1)

a) Low Skill (-1 Standard Deviation)

b) High Skill (+1 Standard Deviation)
FIGURE 2: Negative Emotions (Study 1)

a) Low Skill (-1 Standard Deviation)

b) High Skill (+1 Standard Deviation)
FIGURE 3:
Willingness to Pay (Study 1)
FIGURE 4:
Independent Ratings of Design Quality (Study 1)
FIGURE 5: Willingness to Pay (Study 2)

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<thead>
<tr>
<th>Intended Recipient</th>
<th>No Brand</th>
<th>Brand</th>
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<tbody>
<tr>
<td>Self</td>
<td>$30.05</td>
<td>$38.84</td>
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<tr>
<td>Other</td>
<td>$40.11</td>
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FIGURE 6:  
Product Expectations (Study 2)
APPENDIX A:
Examples of the Choices Participants Made in the Customization Task
APPENDIX B:
Design Examples