

Can We Provide Access to Ownership? How Ownership Inferences Threaten Product Reconfiguration Services

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Abstract

Physical products increasingly evolve into dynamic service platforms that allow for customization through fee-based reactivation of limited add-on hardware features throughout their lifecycle. We label this new phenomenon product reconfiguration through internal add-on features. Drawing on prospect theory and normative expectations literature, the purpose of this research is to shed light on its negative consequences for customers' assessment of the focal add-on and the relationship to the firm. Results of a scenario experiment in a consumer electronics context reveal that customers' willingness-to-pay and purchase intention are lower for product reconfiguration through internal vs. external add-ons. Furthermore, customers are less loyal and more likely to spread negative WOM. We show that benefit deflations and betrayal perceptions drive the effects. We contribute to existing research by responding to calls for more work on the emerging topic of products as dynamic service platforms.

Keywords: *product-reconfiguration; prospect theory; normative expectations*

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