**IlLUminate Blog Transcript: Danny Zane on What Buyers and Sellers Need to Know About Production Enjoyment**

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| ANNOUNCER: 00:02 | This podcast is brought to you by ilLUminate, the Lehigh Business blog. To learn more, please visit us at business.lehigh.edu/news. |
| JACK CROFT: 00:14 | Welcome. I'm Jack Croft, host of the ilLUminate podcast for Lehigh University's College of Business. Today is June 11th, 2024, and we're talking with Danny Zane about his recent research exploring how production enjoyment — how much a seller enjoys making a product or providing a service — influences buyers' willingness to pay and sellers' willingness to charge. Spoiler alert, it's probably not what you would expect. Dr. Zane, who specializes in consumer psychology, was recently promoted to Associate Professor of Marketing. We're talking today about a [recent study](https://doi.org/10.1177/00222429241257913) Danny coauthored with [Anna Paley](https://www.tilburguniversity.edu/staff/a-paley) and [Robert W. Smith](https://www.tilburguniversity.edu/staff/r-w-smith), both of Tilburg School of Economics and Management at Tilburg University in the Netherlands, and [Jacob D. Teeny](https://www.kellogg.northwestern.edu/faculty/directory/teeny_jacob.aspx) of Kellogg Graduate School of Management at Northwestern University. Danny, thanks for joining us on the ilLUminate podcast again today. |
| DANNY ZANE: 01:12 | Thanks, Jack. It's a pleasure to be here as always. I'm excited to talk about this one. |
| CROFT: 01:16 | Yeah. So what was it that initially piqued your interest in looking at production enjoyment? |
| ZANE: 01:23 | The notion of enjoyment, it's fundamental to all of our lives. So it's a very interesting thing to study in general. And my research team, we're actually working on several projects in this space, so maybe there will be more to come soon enough. But in the marketing and consumer behavior context, the large majority of research to date has really looked at how both marketers and really even consumers themselves can maximize those consumers' enjoyment of products and experiences. But we're actually interested in thinking about enjoyment less as an outcome of marketers' efforts and more about whether it can ever serve as a meaningful signal in the marketplace that maybe influences buyers or sellers or even both during their transactions. So for this particular project, we suspected that production enjoyment, which again, you mentioned is how much a seller enjoys making a product or providing a service, could play some role in influencing the transactions between buyers and sellers. And we thought this would be most prevalent in peer-to-peer marketplaces like Etsy because marketing looks quite different in those settings and really opens room for production enjoyment to be much more impactful, we think, compared to these more traditional marketplace settings that involve larger firms. So just to maybe give a very simple example here, we basically wanted to study whether any interesting differences arise in a transaction when, let's say, an Etsy shop owner really enjoys producing the goods that they sell versus an Etsy shop owner who sells the same goods but doesn't enjoy producing them or at least doesn't outwardly mention on their shop page that they really enjoy producing them. And as you sort of spoiled there, we find some very interesting differences here. [laughter] |
| CROFT: 03:11 | Didn't give too much away, I hope. Now, the way that-- as you were just talking about, the way that sellers market their goods and services has changed dramatically in recent decades, expanding from in-person craft fairs into the digital realm through online marketplaces such as Etsy, Fiverr, Upwork, and others, as well as through social media. So what are some of the main ways that those changes have affected the relationship between sellers and buyers? |
| ZANE: 03:42 | Peer-to-peer marketplaces, like some of those that you just mentioned, they're some of the fastest-growing businesses globally. And they're very cool because they allow individuals like you or I to essentially become business owners overnight. So they've changed things in many ways. To highlight the biggest change relevant to this particular project is, again, compared to these more traditional marketplaces, marketing in this peer-to-peer space, it has to take a much different form. So at the end of the day - right? - buyers, when we're all in the marketplace, we essentially look for high-quality products to purchase. And in the traditional marketplace setting with these large firms, there are some really common signals of high quality. So for instance, buyers can use the power of a brand name to infer the quality of a product, right? Maybe you think of some of the biggest brands in the world, the Apples and Amazons and Nikes and so forth. And maybe that signals something about high quality to you as it does to many. We know that other consumers in these traditional marketplaces use things like even the amount of money a firm spends on advertising as a cue of high quality. So if a company has enough to advertise during the Super Bowl, right - I think this year was something like $7 million for a 30 second spot - they must be good, right? They must have high-quality offerings. |
| ZANE: 05:00 | But in these peer-to-peer marketplaces, those traditional signals of quality are much less relevant. So when you're dealing with a single individual running an Etsy shop - right? - or freelancing on a site like Upwork, brand name isn't in the picture. And so instead, these marketplaces give these sellers-- they give that Etsy shop owner or that freelancer really an opportunity to directly tell potential buyers about themselves and maybe even about their production processes behind their goods or services. It's really much more personal in a sense. And there's research out there showing that actually buyers indeed latch on to this more personal information about the production process to infer quality in these settings. Some existing research shows that handmade products are preferred to machine-made products in many instances. Some other work shows that sellers who put a lot of effort behind their production are also viewed more favorably, but no work had looked at whether sellers’ production enjoyment, again, how much pleasure and fun they get from producing their goods or services, might serve as a signal of quality. And we believe that it definitely would. And so that's why we set out to take a look. |
| CROFT: 06:11 | OK. Now, the study looked at some-- I think it's 30,000 profiles of sellers in these online peer-to-peer marketplaces. What percentage of those profiles mentioned production enjoyment? |
| ZANE: 06:25 | Yeah. This really fascinated us, especially because, again, we find that mentioning production enjoyment has the potential to really benefit sellers, which I'm sure we'll get into in a second. But across these profiles, and they spanned various peer-to-peer marketplaces, only about 1% of sellers mentioned how much they enjoyed producing their goods or providing their services. And so that was, again, overall, sort of across different ones. It differed a little bit by platform. So actually on Etsy, fewer than 0.1% of the profiles that we had web scraped mentioned it. And then about 4% of profiles on Upwork, which is a freelancing site, mentioned it. So there was a little variability, but the takeaway message is that it was the very, very, very small minority. |
| CROFT: 07:15 | Wow. Now, any thoughts on why more sellers don't mention that they love what they do? |
| ZANE: 07:21 | I think it'd be really interesting to directly survey sellers and ask them this exact question. And that's not something we've done but probably would be a pretty insightful exercise. I have several guesses. So for example, maybe sellers hold some belief that the notion of work and fun shouldn't be intermingled and that they definitely shouldn't admit to having too much fun to potential buyers. There's maybe some sort of lay belief there that that's not a great thing to do. And then I'd say the lack of mention of production enjoyment, it probably proliferates through these peer-to-peer marketplaces as new sellers join these sites. So if someone new hops onto Etsy to set up a shop, I imagine that they probably look at the profiles of their competitors that are already established on the site. And then they probably figure they should include similar information on their pages, which, of course, isn't going to include production enjoyment since it didn't exist on those existing profiles. |
| CROFT: 08:20 | So cutting to the chase here, your research found an interesting contradiction or asymmetry in the way that buyers and sellers respond to production enjoyment. And generally speaking, buyers are willing to *pay more* money for goods or services when they know the seller enjoys producing them. But sellers actually *charge less* for products and services they enjoy producing. So you were just talking about that there might be this almost inherent bias people have about admitting that they're having fun or enjoying the work that they're trying to sell. So what accounts for the difference between the way the buyers and the sellers look at that? |
| ZANE: 09:07 | It was incredibly interesting to see how the same information — how much a seller enjoys the production process — influence buyers and sellers in complete opposite directions. And if you look through the academic literature in marketing, or I think really even sort of in the marketplace, there aren't really many other marketplace cues out there that have been shown to have such a contrasting effect on the two parties involved in a transaction. I'll just break down each side to highlight and explain this difference. So starting with buyers, we, as you mentioned, find that when a seller talks about how much they really enjoy producing a product or providing a service, the buyer then interprets that as a signal of a high-quality offering. And in turn, they're willing to pay more for what they believe to be a high-quality offering. So a buyer is willing to pay more for that jewelry on Etsy when that seller who is both making and then selling that jewelry says they really enjoyed making it because the buyer believes it's higher quality. And buyers infer high quality from high production enjoyment for a number of reasons that we get into. |
| ZANE: 10:15 | But just to give you one here, high production enjoyment might signal to a buyer that the seller was in a “flow state” or "in the zone" when they were making the item, which is actually sort of a technical term meaning that they maxed out their ability to really meet the demands of that task. On the seller side, that same high production enjoyment, it actually, like you mentioned, leads them to charge less for the products or services they enjoy producing, which is fascinating. And so even though their high enjoyment of producing a good might also signal to that seller that it's a high-quality item that they're making, we know that sellers incorporate a broader range of factors beyond just the product's quality when they're making their pricing decisions. So in this case, it's likely that their enjoyment of this production process actually provides inherent utility to them. Basically, they feel like they need less financial compensation because they've already gathered inherent value from the enjoyable production process itself. So that seller on Etsy producing and selling that jewelry feels the need to charge less for that jewelry that they really enjoy sitting there and crafting, probably because it feels less like work, it's inherently satisfying to do, and so on. |
| CROFT: 11:40 | Now, you conducted a number of different kinds of experiments to arrive at the findings in your study. I'm wondering if you could just kind of pull the curtain back a little and share some examples of the kinds of experiments that you did that led you to the findings you were just talking about. |
| ZANE: 12:03 | All in all, we have over 10 experiments that document these findings. I'll highlight just a few that I find most interesting. Again, I'll touch on maybe one or two that we ran in the field, some online. In a really interesting field study that we ran, we actually used Facebook's advertising feature to randomly show small business owners one of two real advertisements for someone's search engine optimization service. And so one of the ads described this provider of search engine optimization services to have a lot of experience. And then the other ad described the provider to also have a lot of experience but then also mentioned that they enjoyed doing their work. And the ad that mentioned that the seller enjoys search engine optimization yielded an incredible 40% higher click-through rate. So not only does high production enjoyment actually increase how much buyers are willing to pay for products, which we demonstrate in other studies, but this particular study shows that high production enjoyment actually also increases buyers' initial interest in a service, which, of course, is very important as sellers look to move these prospective buyers through the purchase funnel. |
| ZANE: 13:18 | In another field study, which was also fun, we set up a booth at a university student fair. And at this booth, we displayed two brownies right there on the table. And each of the brownies had a quote from the head chef beside it. And one of the brownies was accompanied by a quote stating that it was the chef's most popular brownie, while the other brownie sitting there was accompanied by a quote stating that it was the brownie the chef most enjoyed making. So we were basically pitting a cue of popularity versus this cue of high production enjoyment and seeing if there was a difference. And so for the results, again, pretty fascinating. After about 300 people visited the booth, roughly 67%, so well over what you'd predict by chance, chose that enjoyably made brownie over the popular one. So that production enjoyment signal seemed to win out here even over a signal of popularity, which we found to be pretty cool. |
| ZANE: 14:27 | Now, of course, there are boundaries to the power of signaling production enjoyment. So I want to make sure I mentioned a study that shows that it doesn't hold in every single context. And so specifically, we believe that if a seller enjoys a low-skilled task, this isn't probably all that attractive because it might mean that this low level of skill represents their maximum ability. So in a study, and this one we conducted online, we actually created a mock website for a dog washing service. And in one condition, we portrayed the company to offer a relatively, what we considered a high-skilled version of dog washing. It was all done by hand. And then in the other condition in this experiment, we instead portrayed that same company as offering a relatively low-skill version of dog washing, which was largely achieved through machine automation. And so when the dog washer washed by hand and needed high skill, indeed, we saw that participants were willing to pay significantly more when that worker enjoyed their job. |
| ZANE: 15:34 | But when this dog washer instead didn't need that much skill, most of the washing was automated, we no longer saw this effect hold. So now participants were no longer willing to pay more when the worker enjoyed their job. So in this low-skill context, production enjoyment did not make a difference in buyer's willingness to pay for the service. And so it seems like this effect is dependent on the perceived level of skill necessary to sort of achieve that work or to create that product. And then just to tie a bow on everything here, I'll mention one final study where we actually examined 100 of the most common sort of consumer-facing jobs and asked people how much enjoyment would affect their buying and selling prices. And I'll mention that just-- again, pretty robust effect here, where across all 100 of those jobs, we consistently saw this asymmetry, where buyers said they would pay more for sellers who enjoy the work, while sellers said they would charge less for this very same enjoyable work. So it seems very robust. Again, there are some of these boundaries like that perceived skill I mentioned, but across the board, it seems like this thing is pretty powerful. |
| CROFT: 16:50 | It seems like there's some practical implications certainly for sellers in this. So it seems like whoever's listening to this or reading your study who changes their Etsy profile first will get a leg up. Is that the case? |
| ZANE: 17:09 | Yes. Subject of some of those caveats and things I mentioned. I'd say in short, if you enjoy the work you do, make sure you let that be known. As you alluded to, put it in the product description. Put it in the bio on your website or the profile of your Etsy page. And again, prospective buyers should think you do better work, should be willing to pay more for it. And as I mentioned, again, this is particularly the case for jobs that require relatively more skill, including those that aren't automated. So keep that in mind. But again, we also show that production enjoyment, it doesn't only increase buyer's willingness to pay, but it can also attract them to your product or service from the beginning. So it's also maybe good to consider mentioning your enjoyment in a product advertisement that you might do on social media, for example. And more generally, we think the saying "Don't sell yourself short" applies quite nicely here. Because in general, I think sellers should be aware that their high enjoyment of certain production processes could actually be leading them to unknowingly undervalue their products and services, at least relative to buyers' perceptions of the quality of these goods. |
| CROFT: 18:25 | Now, on the flip side, what are some of the practical implications or things that buyers should be aware of knowing this? |
| ZANE: 18:33 | I think buyers should, in general, be aware that they might unknowingly be willing to pay a premium if a seller seems like they really enjoy making a certain product or service. Because again, this is leading us to infer that the product is of high quality. At the same time, I think you could say that if a seller seems like they really enjoyed making a certain product or service, in some instances at least, this could actually signal that the product's undervalued in the marketplace, given that sellers tend to charge less for the things that they enjoy making. But in general, I think buyers, especially in peer-to-peer markets, should simply be aware that production enjoyment can play an influential role in their pricing judgments. |
| CROFT: 19:17 | Not to get too philosophical here, but it strikes me that there's a couple of expressions we've all heard many times and that continue to be hotly debated now that are particularly relevant for college students as they graduate. And one is, "Follow your passion." And closely related to that is, "If you do something you love, you'll never work a day in your life." And I just wonder what the findings of your study tell us about that attitude about doing something you love and how you think about that, particularly if following your passion and doing something you love leads you to charge less money for your work. |
| ZANE: 20:02 | Overall, I don't really have any major issue with those sayings. So from the organizational psychology literature, we know that being intrinsically motivated when doing your job - right? - meaning that you do it because it brings you this inherent joy, that can work wonders in terms of productivity, preventing burnout, increasing your sense of purpose, and so on. So I actually think that the optimistic interpretation of our findings could actually add to this list of benefits. So if you find great enjoyment in producing a good or a service, and now that you're informed that buyers will perceive this to mean that you produce high-quality work and actually be willing to pay more for it, you can actually potentially benefit financially as well from letting the world know that you love what you do. Of course, it is dependent on having the understanding of how buyers perceive production enjoyment. And that's very important because yes, otherwise there's this risk that we definitely documented in our work that sellers will actually charge less than the marketplace might command for their work if they enjoy it. So I guess at the risk of being even more cliche here with our findings, perhaps that starving artist could secure another meal or two. |
| CROFT: 21:16 | Yeah. [laughter] OK. And I feel like I have to ask this. Did you enjoy the process of producing this study? |
| ZANE: 21:25 | Great question. We are actually sure to end the paper with this line. And so this is quoted right out of our manuscript. “We would like to emphasize to readers how much we enjoyed conducting the current research.” And I guess we'll see if it truly turns out to be of high quality by helping some peer-to-peer marketplace entrepreneurs. So I guess we'll stay tuned for that. |
| CROFT: 21:49 | Finally, is there anything we haven't talked about regarding production enjoyment and your study that you think our listeners should know? And maybe in the area you had mentioned upfront that there are other things you're looking at. What are some of the more interesting things that you'd like to know in this area? |
| ZANE: 22:08 | I think, circling back to the point you mentioned earlier about why aren't sellers mentioning this-- I think it would be good to unpack those reasons maybe through some survey work and actually get sellers' take on that so that we could potentially educate them and create interventions that would help them signal this in the best way possible. Another common question that's come up so far is, of course, we focused in the peer-to-peer marketplaces, and I outlined the reasons why, because marketing looks very different there. We have evidence that this effect would hold for sort of small local business owners as well. So then the question is, how sort of large can you scale up and get more towards that traditional marketplace setting with large firms until this doesn't work or breaks down? And that's an open empirical question. We didn't study all of the nuances of this. Our current stance on that, if anyone's curious, is simply that production enjoyment probably still holds value there. It's just going to be muddied by all of those more traditional signals I talked about, like brand name and advertising budgets and all of this. So I imagine the strength of the signal would definitely wax and wane depending on some of those things. But it's an open question. And so there's plenty of room to explore the nuances of this, and maybe we'll do so moving forward. |
| CROFT: 23:39 | Great. Well, Danny, thanks for being with us again. And I will go on record saying that I've enjoyed doing this podcast. [laughter] |
| ZANE: 23:50 | I'm glad to hear it. And I hope listeners enjoy listening to it. So it was a pleasure to be on, and I appreciate the opportunity, Jack. |
| CROFT: 23:57 | Sure. And we'll probably have you back sometime in the future as you get some more results in this area. Because it was not only enjoyable and fun, but I thought really interesting. Anytime you find contradictions or unexpected results in research are always fascinating to me. |
| ZANE: 24:17 | I agree. I agree. Yep. And I look forward to that day when it comes. |
| CROFT: 24:21 | OK, I'd like to again thank our guest, Danny Zane. His research has been published in such top marketing journals as the Journal of Marketing, the Journal of Public Policy and Marketing, the Journal of Consumer Research, the Journal of Consumer Psychology, the Journal of the Association for Consumer Research, and Harvard Business Review. This podcast is brought to you by ilLUminate, the Lehigh Business blog. To hear more podcasts featuring Lehigh Business thought leaders, please visit us at business.lehigh.edu/news. You'll also find links there to follow us on your favorite social media platforms. This is Jack Croft, host of the ilLUminate podcast. Thanks for listening. |