

**WHEN CUSTOMERS GET CLEVER:
MANAGERIAL APPROACHES TO DEALING WITH CREATIVE
CONSUMERS**

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Abstract

Creative consumers – consumers who adapt, modify or transform a proprietary offering - represent an intriguing paradox for business. On the one hand they can be a black hole for future revenue, with breach of copyright and intellectual property, while on the other hand they represent a gold mine of ideas and business opportunities. This problem is central to business – business needs to both create and capture value; the problem is that creative consumers demand a shift in the mindsets and business models of how firms both create and capture value. We develop a typology of firms' stances to creative consumers based upon their attitude and action towards customer innovation. We then consider the implications of the stances model for corporate strategy, and examine a three step approach to dealing with creative consumers, namely, awareness, analysis and response.