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**Charismatic Entrainment: How Brand Leaders and Consumers  
Co-Create Charismatic Authority in the Marketplace**

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## ABSTRACT

How do CEOs, entrepreneurs, managers, celebrity bloggers, and other brand leaders acquire charismatic authority in the marketplace? Grounded in a multi-perspective, in-depth case study of the charismatic CEO of an Austrian shoe manufacturer, this article introduces a sociocultural mechanism called *charismatic entrainment*. Charismatic entrainment involves brand leaders *staging* charismatic authority by promoting polarized worldviews and taking personal risks to demonstrate their ability to lead social change. It further involves consumer-followers publicly *validating* and consumer-critics *challenging* brand leaders' claims to charismatic authority, encouraging further entrainment via their support, but also their criticism. Brand leaders, consumer-followers, and consumer-critics draw on *social media*, *marketplace sentiments*, and *brand manifestations* as entrainment resources to more effectively endow brand leaders with charismatic authority in the marketplace. The article contributes a market-based, multi-stakeholder—vs. an organizational, leader-centric—theory of charisma co-creation to the literature on charismatic authority. It also adds to theories of iconic branding, risk consumption, and societal morality plays, sensitizing readers to the constructive but also destructive potential of market-based charisma co-creation.

Keywords: charismatic authority, brand leadership, human brands, market-level analysis, iconic branding, market moralism, risk consumption

*“It is not important if we are led, but where to.”* (Malik 2002)

How do brand leaders such as *Vogue*'s Anna Wintour or Tesla's Elon Musk induce “awe and inspiration” (Fleck, Michel, and Zeitoun 2014, 87) among millions of consumers? How do they manage to transform ordinary consumers into “eager followers” (Levitt 1975, 78) who not only consume their brands, but also promote them, invest in them, and publicly defend them against criticism (Belk and Tumbat 2005)?

Consumer research has begun to explain what it is about such CEOs, master chefs, celebrity bloggers, tech entrepreneurs, and fashion designers that excites consumers, pointing to personal qualities such as extraordinary skills and aesthetic vision (Belk and Tumbat 2005; Dion and Arnould 2016), authenticity (Fillis 2015; Kowalczyk and Pounders 2016), or charismatic appeal (Cocker and Cronin 2017; Dion and Arnould 2011). However, as Weber (1947/2009) posited, charismatic authority is a social phenomenon that does not exist without external validation of leaders' exceptionality (Ladkin 2006; Turner 2003).

Because prior charisma research has predominantly focused on leaders' personalities and actions, it has not explained how leaders and consumers interact to co-create charismatic authority in the marketplace. Understanding the co-creation of market-based charismatic authority matters not only because charismatic brand leaders can induce “awe and inspiration” (Fleck et al. 2014, 87) that increase consumers' brand loyalty, spending intentions, and word-of-mouth recommendations. It also matters because, in late modern consumer societies, charismatic brand leaders have become powerful agents of social change (Fiol, Drew, and House 1999).

To explore empirically how charismatic authority is co-created in the marketplace, we collected leader-, consumer-, and media-level data about Heinrich (‘Heini’) Staudinger, the

founder and CEO of the Austrian footwear brand *Waldviertler* (<https://gea-waldviertler.at>), covering a four-and-a-half-year, crisis-ridden period of the company's history. We interpreted these data through the lens of Stephen Turner's (1993, 2003) risk-based conceptualization of charismatic authority. For Turner, leaders do not necessarily have to have a "charismatic" (House and Howell 1992) or "prophet-like" (Andreas 2007, 436) personality, but acquire charismatic authority through transforming their followers' perceptions of the risks inherent in certain social situations.

This first, empirically grounded interpretive analysis of charisma co-creation in the marketplace revealed an interactive social mechanism that we call *market-based charismatic entrainment*. Charismatic entrainment involves brand leaders' *staging* charismatic authority in the marketplace by constructing polarized worldviews from latent sociocultural tensions, as well as taking substantial personal risks to demonstrate their determination to lead social change. Consumer-followers *validate* brand leaders' claims to charismatic authority not only through inwardly appropriating their risk perceptions, but also through outwardly encouraging and defending brand leaders in the public domain.

Consumer-critics—a largely neglected category in prior charisma research—also contribute proactively to charisma co-creation through publicly *challenging* brand leaders and followers to thwart the entrainment process while actually fueling it. Thus, drawing on *social media*, *marketplace sentiments*, and *brand manifestations* as resources for broadening and deepening their entrainment, brand leaders, consumer-followers, and consumer-critics collectively establish brand leaders as charismatic authorities in the marketplace, while also boosting these brand leaders' company brand values and sometimes effecting tangible social change—for better or worse.

To best present these findings, we first review the literature on charismatic authority in and beyond consumer research, focusing particularly on risk transformation and charisma co-creation dynamics. We then introduce our research context, outline data collection and analysis procedures, and present the eight elements of our entrainment model. Finally, we discuss how this study contributes to the literature on charismatic authority in and beyond consumer research, as well as to theories of iconic brands, risk consumption, and consumption as societal morality play.

## **CHARISMATIC AUTHORITY**

Charisma refers to a social mechanism through which individuals inspire devotion and followership in others. Weber (1947/2009) theorized charisma as an ideal-type of authority, alongside traditional and rational-legal authority. Traditional authority builds on (family) tradition and lineage and rational-legal authority on rules monitored by expert systems. Charismatic authority, in contrast, builds on personal qualities and operates “outside the realm of everyday routine” (Weber 1947/2009, 361), tradition, or “petty calculus” (Andreas 2007, 436; Weber 1922/1978).

Weber’s writings on charismatic authority inspired a vast number of studies in fields such as management, leadership, marketing, religion, and political science. Three defining markers have emerged from this literature that are crucial to our analysis: charisma originates in risk transformations, is socially ascribed, and is inherently fragile.

### **Charisma Originates in Risk Transformations**

Weber (1947/2009, 358) initially theorized charismatic authority as “a certain quality of an individual personality, by virtue of which he is set apart from ordinary men and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities.” By pointing to “a certain quality” of an individual as a source of charismatic authority, Weber opened the concept to explorations of charismatic authority beyond religious contexts, including commercial organizations. However, he left charisma scholars with a theoretical puzzle concerning what exactly the legitimizing “force” may be through which charismatic leaders inspire followership (Turner 1993, 239f). If charisma is not a divine gift that connects an extraordinary person to a deity (Sohm 1892/1923), what exactly makes people trust and follow an individual?

In answer, charisma scholars across academic disciplines began to explore the individual qualities that distinguished charismatic leaders from ordinary leaders. Their findings point to “dominance and self-confidence” (House 1976, 11), “need for influence, and conviction in the moral righteousness of their beliefs” (ibid), extraordinary rhetorical talent (Couch 1989; Joosse 2018), “physical height” (Reh, Van Quaquebeke, and Giessner 2017, 493), or even “facial features” (ibid, 494) as sources of charismatic authority.

The U.S. sociologist Stephen Turner (1993, 2003) offered an alternative, more follower-centric, explanation. He proposed that charismatic authority originates in leaders’ ability to transform followers’ perceptions of the risks and dangers inherent in certain social situations. Turner argued that leaders induce such risk transformations through visionary speech and rebellious action. In their visionary speeches, leaders localize latent risks in existing sociocultural structures (e.g., ostensibly dysfunctional social norms or institutional arrangements), inflate the



underlying collective anxieties into gloomy future scenarios, and then warrant alternative, “new world[s] of risks and opportunities” (Turner 1993, 253). Through rebellious actions that appear unjustifiably risky or even impossible, leaders demonstrate to followers that their risk perceptions are erroneous and that this new world is attainable—through optimism, sacrifice, and determined action.

The leaders’ successes inspire followers to reconsider their perceptions of social risks in their own lives, sparking transformative experiences that have variously been theorized as “metanoia” (Turner 1993, 236; Weber 1922/1978), “emancipatory inspiration” (Islam 2014, 116), “experience of the sublime” (Ladkin 2006, 175), or—as we also call them here—“charismatic fervor” (Eisenstadt 1968, xix). As the notion of *fervor* suggests, risk transformations often coincide with emotional transformations whereby leaders also turn followers’ suppressed anger, for example, into pity, love, or hope (Wasielowski 1985). However, eliciting internal transformations is not sufficient for endowing aspiring leaders with charismatic authority in broader society. For charisma to gain social relevance, it must be socially ascribed.

### **Charisma Is Socially Ascribed**

Building on Weber indicating “a social dimension to charisma” (Friedland 1964, 19), scholars commonly consider charisma to have come into effect once a leader has converted an exalted minority into followers and convinced a less exalted or even critical majority that there is no alternative to them as the leader in a particular domain of action (Lepsius 1986). Therefore, some charisma studies assess to what extent followers socially attribute charisma to such leaders via surveys and experiments (Carsten et al. 2019; Naidoo and Lord 2008), whereas others

extrapolate widespread charisma ascriptions from leaders' commercial triumphs (Fanelli and Misangyi 2006; Sharma and Grant 2011), political successes (Couch 1989; Reed 2013), or religious followership (Junker 2014).

In doing so, however, charisma studies often relegate leaders' audiences "to the 'negative space' of passive voice" (Joosse 2018, 922). Although several studies have suggested that followers proactively foster "new solidarities" (Couch 1989, 271), form "charismatic communit[ies]" (Reed 2013, 281), or actively pursue "purposes that [are] distinct from those of the leader" (Junker 2014, 418), the potentially more agentic roles of followers in ascribing charismatic authority to leaders remain insufficiently researched.

The leader-centric "heroic bias" that pervades the charisma literature (Howell and Shamir 2005, 108) has also resulted in a peculiar empirical neglect of other stakeholders that may also contribute to ascribing charismatic authority to leaders. While Reed (2013), for example, noted how the "counterperformances" (255) of opponents offer political leaders opportunities for "passing tests" (Turner 2003, 16), and Joosse (2018) pointed at rhetorically constructed "charismatic counter-roles" (921), these authors have not offered empirical insight into how the de facto behaviors of such actors contribute to establishing leaders' charismatic authority.

Regardless of their empirical focus, charisma scholars tend to agree that sociocultural contexts shape the paths of possibility for leaders to acquire charismatic authority. Eisenstadt (1968, 18), for example, noted that charismatic authority is particularly likely to be ascribed "in times of psychic, physical, economic, ethical, religious, [and/or] political distress." In such situations, aspiring leaders can tap into audiences that are ridden by "inchoate sentiments" (Friedland 1964, 23) and "shared discontent" (Couch 1989, 267), and are in search of someone

who can bring the situation “to order and give it focus” (Wasielewski 1985, 212). We theorize such contexts—with Lepsius (1993, 100)—as “latent charismatic situation[s].”

### **Charisma Is Fragile**

For Weber (1947/2009, 363), charismatic authority exists “only in the process of originating” and not as a stable asset or possession. Because it must be continually proven in practice, charismatic authority is deemed to be inherently fragile.

Weber discussed routinization as a primary source of charisma dissipation. Routinization occurs when the “extraordinary” or “revolutionary” moments that elevated ordinary leaders to charismatic leader status have passed (Reed 2013, 257), and leaders suffocate under the “weight of material interests” (ibid, 257; Weber 1922/1978). However, in the management literature, very few studies provide evidence for charismatic authority falling prey to “routines and other institutional vehicles” in such ways (Conger 1999, 168; Hatch and Schultz 2013; Petit 2012).

Another prominent source of fragility is escalating charismatic success (Ciampa 2016; Reed 2013). Acquiring a heightened sense of personal importance and indispensability can evoke a sense of overconfidence in leaders and foster narcissistic or megalomaniacal tendencies. Leaders who fall prey to such escalation dynamics get caught in spirals of “ever-greater heights of emotion, claims-making and order-giving” (Reed 2013, 267) and begin aspiring to “highly self-serving and grandiose aims” (Conger and Kanungo 1998, 211). Such escalations can cause disillusionment and alienation among followers (Ciampa 2016).

While it lasts, charismatic authority is a powerful double-edged sword. Leaders can use it to effect organizational and societal changes that conventional leaders had failed to achieve, but

they can also use it for exploitative ends, inflicting serious psychological or even physical harm on their followers (House and Howell 1992).

In summary, the charisma literature has argued that charismatic authority originates in leaders transforming followers' risk perceptions, must be socially ascribed to come into effect, and is inherently fragile. Yet, because of its focus on leaders, organizations, and political parties, this literature has not explained how charismatic authority emerges in the marketplace, where brand leaders and consumers are neither in the same organizational boat nor necessarily fighting the same political battles. Consumer research into charismatic brand leaders, to which we will now turn, offers insightful yet incomplete answers to this question.

## **THE CHARISMATIC AUTHORITY OF BRAND LEADERS**

In consumer research, charismatic authority has become an increasingly relevant topic not only because business leaders can affect individual consumption choices (Fleck et al. 2014), but also because they play an increasingly important role in effecting social change.

Our study focuses on a type of leader we call *charismatic brand leaders*. Charismatic brand leaders interact personally—directly or through (social) media—with devoted consumers *and* are formally responsible for managing brands as CEOs or brand managers, for example. As such, charismatic brand leaders are not “celebrity endorsers” (McCracken 1989, 310), who may be focal elements of a brand assemblage but do not occupy leadership positions. They are also not leading designers, chefs, athletes, or engineers who lend their extraordinary skills to a brand, unless they also manage the brand. And, although charismatic brand leaders may present “stage persona[s]” to their audiences (McCracken 1989, 312), they are also not marketer-created

“personas” (Stern 1988, 4) or “fictive speakers” (Dion and Arnould 2016, 124). They are real persons with human abilities and challenges (Fournier and Eckhardt 2019).

While consumer research has not yet explained how such brand leaders and consumers co-create charismatic authority in the marketplace, it has highlighted office charisma and extraordinary talent as two focal sources of charismatic authority, and contributed several brand leader-specific insights to charisma’s fragility.

### **The Charismatic Authority of Office-Holders**

When leaders take up influential organizational positions, they automatically acquire a form of charismatic authority known as “office charisma” (Etzioni 1961, 307). Consumer research has shown that simply picturing brand leaders in advertisements, for example, increases consumers’ perceptions of these leaders’ responsibility and commitment (Fleck et al. 2014). When the pictured leaders are perceived as particularly credible, dedicated, and “real” (Fleck et al. 2014, 87), consumers may respond with “awe and inspiration” (ibid, 87) or even consider them to be “aspirational models” (ibid, 84) for their own lives.

Such research shows that consumers already ascribe a certain degree of charismatic authority to brand leaders without leaders deliberately staging (Gardner and Avolio 1998) or signaling charisma (Antonakis et al. 2016). However, it has not explained whether or how brand leaders can multiply their office charisma through interacting with consumers and other relevant stakeholders in the marketplace.

### **The Charismatic Authority of Extraordinary Leaders**

Consumer research has also gleaned important insights into the origins of charismatic authority through studies on extraordinarily talented leaders. Dion and Arnould (2011, 516), for example, have shown how the fashion industry celebrates the careers of “extraordinary personas” such as Marc Jacobs or John Galiano, who have acquired charismatic authority by demonstrating their talent as fashion designers, designers of retail spaces, or inventors of brand rituals that imbue anemic products with a “charismatic aura” (Dion and Arnould 2011, 503).

Social media-born challengers of the fashion establishment, in contrast, seem to acquire their charismatic authority primarily through skillfully disrupting market conventions via their social media channels (Dolbec and Fischer 2015). However, the charismatic authority of such online-born brand leaders also depends on followers actively endorsing and “socially deconstruct[ing]” these leaders’ charismatic qualities (Cocker and Cronin 2017, 468).

Together, these studies document important aspects of how brand leaders with extraordinary talents or personalities evoke admiration among consumers who ascribe charismatic authority to them in return. However, they have not explored whether, and how, such extraordinary brand leaders strategically interact with consumers, opponents, critics, and other relevant stakeholders to bolster their charismatic authority in the marketplace.

### **The Fragility of Brand Leaders’ Charismatic Authority**

Consumers’ interest in brand leaders’ personal lives, commercial successes, and dramatic failures, as well as the fierce competition for public attention, render brand leaders’ charismatic authority particularly fragile in contemporary consumer societies. With the media in constant

search of “grist for the journalistic mill” (Benediktsson 2010, 2207), brand leaders gain countless opportunities to attract public interest, yet also face unprecedented risks of being publicly denounced, discredited, and deprived of charismatic authority.

Fournier and Eckhardt’s (2019, 608) research into Martha Stewart, for example, amply illustrates how brand leaders’ public demonstrations of a “delusional sense of pride, self-confidence, infallibility, and imperviousness” can evoke powerful doppelgänger brand images. Particularly when combined with “ignorance and derision” (Fournier and Eckhardt 2019, 612) toward critical voices, such public displays of unbridled hubris are quickly disseminated across the (social) media, posing severe challenges to brand leaders’ person-brands and—in Stewart’s case—also managed brands.

Parmentier and Fischer’s (2015) analysis of the serial brand *America’s Next Top Model* exposes another market-specific source of charisma fragility. They documented how some of the show’s viewers criticized brand leader Tyra Banks for molding models into commercial person-brands, thereby betraying the show’s artistic “high fashion narrative” (1238). This sense of financially motivated betrayal contributed to some consumers abandoning the TV series (Parmentier and Fischer 2015) and potentially also to the erosion of Banks’ charismatic authority (Owoseje 2020).

In summary, prior consumer research has highlighted office charisma and extraordinary talent as key sources of brand leaders’ charismatic authority and contributed market-specific insights into the sources of charisma fragility. However, akin to charisma research in other disciplines, this literature has also focused predominantly on brand leaders’ personal qualities and has therefore not explained how brand leaders, followers, and critics interact to co-create brand leaders’ charismatic authority in the marketplace.

## RESEARCH CONTEXT AND METHODS

To address this important question, we conducted an in-depth, interpretive case study of the Austrian shoe manufacturer Waldviertler and its brand leader, Heinrich Staudinger. We will now introduce our research context and outline our data collection and analysis procedures.

### Research Context

Waldviertler produces high-quality leather shoes, bags, and furniture in Austria and Hungary. It sells these, along with sustainable lifestyle products from other brands, in a store network called *GEA*. Heinrich Staudinger has been its sole owner and beneficiary since the brand's foundation in the 1980s (for a photograph, see Figure A4 in the Web Appendix). The Waldviertler case exhibited two characteristics that made it an ideal context for our analytical purposes.

First, the brand's leader, Heinrich Staudinger, was (and, at the time of writing, still is) widely considered a charismatic leader in Austrian society. His interactions with opponents, consumers, and critics have been extensively debated in news media, social media, and on company websites, which allowed us to assemble a rich, multi-perspective dataset with adequate nuance and internal variation.

Second, Staudinger navigated his brand through two severe liquidity crises, which sparked intense public debates about him and his brand. In 1999, Waldviertler faced its first existential crisis when banks cut the company's credit line after Staudinger refused to adhere to



new, stricter regulations. To circumvent the banks, Staudinger started a scheme called the *Savings Club* (and later the *Apple Tree Club*), which allowed fans of the brand to lend the firm funds and receive above-market interest, yet without acquiring voting rights. In 2012, when the Savings Club had already collected €2.8 million from 198 consumer-investors, the brand faced its second major crisis. Austria's Financial Market Authority (henceforth: the FMA) declared that the Savings Club violated investor protection regulations, issued a €50,000 penalty, and demanded the immediate payback of the collected funds, which would have driven Waldviertler into bankruptcy. In his fight for commercial survival, Staudinger lobbied passionately for the legal recognition of his Savings Club, which coincided with emerging public interest in crowdfunding (Ordanini 2009). Staudinger lost the legal battle against the FMA in 2014, but obtained permission to require Savings Club consumer-investors to sign a subordination agreement, by which they formally acknowledged that they would lose their investments in case of Waldviertler's bankruptcy.

## **Data Collection and Analysis**

Our data collection focused on the second crisis, which we call the *Staudinger vs. the FMA crisis*. This crisis took place between October 2012, when the news media first covered the issue, and January 2017, when the proverbial waters had calmed for Staudinger and his company. The crisis situation allowed us to access consumers who passionately supported or publicly criticized the brand leader and trace the emergence of a tacit societal agreement to consider Staudinger a charismatic "finance rebel" (*der Standard*, January 11, 2017), rather than a self-interested law-breaker. We started data collection in October 2014 and finished in April

2019, when our iterative data collecting, analyzing, and theorizing had reached saturation (Charmaz 2006). Within this period, we embarked on the following three data collection and analysis rounds (for an overview, see table A1 in the Web Appendix).

*Data Collection and Analysis Round 1: A Broad Exploration of the Case.* In round one (October 2014 to August 2015), we approached our empirical context with a broad interest in the brand, its defiant leader, the origins of the crisis, its key stakeholders, and the focal events of the crisis. To gain an overview, we first sampled all case-relevant secondary data from Waldviertler’s website, including archived media releases, company magazines, videos, and open letters written by Staudinger as well as documents delivered by the FMA.

To gain primary insights, we conducted semi-structured qualitative interviews. In February 2015, we interviewed the brand leader at his company headquarters. In March 2015, we interviewed two journalists who were influential in sparking public interest around Staudinger—which we established via their reporting frequency and the brand leader’s own perceptions of these journalists’ impacts. In August 2015, we interviewed 11 Waldviertler consumers who had invested in the Savings Club, which suggested that they would be knowledgeable about Waldviertler and would be directly affected by the crisis. We recruited these consumer-investors at the company’s Apple Tree Day, where Savings Club members took a company tour and attended a talk by Staudinger. We interviewed eight consumers on-site and three via phone after the event (for the interviewee profiles, see table 2).

*Data Collection and Analysis Round 2: A Systematic Analysis of Market-Based Charisma Co-Creation.* Our initial analysis inspired us to focus more explicitly on the market-based co-

creation of charismatic authority. Between January 2016 and March 2017, we conducted a second data collection and analysis round to inquire systematically into Staudinger’s ways of recommending himself as a charismatic authority, as well as the responses of consumers, critics, and opponents to his actions. For this round, we chose an archival approach. We collected online data to assemble an accurate, retrospective, and chronological account of news media articles, video material, and consumer comments. We began by sampling articles and readers’ comments from newspaper websites. We selected one daily news page from the Waldviertel region ([www.noe.orf.at](http://www.noe.orf.at)) and three leading national newspapers ([www.diepresse.com](http://www.diepresse.com), [www.derstandard.at](http://www.derstandard.at), [www.kurier.at](http://www.kurier.at)) that report on business topics and target a wide social spectrum. We reviewed all articles on their websites that contained the keywords ‘Staudinger’ or ‘Waldviertler’ and were published between October 2012 and January 2017. We included into our analysis 194 news articles that directly addressed the crisis.

We first analyzed the headlines and abstracts of these 194 articles to identify key topics addressed during the 52-month crisis. This analysis revealed five distinct episodes, each with a different thematic focus. Table 1 outlines the key events that defined each episode. Table A2 in the Web Appendix provides more detailed descriptions of events as well as analytical codes.

**TABLE 1**

An Overview over the Five Entrainment Episodes

Episode 1	01/12 to 01/13	The FMA classifies Waldviertler’s Savings Club, as an illegal commercial deposit business. Staudinger protests against this decision and refuses to pay. Consumers start supporting him.
Episode 2	02/13 to 01/14	Staudinger files legal complaints with the higher courts. Consumers attend Staudinger’s court hearing. His appeals are rejected, but politicians debate new legal frameworks for crowdfunding initiatives.

Episode 3	01/14 to 05/14	Staudinger announces changing his financing model to a lawful subordination agreement. All but eight consumer-investors sign the agreement. Staudinger continues to refuse to pay the FMA penalty.
Episode 4	05/14 to 06/15	The FMA imposes another penalty. When Staudinger refuses to pay it, the authorities seize the amount in GEA/Waldviertler stores. Staudinger hosts a media conference in a store to express his defiance.
Episode 5	07/15 to 01/17	The government amends the capital market law to improve legal conditions for crowdfunding. Staudinger initiates a new auditing federation for cooperatives, which Waldviertler becomes part of.

Next, from the 194 news media articles, we selected the 20 with the most reader comments and the 15 that discussed the five most widely covered themes for in-depth analysis. We analyzed these 35 articles with a focus on the ways in which the media contributed to framing the brand leaders' actions as charismatic (rather than criminal), the sociocultural context of the Waldviertler crisis —i.e., the latent charismatic situation (Lepsius 1993)—and the crisis's implications— i.e., the “manifest charismatic situation” (Lepsius 1993, 101).

We then collected all reader comments to the 20 most commented-on articles in *der Standard* and *Die Presse*, which both used a comments rating system. The rating system allowed us to identify the 20 most liked and the 20 most disliked comments to each article. We reached theoretical saturation after analyzing 320 of the resulting 800 comments. Next, we sampled video material from YouTube to analyze Staudinger's rhetoric, emotionality, and gesturing, and to explore how consumers commented on these videos. We began sampling the videos with the most views (up until January 2017) and ended after analyzing six leader videos and 78 consumer comments, when it became unlikely that further material would yield additional theoretical insights. Finally, we collected all 240 consumer comments to 27 posts on Waldviertler's Facebook page that related directly to the Staudinger vs. the FMA crisis up until January 2017.

By analytically “bracketing” (Giesler and Thompson 2016, 502) and comparing data (Spiggle 1994) across the five episodes, we identified the focal charisma co-creating practices that the leader, consumer-followers, and consumer-critics engaged in, documented how the practices were related, and established which resources the participants had used when interacting in the marketplace.

*Data Collection and Analysis Round 3: An In-Depth Analysis of Consumers’ Risk Transformation Experiences.* To more fully understand consumers’ lived experiences of market-based charisma co-creation, we embarked on a third (and final) data collection round. In February, March, and April 2019, we conducted 10 phenomenological interviews with consumers with eight or more years of Waldviertler customer (not investor) experience, one follow-up interview with a consumer-investor, and one follow-up interview with Staudinger (see table 2). We identified these 10 additional consumers through snowball sampling and selected them so as to maximize sociodemographic diversity. The first author conducted these interviews in participants’ homes or in coffeeshops in their hometowns. As the crisis had long ended at the time of interviewing, we asked these consumers retrospective questions about their views about the latent charismatic situation, their personal experiences of the five charisma co-creation episodes, and their views about Staudinger and the Waldviertler brand in the (ongoing) manifest charismatic situation.

We analyzed the consumer interviews concerning the respondents’ personal risk-transformation experiences and their involvement in the five charisma co-creation episodes, but also checked for potential differences between investors and consumers (which were marginal). We studied the follow-up interview with Staudinger with a focus on his emotional responses to

consumers' actions and how these shaped his further actions. These analyses also allowed us to critically assess whether our emerging theorization accurately represented the empirical reality of the sociocultural mechanism, which we will now introduce.

**TABLE 2**

Profiles of the Interviewees: Consumer-Investors and Consumers

Pseudonym	Age	Occupation	Duration of the consumer-investor brand relationship (CI)/consumer-brand relationship (C)	Investment sum (€)
Anna	67	Nursery school teacher (retired)	2 years (CI)	15,000
David	54	Office manager	10 years (CI)	5,000
Martin	51	Accountant	8 years (CI)	13,000
Maximilian	54	Entrepreneur	10 years (CI)	50,000
Monika	57	Elder caregiver	5 years (CI)	n/a
Nadine	54	Administrative manager (retired)	2 years (CI)	n/a
Noah	32	Technical assistant	5 years (CI)	35,000
Oliver	73	Headmaster (retired)	2 years (CI)	n/a
Peter	71	Accountant (retired)	4 years (CI)	n/a
Sarah	23	Student	n/a (CI)	n/a
Sylvia	46	Healthcare agent	1 year (CI)	17,000
Arthur	40	CEO of an IT company	8 years (C)	0
Christina	52	Psychotherapist	14 years (C)	0
Elisa	38	Educator	13 years (C)	0
Frieda	38	Scientist	20 years (C)	0
Henry	62	Civil servant	35 years (C)	0
Jonathan	62	Engineer (retired)	25 years (C)	0
Maja	64	Event manager (retired)	25 years (C)	0
Olivia	31	Masseuse	15 years (C)	0

Patrick	33	Educator	11 years (CI)	0
Sophie	36	Psychologist	15 years (C)	0

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## FINDINGS

Our multi-perspective interpretive analysis of the Waldviertler vs. the FMA case revealed a pattern of three interlaced market-based practices that, together, constitute a sociocultural mechanism we call *charismatic entrainment*.

Entrainment is a phenomenon known from physics and biology, in which an attractor system temporarily synchronizes disjointed elements of a complex system. Organization theorists have adopted the notion to describe how organizations strategically synchronize internal activities to external environments to improve performance (Pérez-Nordtvedt et al. 2008).

We have adopted the notion to theorize three interacting synchronization practices (see Figure 1). Brand leaders (i.e., attractor systems) enmesh previously unconnected human, material, and cultural elements such as customers, critics, products, latent emotions, or socioeconomic issues (i.e., elements of a complex system) into public debates through *staging charismatic authority*. Brand leaders stage charismatic authority by weaving latent sociocultural tensions into polarized worldviews and taking significant personal risks to demonstrate their ability and determination to lead social change.

Consumer followers proactively contribute to charismatic entrainment by *validating* brand leaders' claims for charismatic authority. They pursue this by inwardly adopting brand leaders' risk perceptions and outwardly encouraging them to persist in their staging. Through their sometimes passionate public support, consumer-followers not only motivate further staging,

but also other consumers, as well as critics, journalists, and other relevant stakeholders, to engage in public debates about brand leaders' missions.

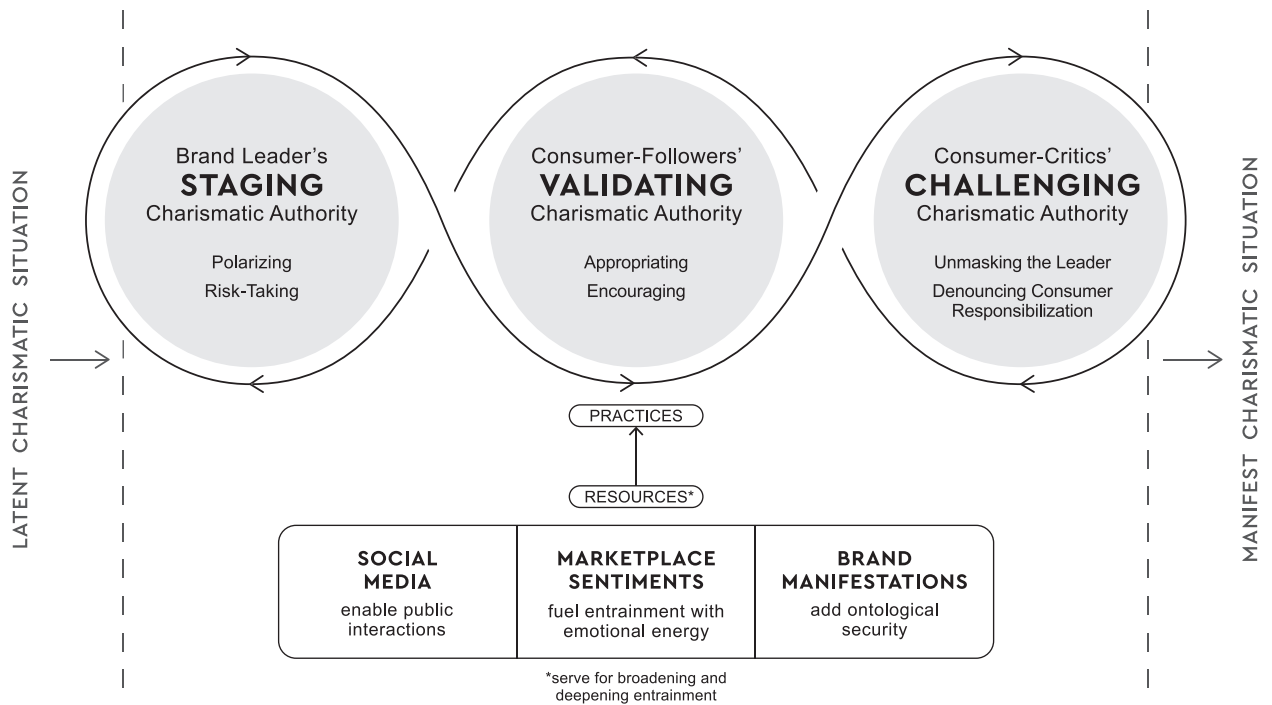
Consumer-critics also contribute significantly to charismatic entrainment by *challenging* brand leaders' claims for charismatic authority. They publicly unmask aspiring charismatic leaders as hypocrites and denounce their attempts to persuade consumers to take responsibility for the leaders' failings, in order to protect consumers from charismatic seduction and exploitation. Challenging practices often induce further staging and validating from leaders and consumer-followers, further fueling charismatic entrainment.

Our charismatic entrainment model considers how brand leaders draw on latent charismatic situations that are replete with negative emotions and latent risk anxieties; how brand leaders, consumer-followers, and consumer-critics draw on social media, marketplace sentiments, and brand manifestations as resources for broadening and deepening charismatic entrainment; and how charismatic entrainment episodes produce manifest charismatic situations in which brand leaders are widely deemed charismatic authorities, many customers have turned into followers, brand leaders' commercial brands have grown in value, and some social (regulatory) change has been achieved. Figure 1 provides a graphic overview of our charismatic entrainment model.

## **FIGURE 1**

MARKET-BASED CHARISMA CO-CREATION AS CHARISMATIC ENTRAINMENT





We will now introduce the latent charismatic situation, the three entrainment practices, the three entrainment resources, and the manifest charismatic situation that constitute our charismatic entrainment model and how these elements interact to establish brand leaders' charismatic authority in the marketplace. Table A3 in the Web Appendix provides additional illustrative quotes for each conceptual category.

### The Latent Charismatic Situation

A latent charismatic situation emerges from citizens with a “cultural affinity for charismatic leadership” encountering a not yet fully articulated social crisis that existing

institutions seem unable or unwilling to resolve (Lepsius 1986, 57). Such latent crises situations are fertile grounds for aspiring charismatic leaders, because they are replete with unchanneled emotions that are ripe for articulation, direction, and resolution (Friedland 1964).

In the Waldviertler vs. the FMA context, a latent charismatic situation emerged from three concurring socio-economic problems: From the end of WWII to the late 1970s, the Waldviertel was a thriving region and the second-largest hub in Austria's textile industry. However, when Austrian textile producers began to outsource their operations to East European and Asian countries in the 1980s, the local industry began to decline, causing unprecedented unemployment and population loss. The Austrian news media have since portrayed the Waldviertel as a struggling "crisis region" (Mueller 2009). In our interviews, consumers repeatedly stressed that "jobs are scarce" (Frieda, 35, consumer) in the region, the "infrastructure is weak" (Maja, 64, consumer), and they have sympathy for brands that counteract the region's ongoing decline by providing jobs, "especially for the young" (Peter, 71, consumer-investor).

In the wake of the 2007 global financial crisis, banks tightened their lending requirements, which rendered it near-impossible for small and medium-sized companies like Waldviertler to obtain capital for vital investments. Established consumer protection laws prohibited such businesses from raising funds directly from consumers, which fueled public demands for legalizing emerging crowdfunding systems. Some interviewees recounted their enormous frustration with Austria's banking system "driving against the wall" and "taking down entire societies" with them (Christina, 52, consumer).

In 2009, Austria's government dedicated ca. €19 billion in taxpayers' money on nationalizing the country's fifth-largest banking conglomerate—the Hypo-Alpe Adria Group—so as to prevent a systemic collapse. The potential loss of these billions under the FMA's watch

raised anger among consumers who suddenly found themselves vulnerable to the actions of unbridled banking conglomerates and inactive government officials. As an online commenter lamented in *der Standard's* online forum (2012): “The FMA does not know what its job is. It fails all along the line... SHAME ON YOU” (Joe, 2012).

These three socio-economic problems formed the emotionally charged latent charismatic situation that Staudinger leveraged in 2012 to spark the first episode of market-based charismatic entrainment and recommend himself to Austrian consumers as a charismatic brand leader.

### **Charismatic Entrainment Practices**

Our analysis of the crisis revealed three key entrainment practices that we call *staging*, *validating*, and *challenging charismatic authority*. Across all five analytical episodes, the brand leader, consumer-followers, and consumer-critics performed these interactive practices to spark, fuel, or thwart the co-creation of the brand leader’s charismatic authority. We will now introduce each practice in turn, using selected data excerpts for illustration.

### **Staging Charismatic Authority**

Charismatic entrainment episodes typically begin with brand leaders recommending themselves as charismatic leaders in specific societal domains via a practice we call *staging charismatic authority*. Our analysis shows that market-based charisma staging involves brand leaders performing two subordinate practices: *polarizing* and *risk-taking*. Brand leaders bring these subordinate practices to life via five strategies: They enact polarizing through *moralizing*,

*risk-expansion*, and *self-promotion*, and risk-taking through *defying authority* and *mobilizing consumers*.

*Polarizing*. As a charisma staging practice, polarizing involves brand leaders bringing consumers' unarticulated anxieties about the future into sharper relief by contrasting a daunting societal status quo to an alternative, more inspiring future scenario. Our analysis revealed three key polarizing strategies: *moralizing*, *risk-expansion*, and *self-promotion*.

The following excerpt from an open letter that Staudinger posted on Waldviertler's website illustrates how he used moralizing and risk-expansion strategies to entrain a range of latent consumer anxieties into his campaign against the FMA. The letter responds to the FMA's ordering his company to pay back all Savings Club funds (Episode 1):

We all feel that this is serious... This is not about Heini [Staudinger]. It is about citizens' right to organize when all systems are failing. The financial system, banking system, social system, retirement system, education system, healthcare system... if everything collapses, we depend on people who try new things rather than treading routine paths. It's clear that we will fail by following the current paths. We speed up the decline when those who still have energy to try something new are punished. (Staudinger, *Citizens' Rights instead of Banking Rights*, 2012)

Here, Staudinger constructed two *moralized* future scenarios. In the current daunting scenario, established systems governed by officials with little "energy" will continue to fail, collapse, and jeopardize the livelihoods of Austrian citizens. In his alternative scenario, self-reliant, entrepreneurial citizens (like himself) will "try new things," take matters into their hands, and boldly lead a way out of the crisis. To reinforce his polarization, Staudinger subtly engaged

the biblical trope of David vs. Goliath (Smith 2002). He portrayed the FMA as a dominant, rigid, and almost evil institution, while establishing himself as a brave, underdog leader who was forced into civil disobedience to rescue his company.

The excerpt also illustrates how Staudinger used *risk-expansion* as a polarizing strategy to broaden his company's liquidity crisis into a national, systemic crisis. By portraying government agencies at large (not just the FMA) as systematically depriving citizens of their right to self-organize in the face of systemic collapse, Staudinger entrained a much wider "feeling of being incapacitated" (Sylvia, 46, consumer-investor) into his campaign against the FMA. Specifically, he recruited unrelated latent anxieties about "failing" education, healthcare, and retirement systems into this staging to expand his campaign's relevance far beyond the focal liquidity issue.

The following excerpt from our first interview with Staudinger illustrates how he used *self-promotion* as a third polarizing strategy:

I don't know anyone who appreciates that we are throwing away fifty percent of our foodstuffs; no one who doesn't worry that twenty-five percent of fourteen-year-olds can no longer capture the meaning of a written text... or that our elderly are lonely. But most people don't have the means to change it. I think this is the call for us [business leaders]—I say it intentionally—us bearers of hope [emphasizes]... it is our challenge to prepare the soil so that the remaining grains of hope and desire can take root. Amen.

This quote is not only replete with evidence of moralizing biblical tropes ("prepare the soil," "the grains of hope," "Amen") and risk-expansion rhetoric ("worry" about food waste, illiteracy, and care for the elderly). It also documents how the brand leader recommended himself as the right person to address this apparently all-encompassing crisis. He proclaimed that business leaders like him—not those who are actually in charge—are the "bearers of hope" and

should follow his example by accepting their quasi-biblical “call” to address society’s most pressing issues. Staudinger ended self-ironically with “Amen,” possibly to indicate his awareness of the pompousness of his sermonic speech to his academic interviewer.

*Risk-taking.* To stage charismatic authority in the marketplace, brand leaders not only promote polarized worldviews and alternative scenarios for the future. They also take substantial personal risks to demonstrate their determination and ability to effect social change. In our study, such personal risk-taking manifested in two focal strategies: *defying authority* and *mobilizing consumers*.

While other charismatic brand leaders *defied the authority* of dominant market players (e.g., Elon Musk vs. the auto industry) or cultural norms (e.g., Coco Chanel vs. oppressive gender norms), Staudinger defied the authority of Austria’s FMA. His public self-declaration as not guilty (Episodes 1 and 2) and his refusal to pay another FMA-imposed penalty (Episode 4) posed ample evidence of this strategy. In Episode 2, for example, Staudinger distributed the following defiant note through Waldviertler’s company magazine *Brennstoff* (German for fuel) (31, 2013):

We will not let our successful [Savings Club] system be shattered by the FMA. I am no criminal, I am no crook, and I am no bank either. This is why I will not pay the €10,000 penalty. The FMA is now threatening me with coercive detention. I am ready.

Through this deliberate demonstration of personal risk-taking, Staudinger self-presented as a determined visionary who would not bow to authority, even in the face of imprisonment. His accepting the risk of grand failure evoked admiration among our interviewees. Consumer Patrick (33), for example, praised Staudinger as “a brave man [who does] not to give up straight away,

especially if things matter,” while Christina (52, consumer) commended how Staudinger gradually earned the status of the “hero who fought the FMA.”

The second risk-taking strategy that permeated our data was *mobilizing consumers*. This strategy aims at entraining consumers into brand leaders’ risky endeavors, which multiplies but to some extent also mitigates brand leaders’ personal risks. The following excerpt from a *Brennstoff* article (34, 2013) illustrates how Staudinger pursued this strategy (Episode 2):

The appeal hearing [at the independent administration court] is open to the public.

EVERYONE JOIN! The FMA argues that I am doing illegal banking business because we borrow money that we need to develop our company from friends, not banks. ... Use every opportunity to participate in discussions and build awareness that nothing will change if we, the people, are unwilling to take responsibility. We are the laboratory where the future holds its rehearsals. Let us not get discouraged.

Here, Staudinger not only evoked polarized fears of a grim future (“nothing will change”), but also mobilized consumers to “take responsibility” to effect social change. He almost poetically framed his campaign against the FMA as an opportunity for cultural experimentation (“We are the laboratory”) and practicing fearlessness (“Use every opportunity”). Staudinger mobilized consumers in such ways across all five episodes, encouraging them to take risks in support of his campaign—“us, who are here together today, we are the ones who can change the system” (Staudinger, YouTube, 2014)—but also pursue their own life goals more daringly—“you matter... you yourself can change things!” (Martin, 55, consumer-investor, citing Staudinger in a conversation). According to Martin, Staudinger’s consumer mobilization in Episode 2 “had an insane domino effect” in terms of raising public awareness for his campaign. At the time, consumers such as Sophie (36) “got interested” in Staudinger, because

she found “people interesting who stand up for their ideas and values” and “mobilize the people and keep them together.”

Through mobilizing consumers, Staudinger multiplied his personal risks as he assumed moral responsibility for consumer-followers losing their investments or being humiliated in case of a grand failure. However, enlarging his follower base also mitigated his personal risk, as it shielded him against resolute action by the FMA. As consumer Maja (64) noted, Staudinger entrained “a large network across social strata,” which publicly supported his risk-taking.

### **Validating Charismatic Authority**

Through charisma staging, brand leaders recommend themselves to consumers as charismatic authorities. However, it requires that consumers validate these efforts to establish charismatic bonds with brand leaders and endow them with charismatic authority within the confines of an (imagined) charismatic community. Our analysis foregrounded two expressions of the entrainment practice we call *validating charismatic authority: appropriating and encouraging*.

*Appropriating.* Supportive consumers initially respond to encounters with brand leaders’ staging by inwardly appropriating brand leaders’ alternative risk perceptions, polarized worldviews, and emotions. These internal appropriations can spark a “charismatic fervor” (Eisenstadt 1968, xix)—i.e., an extraordinary personal experience that inspires consumers to change their way of seeing the world and their own potential—that connects consumers to leaders and turns them into followers.



Our excerpt from our interview with consumer Maja (64) illustrates how consumers appropriated the brand leader's alternative risk perceptions:

I have seen [Staudinger] at speeches and have talked to him personally. I have seen that he is contagious and that [after seeing him] people got on with their own initiatives, and didn't shy away from obstacles. It's like this *Don't shit your pants* T-shirt [which Staudinger wears and that sells for €25] that tells us "let's take risks." You won't go to jail straightaway, but if you don't take risks, you can't change much. [...] He emboldens us and other organizations to not give up straight away, but pursue our goals.

Staudinger's staging made Maja and other "people" in her social circles realize that the risks of defying authorities in her own lives may be lower than they had expected. Staudinger's bold example encouraged her and others to not "shy away," overcome their own "obstacles," and pursue their own projects with more courage and determination.

An excerpt from our interview with consumer-investor Martin (55) illustrates how consumers not only appropriated Staudinger's risk perceptions, but also his polarized worldview:

Somehow, the case cut through the financial system's complexity. Here was the good guy and there was the FMA, the bad guy. People saw that the banking system [and] the FMA's supervision [system] didn't work for them. [...] What happened was like a sudden bang. People became more alert to not simply believing what every insurance broker and bank officer told them, but finally started to think for themselves.

Martin recalls here how "people" (himself included) appropriated Staudinger's polarized version of the conflict where the brand leader was the "good guy" (rather than a law-breaker) and the FMA the "bad guy." Martin's experience of a "sudden bang" marked a reflexive moment of relief, in which he accepted Staudinger's simplified interpretation of a fairly complex situation as

the truth. Other consumers appropriated Staudinger's polarized worldview to the extent that they cited his exact words. For example, consumer-investor Oliver (73) reiterated Staudinger's notion of the FMA having "dumped billions" of euros, and consumer-investor Maximilian (54) reiterated Staudinger's claim that the brand leader "who has created jobs in a crisis region" was unjustly "sniped at" by the "money squandering machine" that is the FMA.

Our third data excerpt illustrates appropriation of the brand leader's emotions as the third type of inner transformation that consumers experience in response to charisma staging:

On Friday, I saw Heini [Staudinger] in the Waldviertel live at a conference. This has changed my view on being and on people. It changed my life. Those who are not touched by what he wants to tell us must be dead. Tears and goosebumps is what everyone else feels. Thank you, Heini, for eye-opening. (Chris, commenter, YouTube, 2016)

Here, this online commenter shares in dramatic terms how he felt "touched" by Staudinger's speech and how grateful he was for this "eye-opening," life-changing encounter with Staudinger. Many online commenters expressed their emotional response to Staudinger's speeches in similar terms, for example, calling them "HEART-warming, BRAIN-moving, HOPE-giving, GRATEFULNESS bringing" (Mia, commenter, YouTube, 2014). Our interviewees also described Staudinger's emotional impact on them as "electrifying" (Sophie, 36, consumer) and "captivating" (Jonathan, 62, consumer).

Our analysis suggests that Staudinger fueled such emotional appropriation through taking his audiences on emotional rollercoasters. Consumers first shared Staudinger's anger and frustration with the FMA's verdict and an overall daunting societal status quo ("he gets so upset") (Sophie, 36, consumer) but then also shared his "HEART-warming" excitement (see above, Mia, commenter, YouTube, 2014), "idealism" (Oliver, 73, consumer-investor),

“creativity” (Maja, 64, consumer), and “persistence” (Sophie, 36, consumer) in pursuit of a better future.

*Encouraging.* Appropriating brand leaders’ risk perceptions, worldviews, and emotions connects consumers inwardly to leaders (Turner 2003; Wasielewski 1985). But to build (imagined) charismatic communities that endow brand leaders with charismatic authority also requires outward oriented social validation, which we theorize as *encouraging* practices.

In our empirical context, consumers encouraged Staudinger through various practices that varied substantially concerning the risks that they involved. Buying and wearing Waldviertler shoes constituted the least risky, and most convenient, form of encouraging Staudinger. For some consumers, wearing Waldviertler’s rather plain “granola” shoes (Gabriel, commenter, *der Standard* News Forum, 2016) involved a small social risk of being ridiculed by more fashionable peers. Yet most consumers in our dataset bought “shoes from Mr. Staudinger out of conviction” and wore them “with a feeling of pride” (Ben, commenter, YouTube, 2016). As Staudinger’s charisma staging endowed Waldviertler shoes with a “rebel” spirit (journalist 2), consumers could wear them proudly as evidence of their support for the brand leader.

Investing in Staudinger’s Savings Club was a far riskier encouraging practice. Our interviewees had invested between €5,000 and €50,000 in Staudinger’s scheme without obtaining voting rights, shares, or securities (for the investment amounts, see table 2). Sylvia (46, consumer-investor) conveyed what motivated her to invest €17,000, despite the risk of losing it all in case of bankruptcy:

There was certainly solidarity or outrage, speaking for myself. [The FMA’s verdict] felt like us being incapacitated [...] That’s what turned the tide and induced the voluminous

requests for Savings Club investments [...] When you find a company worthy of your financial support because you see something meaningful happening with the money there, and suddenly someone threatens its leader with penalties, then you think, you would even pay the penalty yourself.

This excerpt illustrates how Sylvia—in a German-typical second-person voice—has not only inwardly appropriated Staudinger’s worldview of investing as a matter of free choice (“it felt like us being incapacitated”), his emotional “outrage” at the FMA’s verdict, and his bold risk-taking approach (“pay the penalty yourself”). Sylvia (and other consumers) proactively sought further investment in the now-illegal Savings Club to express her solidarity and encourage Staudinger. As Staudinger recalled in our first interview, right after the FMA had issued the penalty, he received “several letters with hundreds of euros in them [...] and people wrote to them saying that they wanted to help us pay the penalty” (Episode 1). These consumers offered to ease Staudinger’s financial burden by taking risks and sharing part of his burden.

Some interviewees became increasingly entrained over time, which coincided with increased risk-taking. They began to encourage Staudinger through writing letters to the FMA (Peter, 71, consumer-investor), attending court hearings (Oliver, 73, consumer-investor), or engaging with politicians about new crowdfunding legislation (Maximilian, 54, consumer-investor). Interviewee Oliver (73, consumer-investor), for example, first wore Waldviertler shoes, then “kept money in the Savings Club,” and eventually “attended the first demonstration of his life” to support Staudinger. One public demonstration (for a photograph, see figure A4 in the Web Appendix) ended in quarrels between outraged consumer-followers, the FMA’s security guards, and the police (Episode 1). At such events, consumer-followers deliberately put

themselves at risk of detention and prosecution, somewhat imitating Staudinger's risk-taking yet without being protected by his elevated social status.

Consumers' validating and leaders' staging practices are closely connected. Experiencing consumers' encouragements not only motivated Staudinger to fearlessly continue his staging—"Thank you for being here. Because you are here and I have felt your support, I am not afraid." (Staudinger, YouTube, 2014). It also gave him valuable insight to refine his staging. Most notably, he only began to focus on banking issues after consumers' spontaneous applause, e-mail messages, letters, and phone calls made it "clear" to him that people were "very angry at the banks" (research interview 2) and that this anger could be leveraged.

### **Challenging Charismatic Authority**

Through their interactive staging and validating, brand leaders and consumer-followers entrain one another into charisma co-creation episodes and co-create charismatic authority within the confines of an (imagined) charismatic community. However, establishing brand leaders as relevant charismatic figures in the marketplace and among a less exalted majority requires brand leaders and consumer-followers to also engage in fervent public debates with consumer-critics, opponents, journalists, and other relevant figures. Consumer-critics' engaging in the practice we call *challenging charismatic authority* sparks media interest, enables brand leaders to prove their "powers in practice" (Turner 1993, 244; Weber 1922/1978), and provides consumer-followers with opportunities to defend the leader as well as themselves in front of a national audience. Challenging charismatic authority involves two distinct strategies: *unmasking the leader* and *denouncing consumer responsabilization*.

*Unmasking the Leader.* The most widespread strategy for challenging brand leaders in our dataset is publicly unmasking them as hypocritical individuals who moralize and mobilize consumers merely for personal gain. Andy's online comment illustrates how consumers used this challenging strategy. This consumer-critic responded to the *Die Presse* article *Staudinger: Shadowboxing with the FMA*:

Staudinger clearly breaks the law. That's a fact. He takes money from customers, pays 4% interest, and makes economic profit from it, which is a banking business, according to a verdict by the Administrative Court 2008. It's pure marketing and populism, what Staudinger is doing here, and so many people fall for him. It's a sad story [...]. (*Die Presse* News Forum, 2012)

Andy revealed gross inconsistencies in Staudinger's behaviors to the nationwide readership of Austria's leading newspaper. Like many other online commenters, he unmasked Staudinger's moralizing and defiant risk-taking as "pure marketing and populism," or—in Gregory's words—"nothing but a marketing strategy" (*der Standard* News Forum, 2017). In turn, Adrienne relied on more metaphorical language to unmask Staudinger's messianic politicking as the actions of an individual who prefers playing the "holy martyr" over addressing his managerial issues (*der Standard* News Forum, 2012). Through such public fact-checking, sarcasm, and provocation, consumer-critics exposed the apparent hypocrisy in Staudinger's charisma staging, while also venting their frustration with Staudinger getting away with murder ("It's a sad story") (Andy, commenter, *Die Presse* News Forum, 2012). Consumer-followers sometimes joined this choir of consumer-critics, criticizing Staudinger's "die-hard" demonization of the FMA or deeming it "obvious that he cannot play bank" (Christina, 52,

consumer). However, their criticisms contributed more to demonstrating followers' critical reflexivity than to unmasking Staudinger.

*Denouncing Consumer Responsibilization.* While unmasking is directed at brand leaders, denouncing consumer responsabilization seeks to protect consumer-followers from being betrayed and exploited. In our context, critical consumers most passionately challenged Staudinger's attempts to establish Waldviertler's liquidity crisis as the problem of consumers or even society. Critics denounced his consumer mobilization and risk-expansion attempts as amoral, self-serving forms of consumer responsabilization (Giesler and Veresiu 2014). For an illustration of this strategy, consider online commenter Kai's response (*Die Presse* News Forum, 2012) to the *Die Presse* article *Heini Staudinger: We Don't Give a Damn about Profit*:

I can't just take money from gullible people, invest it in my own firm, and then leave these people in the dark about my company's success. It's nice that so many people trust Staudinger, but the likelihood of being disappointed is substantially higher than when they invest with the much-criticized banks. Objectively this is fraud, subjectively maybe sheer idiocy. Ultimately, one must protect people from such charlatans and must put a stop to such practices.

This comment illustrates how consumer-critics denounced Staudinger's consumer responsabilization attempts by painting followers as naive, "gullible" people who were incapable of seeing through Staudinger's self-serving charlatantry ("sheer idiocy") and must therefore be protected. Critical consumers posted such comments to vent their frustration with Staudinger "squeezing money out of the little people's pockets" (Gregory, commenter, *der Standard* News Forum, 2017). But more importantly, they posted such comments to demonstrate to consumer-

followers that Staudinger—while claiming to carry a proverbial cross for a better society—was in fact imposing parts of the responsibility to save his struggling company on to followers, seducing them like the mythic “rat-catcher of Hamelin” (Gabriel, commenter, *der Standard* News Forum, 2013).

However, despite ample efforts, consumer-critics did not seem to succeed in thwarting charismatic entrainment. Instead, they inspired consumer-followers to post alternative viewpoints—“The question should be: is the law still appropriate” (Bill, commenter, *Die Presse* News Forum, 2012)—or discredit consumer-critics as unwilling to take risks—“you are such a well-adapted tagalong. Simply despicable” (Tom, commenter, *der Standard* News Forum, 2012).

Thus, for consumer-followers and the brand leader, being “actively combated” on public news media sites helped them to reach a wider audience, attract further news media reporting, and raise Staudinger’s public profile—“Insane, how many people fervently defend Waldviertler” (Melanie, commenter, *der Standard* News Forum, 2014). It also demonstrated the societal relevance of Staudinger’s campaign. As commenter Oskar expressed it in *der Standard* (News Forum, 2014): “Congratulations, Heini Staudinger. First, they only teased you. Now you have reached the next level. You are actively combated.”

Being challenged by high-profile opponents created especially welcome opportunities for Staudinger to prove his powers to the wider marketplace. In our second research interview, for example, Staudinger recalled how the CEO of one of Austria’s largest banks, Andreas Treichl, proclaimed in *Profil* magazine that “Staudinger does not understand this type of [financial] economy.” Consistent with his previous staging, Staudinger publicly promised “revenge” for treating him “so arrogantly,” and invited this opponent for a debate on national television. While Treichl declined, the entrainment episode still gained momentum.



## **Entrainment Resources**

We have introduced the key practices, subordinate practices, experiences, and strategies through which brand leaders, consumer-followers, and consumer-critics endow brand leaders with charismatic authority in the marketplace. We will now show how these participants deliberately use *social media*, *marketplace sentiments*, and *brand manifestations* as resources to *broaden* the number of consumers that are entrained in charisma co-creation episodes and *deepen* existing participants' charismatic entrainment.

### **Social Media as an Entrainment Resource**

Brand leaders, consumer-followers, and consumer-critics use the affordances of social media platforms in two key ways to broaden and deepen market-based charismatic entrainment: Brand leaders and consumer-followers use brand-controlled social media predominantly to deepen their charismatic community's entrainment (1), whereas consumer-followers and -critics use the interactive features of public news media websites predominantly to broaden the reach of their encouraging and challenging practices (2).

(1) In our context, brand-controlled social media channels such as *Brennstoff*, the *w4tler* Facebook page, and YouTube videos served Staudinger as a primary resource for staging charismatic authority. In Episode 2, for example, he used *Brennstoff* to disseminate articles with provocative, eye-catching titles such as "Citizens' rights instead of banking rights. Your signature please! This is of major importance!" (January 2013). These media allowed him to

promote his polarized worldview, announce (risk-taking) events, and mobilize consumer-followers in controlled ways. Video-based platforms such as YouTube afforded Staudinger further opportunities to add authenticity and urgency to his staging via gestures and facial expressions, which he used extensively when discussing the crisis.

Consumer-followers relied on brand-controlled social media to encourage Staudinger in his staging. Consumers used Waldviertler's Facebook page, for example, to not only express their solidarity with Staudinger—"Heini, keep going! The Wald4tler Family stands behind you" (Florentina, commenter, Facebook, 2013). They also used it to encourage fellow consumers to buy more to support the leader—"We buy Waldviertler shoes, because they are the best... and we find that Heini does the right thing" (Malina, commenter, Facebook 2015). Using brand-controlled social media in such ways enabled Staudinger and his followers to deepen their charismatic entrainment and consolidate their "emotional bond" (Aberbach 1996, 37).

(2) Because consumer-critics rarely visited brand-controlled social media channels, consumers relied on the social media sections of the leading national news media to passionately discuss Staudinger's staging practices. Whenever these newspapers reported about Staudinger as "a little, hard-working entrepreneur [getting] in trouble 'with those above'," for example, they sparked "wave[s] of solidarity" (Hanna Kordik, *Die Presse* commentary, *What's Good? What's Bad?* 2013) and criticism among readers. Consumer-critics used these newspapers' social media affordances to unmask Staudinger and denounce his self-interested consumer responsabilization in front of a diverse, national audience. Yet in fact they contributed more to increasing than thwarting charismatic entrainment. As entrainment resources, social media enabled the public consumer interactions that established Staudinger as a controversial yet inevitable charismatic figure within a charismatic community, but also the wider marketplace.

## Marketplace Sentiments as an Entrainment Resource

Brand leaders, consumer-followers, and consumer-critics also draw extensively on *marketplace sentiments*—defined as “cultural patterns of feeling and emoting” (Gopaldas 2014, 998)—as an entrainment resource. Evoking, transforming, and reinforcing such patterns of feeling and emoting in the marketplace not only deepens existing charismatic bonds between leaders and followers (Reed 2013). It also fuels entrainment practices with an “emotional energy” (Collins 2004, 107) that motivates consumer-followers, consumer-critics, journalists, and other stakeholders to proactively contribute to market-based charisma co-creation.

Staudinger especially harnessed consumers’ “contempt for villains” (Gopaldas 2014, 998) for his charisma staging, bringing their latent anger and frustration into sharp relief and directing them at a concrete target (Sy, Horton, and Riggio 2018). As our second leader interview revealed, for example, Staudinger deliberately leveraged the “hate against the banks” in the wake of the Hypo-Alpe Adria scandal to “evoke public outrage” against the FMA. When discussing the FMA case in public speeches or social media postings, Staudinger also deliberately demonstrated his emotions—singing, crying, speaking “frankly without mincing his words” (Martin, consumer-investor, 55). Martin recounted Staudinger evoking “outburst[s] of emotions,” which he then rode “like an apocalyptic rider.”

Consumer-followers used marketplace sentiments as a resource to encourage the brand leader, but also to foster a sense of “solidarity” (Sylvia, 46, consumer-investor) or even charismatic “community” (Oliver, 73, consumer-investor) among themselves. For example, during Episode 1, consumer-followers wrote emotional letters and e-mails to Staudinger to

express their anger at the FMA's verdict ("I am extremely angry at how the FMA wants to cut off your steam") (Manfred, letter) and frustration ("Enough is enough!") (Willi, letter). But consumer-followers also expressed positive sentiments, including hope and gratitude ("I hope you earn the Nobel Peace Prize. Seriously, I have tears in my eyes that such organizations, people like Heini and his team exist. Thank you!") (Anna, letter).

Finally, consumer-critics levered marketplace sentiments as a resource to more effectively unmask brand leaders' self-serving worldviews and denounce their exploitative consumer responsabilization. Consumer-critics not only expressed their anger and frustration with Staudinger (not the FMA) by calling him "stubborn" (Sam, commenter, *der Standard* News Forum, 2012) or a "troublemaker" (Simon, commenter, *Die Presse* News Forum, 2012). They also sought to de-emotionalize heated public debates with rational arguments and humor, or to fuel followers' anger by accusing them of "borderline" "cultish behavior," for example (Paul, *der Standard* News Forum, 2012). However, our analysis suggests that critics' amplification of negative sentiments deepened rather than thwarted consumer-followers' charismatic entrainment.

### **Brand Manifestations as an Entrainment Resource**

The third entrainment resource that brand leaders, consumer-followers, and consumer-critics rely on are *brand manifestations*. Brand manifestations are tangible "objectifications (...) that allow individuals and groups to sensually experience the meaning of a brand" (Mühlbacher and Hemetsberger 2008, 13). Physical brand manifestations such as Waldviertler shoes, T-shirts with motivating slogans, GEA stores, the company's headquarters, but also the brand leader's

rather uncombed appearance served Staudinger and his followers as resources for adding “ontological security” (Phipps and Ozanne 2017, 361) to their staging and validating practices.

Throughout the five episodes, Staudinger regularly recruited the “pretty durable” Waldviertler shoes (including the worn-out pair he was wearing in public) and the local buildings that he “brought back to life” with consumer-investors’ money (Staudinger, research interview 1) into his staging as manifest evidence of the moral superiority of his alternative worldview and approach to business. To amplify this stabilizing effect, Staudinger regularly contrasted the realness, immediacy, and meaningfulness of his company’s products and buildings to the intangibility and opacity of the FMA’s actions. In a 2013 speech posted on YouTube, Staudinger argued:

The [consumer-financed] sun collectors are producing more power than we need for the entire company. I find that meaningful. I think what you [the FMA] do is madness.

Where are the billions that were lost under your supervision? Stop pursuing me, go find these billions.

Consumer-followers also relied extensively on shoes, buildings, and other Waldviertler brand manifestations to deepen their relationships with the brand. In our interview at Waldviertler’s headquarters, consumer-investor Sylvia (46), for example, enthusiastically underscored how “it is so obvious what happens with [her] investment” here, and how she appreciated that she “can come here and have a look.” However, most consumer-followers relied exclusively on Waldviertler shoes as resources to render visible their support and broaden Staudinger’s follower base by “recommending them” to their friends (Maximilian, 54, consumer).

For consumer-critics, brand manifestations can be powerful resources for unmasking brand leaders and denouncing consumer responsabilization. Yet, we found little evidence in our empirical data of such behavior. Waldviertler's sustainably produced shoes possibly provided too little surface for challenging the rationales of Staudinger or his consumer-followers. Some consumer-critics ridiculed the shoes' unfashionable design and challenged consumer-followers for falling for Staudinger "only because he makes sustainable shoes" (Gabriel, commenter, *der Standard* News Forum 2013). However, such attempts did not come close to those of consumers who vandalize Hummer trucks or Tesla cars to express their contempt for what they represent (Luedicke, Thompson, and Giesler 2010).

We have demonstrated how brand leaders stage charismatic authority, consumers validate and challenge brand leaders as well as one another, and all three parties draw on social media, marketplace sentiments, and brand manifestations as resources for broadening and deepening their market-based charismatic entrainment. What remains to be shown is what such public interactions entail for brand leaders, their company brands' value, and the broader institutional environment.

### **The Manifest Charismatic Situation**

A manifest charismatic situation is an analytical point in time in which staging, validating, and challenging practices have leveled off, and a charismatic entrainment episode's impacts on brand leaders' charismatic authority, their company brands, and consumers' broader institutional environment have taken shape (Lepsius 1986, 1993).

The manifest charismatic situation we observed at the beginning of 2017, when Episode 5 had ended, was marked by three notable changes vis-a-vis the pre-entrainment period. First, during the five market-based charismatic entrainment episodes, Staudinger gradually acquired the status of a charismatic brand leader in and beyond the crowdfunding domain. While there was a “fluidity in the degree of charismatization of a leader” (Lepsius 1986, 55), the consumer-followers in our dataset eventually came to agree that Staudinger was a “pioneer” (Maja, 64, consumer), a “charismatic human” (Maximilian, 54, consumer-investor), and a “genius” (Anna, 67, consumer-investor). Others praised him as a “Robin Hood” (Oliver, 73, consumer-investor; Jonathan, 62, consumer) who “brought the crowdfunding topic to public attention” and accomplished that “the law was changed” (Maja, 64, consumer).

The consumer-critics came to take the diametrically opposite position, portraying Staudinger as a self-interested charlatan whom people fell for in “very dangerous” ways (Jonathan, 62, consumer). Yet while these critics did not agree with Staudinger and his followers, they did treat him as an influential public figure and therefore contributed substantially to bolstering his charismatic authority.

Second, during Episodes 4 and 5, wearing Waldviertler shoes gradually became “socially acceptable” (Henry, 62, consumer), which coincided with Waldviertler announcing the highest revenue in its history (*der Standard*, 2016). By the end of Episode 5, the Savings Club had increased its membership from 198 to 332 consumer-investors, almost doubled its deposits to €4.7 million, and relegated 317 eager consumer-investors to a waiting list. As such commercial success was unprecedented for the Waldviertler brand, and no other apparent dynamics fueled this growth, we consider it a result of charismatic entrainment.

Third, and finally, Episode 5 resulted in a manifest change in institutional conditions. In the wake of Staudinger's campaign, Austria's government raised the investment sum beyond which it required formal investor information from €250,000 to €1.5 million (*Prospektpflicht*; *Alternativfinanzierungsgesetz*, September 2016). This regulatory shift opened the door for other companies to replicate Waldviertler's Savings Club scheme and for crowdfunding companies to set up shop in Austria.

The manifest charismatic situation we observed in 2017 marked the end of the five market-based charisma co-creation episodes that endowed Staudinger with charismatic authority in Austria's marketplace. However, as "destabilizing forces [that] loom on the horizon" (Giesler 2008, 749) are not only threats for charismatic brand leaders but also opportunities, we expect Staudinger to exploit the next suitable latent charismatic situation to ignite the fervor of charismatic entrainment once again.

## **DISCUSSION**

We analyzed 52 months of interactions between a brand leader, consumer-followers, and consumer-critics through the lens of Stephen Turner's (1993, 2003) risk-based charisma theory to explore how these participants co-create charismatic authority in the marketplace. From the insights we gained, we developed a theory of market-based charisma co-creation as *charismatic entrainment*. Our entrainment model adds novel theoretical insights into the sources and implications of market-based charismatic authority but also contributes to research into iconic branding, risk consumption, and consumption as moral protagonism.



## **Market-Based Charismatic Entrainment vs. Manipulation-Attribution Dynamics as a Source of Charismatic Authority**

Shifting empirical focus from individual qualities of organizational, political, or religious leaders to interactive, market-based charisma co-creation practices enabled us to gain new theoretical insights into the sources of charismatic authority. Specifically, we have revealed how, in the marketplace, charismatic authority is not merely ascribed to brand leaders, but publicly co-created; emerges not only from dyadic, but multi-stakeholder relationships; is based on individual and collective risk transformations; and is particularly fragile due to its episodic nature and the charisma-constituting power of consumers. We also highlighted three key entrainment resources that stakeholders use for co-creating charismatic authority in the marketplace. We will discuss each contribution in turn.

*Market-based charismatic authority is publicly co-created.* Prior charisma research has predominantly theorized charismatic authority as an outcome of what we may call *manipulation-attribution* dynamics. In this “leader-driven” (Fanelli and Misangyi 2006, 1050) view, individuals with “exceptional qualities” (Dion and Arnould 2011, 503) skillfully *manipulate* their audiences’ risk perceptions, worldviews, and emotions until they are converted into true believers. In return, these believers *attribute*, or ascribe, charismatic authority to these leaders (Carsten et al 2019; Gardner and Avolio 1998). A key feature of this leader-centric theorization is that it relegates followers to the negative space of passive voice (Joose 2018) and largely ignores other, potentially relevant, participants in charisma co-creation processes.

Our entrainment model recognizes these manipulation-attribution dynamics as parts of brand leaders' staging and consumer-followers' appropriation practices. However, it also recognizes that, in the marketplace, consumer-followers are neither merely passive recipients (Joosse 2014) nor simply *ascribe* charismatic authority to leaders, but proactively *co-create* charismatic authority. Through their public interactions with brand leaders, fellow supporters, consumer-critics, opponents, and journalists, consumer-followers proactively entrain other consumers into charisma co-creation episodes, attract news media attention, and encourage brand leaders to extend their staging.

*Market-based charismatic authority emerges from the relationships of multiple stakeholders.* The manipulation-attribution studies that did ascribe a more proactive role to audiences commonly focused on dyadic “charismatic relationships” (Couch 1989, 266) between leaders and followers. Such studies explained, for example, how “messianic” cult followings (Belk Tumbat 2005, 205) celebrate and socially activate aspects of leaders' personality (Cocker and Cronin 2017).

By casting our empirical net beyond the leader-follower dyad, we demonstrated that market-based charismatic co-creation involves a much broader range of active participants than previously recognized. In the marketplace, consumer-critics, opponents, and journalists, for example, are not merely rhetorically constructed “counter-roles” (Joosse 2018, 933), but real individuals who stoke public debates and disseminate or discredit brand leaders' messages, thereby becoming actively entrained in charisma co-creation. Critical consumers—an especially neglected category in prior charisma research—play a key, co-constitutive role. Through their

challenging, they attract consumer and media interest, fuel public debates, and provoke further leader staging, bolstering the brand leaders' societal relevance.

*Market-based charismatic authority is based on individual and collective risk transformations.* Turner (2003) argued that charismatic authority originates first and foremost in a leader's ability to transform followers' risk perceptions. Our study challenges Turner's theoretical reflections with empirical data from a marketplace context. Our findings support Turner's (2003) notion of consumer-followers adjusting their risk perceptions in response to brand leaders' personal risk-taking and add two novel insights to risk-based charisma theory.

First, we found that brand leaders' risk perceptions are not only internally appropriated by consumer-followers, but also publicly negotiated. Through publicly debating the legitimacy of certain forms of consumer risk-taking—such as giving money to crowdfunding campaigns—consumers and critics provide impetus for social innovation and regulatory change. The impact of leaders' risk-taking thus reaches far beyond opening new paths for personal achievement to consumers (Wasielewski 1985).

Second, our study revealed how leaders emboldening consumer-followers to take greater risks can have unforeseeable individual consequences. For example, some consumer-followers become so inspired by brand leaders' risk-taking that they also take substantial personal risks, up to even participating in borderline-illegal activist action. Yet, while brand leaders have socially elevated positions and financial security nets that allow them to take bigger risks, consumers lack such protection and may suffer serious consequences when crossing lines. Consumer-critics, in turn, may unexpectedly expose themselves to the risk of being publicly berated, or even trolled.

This can result from over-eager consumer-followers publicly framing critics' unmasking of law-bending brand leaders as the acts of reactionary, risk-averse cowards.

*Market-based charismatic authority is particularly fragile due to its episodic nature and the charisma-constituting power of consumers.* Prior charisma research pointed to routinization (Weber 1922/1978), hubris (Fournier and Eckhart 2019), and over-commercialization as prevalent sources of charisma's fragility (Parmentier and Fischer 2015). Our analysis revealed two additional sources of fragility that are specific to market-based charismatic entrainment.

First, it documented how charismatic entrainment occurs in distinct episodes in time, each centering around a different focal theme and situated in a (slightly) changed social context. The dependence of charisma staging on outside societal conditions—rather than internal, organizational conditions—implies that brand leaders' market-based charismatic authority may gradually dissipate when they cannot identify suitable latent charismatic situations for sparking new entrainment episodes.

Second, unlike organizational leaders, market-based leaders have no “rational-legal authority” that allows them to “capture the attention of subordinates” at all times (Fanelli and Misangyi 2006, 1052). Instead, consumers have the power to ignore or even proactively discredit, brand leaders' staging efforts without fear of career consequences. Owing to consumers' charisma-constituting power, market-based leaders rely on market-specific staging practices such as risk-expansion and consumer mobilization to produce the sense of shared fate that organizational leaders may take for granted.

*Stakeholders use three key resources to broaden and deepen charismatic entrainment in the marketplace.* Finally, prior charisma research has exposed how charismatic leaders deliberately draw on polarizing rhetoric (Joosse 2018), emotional manipulation (Sy, Horton, and Riggio 2018; Wasielewski 1985), charismatic performances (Reed 2013), or rebellious action (Belk and Tumbat 2005) as means to turn voters or buyers into followers. Our research exposed three *entrainment resources* that all participants—not only charismatic leaders—rely on to deepen and broaden the impact of their staging, validating, and challenging practices.

In line with prior charisma studies (Tee 2019, 92), we have shown that charismatic leaders can use *social media* and its performative and interactive affordances to “accumulate a wide virtual following.” Our research contributes by explaining how leaders, followers, and critics use different social media for their diverging goals. We foreground, for example, how consumers rely primarily on brand-controlled social media channels for supporting brand leaders as well as one another (Cocker and Cronin 2017), but on the interactive features of news media-controlled websites to publicly debate consumer-critics and defend brand leaders (Khazraee and Novak 2018).

We further showed how charismatic brand leaders, consumer-followers, and consumer-critics used shared *marketplace sentiments* for charismatic entrainment. Similar to Wasielewski’s (1985) analytical examples Malcolm X and Martin Luther King, charismatic brand leaders evoke, revoke, and reframe their audiences’ emotions to spark emotional transformations and charismatic fervor. However, consumer-followers not only internally appropriate brand leaders’ emotions (Wasielewski 1985). They also proactively evoke a range of complementary marketplace sentiments to more effectively encourage and defend brand leaders. Consumer-critics, in turn, not only amplify consumers’ contempt of manipulative villains (Gopaldas 2014),

but also express their sympathy with duped consumer-followers, de-emotionalize public debates with rational facts, or clean the proverbial air with jokes.

Finally, we have revealed how brand leaders, consumer-followers, and consumer-critics proactively recruit *brand manifestations* such as branded products, stores, or even brand leaders' sartorial choices into their entrainment practices. Similar to Tee's (2019, 91) case of the charismatic creationist Ken Ham, consumer-followers in our study also bought branded products that were "imbued with 'charismatic materiality' by association" with the brand leader. However, consumer-followers not only passively attested "to the validity of his mission through the exchange of their money for his commoditised ideas" (Tee 2019, 91), but also proactively entrained these resources into their own charisma validation practices.

Our theorization of charismatic authority as an outcome of charismatic entrainment opens opportunities for future research. For example, future studies could explore the conditions under which brand leaders' staging fuels radical or even violent forms of consumer validation, whether entrainment can occur in social media that divide followers and critics in separate echo chambers, or under which conditions consumer-critics could succeed at thwarting entrainment.

### **Market-Based Charismatic Entrainment as Iconic Branding**

As a side-product of our analysis, our study exposes a previously unrecognized path to iconic brand status. Based on his "genealogical" analyses (Holt 2004, 11) of brand expressions, Holt argued that brands earn iconic status through promoting rebellious identity myths that "fit the ideological needs of the day" (376) and offer consumers the "therapeutic salve of a 'truthful' parable" (375). For brands such as Coca-Cola, Clear Blue, or Mountain Dew, it seemed to have

been sufficient to wrap status-enhancing brand “veneers” (Holt 2002, 86) around fairly profane commercial offerings to assuage consumers’ identity issues and earn iconic status.

Our research suggests that brands can also acquire iconic status through charismatic entrainment. We posit that entrainment-driven brands earn iconic status because their leaders take personal risks to address seemingly unsolvable social problems, rather than assuage individual identity problems through persuasive advertising. When consumers experience brand leaders successfully defying established authorities, they begin to realize that social change is not impossible, but attainable through bold, determined action. For consumers, this transformation of risk perceptions induces a sense of hope, gratitude, or even relief concerning the future of society, not their own identity issues. We posit that such outward-directed risk transformation can connect consumers more strongly to entrainment-based iconic brands than to classic iconic brands that offer them a remedy via “staged populism” (Holt 2004, 86).

As we have not explicitly explored the relationships between charismatic brand leaders and their commercial brands, more research is needed to explore whether being in charge of iconic brands gives leaders an advantage for their charisma staging, whether consumers’ validating charismatic leaders automatically also endow their brands with iconic status, and how iconic brands respond to their leaders gradually losing charismatic authority.

### **Market-Based Charismatic Entrainment as Risk Consumption**

Consumer culture research has identified several ways in which consumers’ perceptions about the risks inherent in certain consumption situations change. Community-level risk research, for example, has shown how consumers, when entering a consumption community,

become exposed to alternative risk perceptions and gradually adopt this community's prevailing perceptions of the risks of natural childbirth (Thompson 2005), cancer treatments (Wong and King 2008), or skydiving (Celsi, Rose, and Leigh 1993), for example. Societal-level risk research, in contrast, has explained how societal actors such as the national news media or broad institutional alliances shape consumers' perceptions of risks concerning threats such as oil spills, poverty, or illness (Giesler and Veresiu 2014; Humphreys and Thompson 2014).

Our research contributed a third mechanism through which consumers' risk perceptions change. It showed how consumers adjust their risk perceptions regarding certain consumption situations in moments of charismatic fervor, inspired by brand leaders' personal risk-taking. Yet, instead of adjusting their perceptions regarding "the likelihood that the effects of a [physical] hazard will be experienced" (Celsi et al. 1993, 15), followers of charismatic brand leaders adjust their perceptions regarding the social risks inherent in bending or breaking cultural norms. Consumers' charisma-induced taste for taking greater social risks may be understood as another way to seek a "thrill" (Celsi et al. 1993, 15), but also as a means for collectively bring about social change. Future research will have to establish under which conditions such entrainment-induced risk transformations have beneficial consequences for consumer-followers or expose them to risks that may diminish their wellbeing.

### **Market-Based Charismatic Entrainment as Societal Morality Play**

Finally, by studying charismatic entrainment in the context of a sustainable brand, we have shed further empirical light on the social processes through which marketers, consumers, and other stakeholders negotiate the moral aspects of certain market activities. In the literature on



consumer moralism, brands and consumers typically fight in opposing camps, with consumers trying to force brand leaders to abandon irresponsible business practices (Thompson, Rindfleisch, and Arsel 2006). Yet brands can also become allies in consumers' "morality plays" (Luedicke et al. 2010, 1017) or serve as useful yet still dubious "buddies" (Gopaldas 2014, 1010) that support consumer activists with their marketing power. Still, while some "polit brands" (O'Guinn and Muñiz 2004, 100) proactively support activist agendas, most brands sell morals in pre-packaged, consumable ways, which inevitably raises suspicion of "disingenuousness" (Gopaldas 2014, 1010).

In contrast, charismatic brand leaders proactively assume the duties of "citizen-artists" (Holt 2002, 87) that take the risks necessary to (ostensibly) achieve greater goods rather than commercial gains. Because charismatic brand leaders motivate supportive and critical consumers, channel powerful, latent marketplace sentiments, and align "activist and brand interests" in productive ways (Gopaldas 2014, 1010), we consider them to be key agents of social change. This potential for effecting social change has previously been attributed to political and religious leaders with a "sense of calling" (Aberbach 1996, 37), but less so to brand leaders. Yet, as the example of Elon Musk and his pioneering Tesla brand illustrates, it sometimes requires just one charismatic brand leader to force an entire industry into radical transformation.

We have shown how the much smaller steps of a much less exceptional leader can also contribute meaningfully to social change. Future research will have to explore whether, when, and how market-based charismatic entrainment can also be effectively used to disunite and deceive consumers for commercial gain, under the pretext of social progress.

## CONCLUSION

In unstable sociocultural and ecological conditions, such as ours, it is worth reminding brand leaders of the exciting opportunities to lead the world to greener and healthier pastures via charismatic brand leadership. However, market-based charismatic authority is also a double-edged sword. The current rise of Artificial Intelligence and genetic engineering are two of several society-transforming developments where charismatic brand leaders can have substantial positive impact, but also cause great harm. We have provided guidance on how brand leaders can acquire charismatic authority in the marketplace in the fervent hope that this knowledge will be used to serve humanity.



## **DATA COLLECTION INFORMATION**

The first author conducted three data collection rounds. In round one, the first author conducted interviews and observations at the Waldviertler company site in Austria, and on the phone with the help of two PhD students and two Master's students (February, March, August 2015). In round two, the first author collected archival data from online newspaper archives, YouTube, and Facebook (between January 2014 and August 2019). In round three, the first author conducted interviews and observations at the Waldviertler company site, in coffee shops, and at informants' homes in Austria (between February and April 2019). Three Master's students contributed to transcribing the YouTube videos and interviews. All informants' names have been anonymized. All data used for this research were stored at a research data repository of the University of Innsbruck, Austria, except from those data that could not be stored in ways that allowed for informant de-identification. The third author closely supervised the data collection process. The three authors jointly analyzed the data and co-authored the final study.

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