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The Authenticity Paradox: Why the Returns to Authenticity on Audience Appeal Decrease in Popularity and Iconicity

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A great deal of research has argued for authenticity as a key firm-level attribute and source of competitive advantage. But we know very little about the boundary conditions related to organizational authenticity. In order to address this, we develop a theory of the social construction of authenticity, how it affects the appeal of a producer's offerings, and how the market success of these offerings affects the returns to authenticity. We propose that there are two mechanisms, in addition to authenticity, that can drive audience appeal: popularity and iconicity. But increases in both popularity and iconicity also challenge some of the underlying tenets of what the audience considers authentic, namely, intrinsic motivation and the pursuit of social, rather than economic, value. The authenticity paradox, then, is that even as the appeal of authentic offerings increases, their popularity and iconicity diminish the returns to authenticity. We find support for these ideas in the context of the U.S. market for craft beer and discuss the implications of our theory for authenticity research and for the broader market and social dynamics in craft industries.

Keywords: *organizational authenticity; popularity; iconicity; oppositional markets; craft beer*

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How does a firm's success in a market where authenticity is prized affect the ability of that firm to maintain its authentic identity? While the individual advantages for being perceived as authentic have long been understood (Trilling, 1972), recent research has identified authenticity as a key firm-level resource that can serve as the foundation for a sustained competitive advantage (Carroll & Wheaton, 2009; Frake, 2017; Kovács, Carroll, & Lehman, 2013; Verhaal, Hoskins, & Lundmark, 2017). Indeed, precisely because of its firm-specific and inimitable nature, firms are increasingly cognizant of the steps they must take to maintain their authenticity and wary of the strategic pitfalls that may jeopardize it. But like markets themselves, perceptions of authenticity manifest as the result of a market exchange between producers and consumers (Weber, Heinze, & DeSoucey, 2008) and the very customers that bestow authenticity on a firm can ostensibly revoke it just as quickly. Yet we know relatively little about the limits of authenticity and what seemingly acceptable actions may compromise it.

We understand organizational authenticity to be the perception by audiences (i.e., consumers or other stakeholders) of being genuine or real. In other words, is an organization really who they claim to be (Hahl, 2016), and are their external expressions deemed to be consistent with their internal values and beliefs (Lehman, O'Connor, Kovács, & Newman, 2019)? While much has been written on the value of authenticity, it is oftentimes treated as an end in itself—a desirable characteristic that producers are impelled to pursue and maintain. But the relationship between a producer's authenticity and the appeal of its offerings may not be as straightforward as previously surmised. Like any other social position, a position entrenched in perceptions of authenticity avails opportunities but also poses constraints. Although a producer occupying this position may enjoy higher valuations by its audience (O'Connor, Carroll, & Kovacs, 2017; Radoynovska & King, 2019), the authentic stature may become difficult to maintain, especially when the unintended consequences of such higher valuations seem incompatible with its core values (Carroll & Wheaton, 2009). Increased appeal for a producer's offerings generates market success, but success is associated less with authenticity than with a position of market leadership and dominance. Scalability and high growth are features that in craft markets are associated with mass producers, largely viewed as inauthentic and entirely driven by the pursuit of profits.

Interestingly, market success can lead to a whole host of positive attributions by consumers as well, such as higher status (Kovács & Sharkey, 2014; Piazza & Castellucci, 2014), popularity or celebrity (Pfarrer, Pollock, & Rindova, 2010; Rindova, Pollock, & Hayward, 2006), and ultimately, iconicity. What seems paradoxical to us is that in markets where authenticity is prized, a producer does not become successful without being perceived by its audience as authentic, but success erodes these perceptions among that very same audience because it challenges audience perceptions of these producers as genuinely devoted to the craft. How, then, do authentic firms manage and maintain success? We propose that in an industry characterized by strong adherence to shared values and collective identity crystalized in opposition to dominant incumbents, the appeal-based returns to authenticity are discontinuous because success itself ensures that producers embody the values and beliefs inherent in the identity. The social movement–like character of such industries (Carroll & Swaminathan, 2000) provides a context in which producers' success is understood to emanate from their staunch support and embodiment of the industry norms and values. In other words, producers widely recognized for their standing within the movement are able to increase their appeal not because they are admired for their authenticity but because they become viewed as an archetype for the industry itself. The appeal of such producers' offerings becomes less a function of perceived authenticity than one of the

recognition they have gained among the audience. Specifically, we propose that two characteristics of successful producers' offerings that drive audience appeal are *popularity* and *iconicity*. While both are important signals of market success, they are distinct in that popularity is a measure of how well known an organization is, while iconicity is a transcendent attribute reserved for those that become industry paragons. Thus, on their own, authenticity, popularity, and iconicity are all associated with increased appeal in these types of markets. Yet, we also contend that as popularity and iconicity come to dominate an audience's positive impressions about a firm, the appeal of authenticity wanes under the weight of these attributions of success. Herein lies the authenticity paradox.

These findings have important implications for a number of literatures and theoretical perspectives in management and organizational theory. For example, we contribute to research on oppositional markets (Carroll & Wheaton, 2009; Verhaal, Khessina, & Dobrev, 2015) by showing that market success can attenuate the beneficial effects conferred by being perceived as authentic in these markets. Up to this point, the preponderance of this research has assumed a relatively unified or homogenous composition of organizations that make up oppositional markets. Next, we offer insights into work on organizational popularity and celebrity (Rindova et al., 2006; Zavyalova, Pfarrer, & Reger, 2017, 2018). While much of this work focuses on external dynamics driving popularity and celebrity, such as media attention, our study looks at the interaction of popularity and iconicity with internal characteristics, such as authenticity. Finally, we address a gap in the work on organizational authenticity by identifying important limitations to the beneficial effects of authenticity, particularly when market success begins to overshadow authenticity-based appeal.

We test our theory in the context of the craft beer industry, which is known for a strong oppositional ideology that coheres around an unapologetic appreciation for authenticity (Carroll & Swaminathan, 2000). Leveraging a data set of over 1 million beer reviews from the online review website BeerAdvocate.com (between 1996 and 2012), we find support for the notion that brewery popularity and iconicity as well as perceived authenticity are associated with increased beer review scores. However, increasing levels of popularity and iconicity attenuate the appeal benefits associated with authenticity. These findings contribute to our understanding of the limits of perceived authenticity, specifically in craft-based markets, where the tension between success and authenticity may not be as straightforward as previously thought.

The rest of the article unfolds as follows: First, we review the literature on organizational authenticity and introduce our individual processes associated with authenticity, popularity, and iconicity, which all are positively associated with audience-based appeal. Next, we develop the core arguments surrounding the authenticity paradox. After that, we introduce our empirical context, variables of interest, and empirical specification and detail our findings, which include robustness checks for alternative explanations. Finally, we discuss these findings and offer conclusions related to our intended contributions, limitations, and fruitful avenues for future research.

Theory and Hypotheses

Research has documented the role of authenticity (for a review of this literature, see Lehman et al., 2019) in a variety of markets, including but not limited to restaurants (Kovács

et al., 2013; Lehman, Kovács, & Carroll, 2014), craft beer (Carroll & Swaminathan, 2000; Frake, 2017), organic produce (Sikavica & Pozner, 2013), scotch whiskey (McKendrick & Hannan, 2014), grass-fed beef (Weber et al., 2008), professional sports (Hahl, 2016), and country music (Peterson, 1997). The preponderance of findings in these studies suggests that perceptions of authenticity not only are associated with increased appeal but also can mitigate the negative consequences of a firm's transgressions or amplify the penalty for them. For example, Lehman et al. (2014) find that when restaurants are deemed to be authentic, consumers are less concerned about health code violations. Moreover, Hahl and Ha (2020) find that in the context of addiction recovery clinics, firms that are deemed to be authentic are spared from consumer backlash when they diversify into other types of business, which calls into question their level of commitment. Finally, Frake (2017) finds that craft breweries that are acquired by larger mass producers (an identity code violation in the craft beer industry) are viewed as less authentic and of lower overall appeal than independent craft breweries.

Following in the footsteps of this earlier research, we weave the initial conjectures just outlined into a theory of authenticity and producer appeal that we then test in the context of the market for craft beer in the United States. Yet, our study extends this research by demonstrating that market success and popularity (while beneficial to organizations in their own right) can interact in countervailing ways with audience perceptions of authenticity. Leading to our central proposition are three related predictions that serve as building blocks for the theory: First, we look at how and under what conditions authenticity increases product appeal. Second, we develop an argument about the relationship between popularity and appeal in authenticity markets where audience members share a collective identity, itself a precondition for shared authenticity attributions. Third, we contend that in identity markets like the one we investigate here, iconicity increases appeal as it turns certain producers' offerings into paragons of the underlying market identity. Thus, while earlier research has shown the beneficial effects of authenticity, our theory points to the limits of authenticity in the face of other seemingly beneficial organizational attributes.

Audience-Constructed Authenticity and Appeal

Attributions of authenticity are partly driven by the coherence of agreement among members of an audience in response to broader social dynamics. These dynamics may be primarily cultural (as in the rise of authentic country music), political (as in the preference of voters for electing political outsiders), or economic (as in the rise of craft-based consumer goods and organic food). For such agreement to emerge, audience members must share at least some elements of a belief system and be committed to it with some degree of consistency. In other words, in order to investigate how audiences collectively impart attributions of authenticity, the audience must be defined so that its members share a collective identity that serves as a guidepost to form perceptions of what is genuine and real. The values underpinning the identity are important. If the values held by some members are sufficiently different from those held by others, what one audience considers authentic may be viewed just the opposite by another. These can often be understood as oppositional markets (Mathias, Huyghe, Frid, & Galloway, 2018; McKendrick & Hannan, 2014; Verhaal et al., 2015), where the collective identity of the industry coheres around a shared opposition to incumbents who occupy and

dominate the mainstream segment of a market. Consider the case of craft beer, our empirical application here: The community of craft beer enthusiasts consists of consumers who wholeheartedly declare their allegiance in support of craft beer and serve as a watchdog ready to expose the inauthentic claims made by producers that do not demonstrate commitment to the movement. But there is a different community of beer drinkers who consider drinking mass-produced beer an element of a collective identity associated with unpretentious, working-class, and even patriotic mores and, as such, consider craft beer an elitist (and hence unauthentic) artifact.

For our conjecture that audience-constructed authenticity is spontaneous, reactive, and organic to be valid, it seems imperative that audience members share a value system that provides the ideational conviction to impart an authenticity attribution to producers. The collective agreement that emerges among like-minded members of an audience who share values and beliefs about what is genuine, sincere, and truthful is the mechanism by which authenticity attributions are socially constructed. When such perceptions of authenticity reflect the shared preferences of categorically similar members of an audience, the appeal of the offerings by producers perceived as authentic is likely higher than that of other producers.

Applying this proposition to our empirical context, we define and delimit the audience as the community of craft beer enthusiasts who not only consume craft beer but demonstrate above-average commitment by writing evaluative reviews of beers that they have experienced. The very label ascribed to this category of beer drinkers—"brewheads" (an analogy to the loyal rock music fan base known as "deadheads")—relates their fanlike pledge to support the cause of craft beer. The shared identity bond among members of this audience segment has been documented in earlier analysis of the craft beer community (Carroll & Swaminathan, 2000) and is an important condition for testing our argument about the social construction of authenticity. What we predict in the hypothesis that follows is that when individuals evaluate products and producers positively, they do so not only because of their own perceptions of these producers as authentic (a finding of much earlier research) but mainly because of the authenticity attributions to these same producers previously made by their peers. What we expect is that the greater the number of such prior authenticity attributions made by peers is, the higher a producer's appeal to the focal actor will be.

Hypothesis 1: The stronger the peer perceptions of a producer's offerings as authentic, the greater the appeal of these offerings to other audience members.

So far, we have argued that to understand the relationship between authenticity and appeal, we need to further develop the idea that authenticity, as an attribution, is socially constructed through endogenous inferences within a communitylike audience segment (Hypothesis 1). We next turn to the part of our theory that unravels the consequences of gaining prominence and wide recognition in a market (where authenticity is prized) for the returns to perceptions of authenticity on appeal.

Popularity and Audience Appeal

It is often observed that producers praised for their authenticity pay a "price of success" when they gain popularity in the market. Restaurants that open multiple locations or engage

in nonfood sales become household brands but lose the admiration of critics for their creative, refined palate; wineries that lose their "boutique" status by expansion increase revenues but become less sought after by aficionados; rock bands that "go vinyl" gain a broader audience but lose their original and most loyal fan base. In other words, the strength of appeal to the audience that values authenticity may decrease even as producers' popularity and market success increase. But why?

One explanation is that there may be a direct negative correlation between popularity and appeal. Because growing popularity typically means increasing heterogeneity in the composition of tastes among the audience, the average appeal of an increasingly popular offering will decrease (Kovács & Sharkey, 2014). Related to this, as different audiences are introduced, the original audience of consumers may begin to question their initial evaluations because they are concerned with how their evaluations will be perceived by the new audience (Sharkey & Kovacs, 2018). Moreover, as audience heterogeneity increases, its members may seek to differentiate their choice and selection of offering, especially if the offering is of a kind that allows to visibly assert a member's individual identity (Berger & Heath, 2007). Finally, increased popularity can solicit scrutiny and stricter comparisons by consumers to other more highly rated firms (Lewis & Carlos, in press).

We are skeptical that these mechanisms apply to contexts where authenticity is prized. By our conception of it, the search for authenticity varies by audience segment, and within that segment, it originates with a collectively shared sentiment of what is real and genuine. Thus, a strong collective identity among the focal audience preempts divergence of tastes because the strength of that identity itself serves as a selection to membership in the audience and enforces the criteria for discriminating what is authentic from what is not. Under such conditions—when the audience constitutes a "community of true peers" (Zuckerman, 2012: 228)—popularity is likely to further increase appeal. This, of course, implies that producers whose initial positions propel them to the top of the popularity distribution will witness a disproportionate rise in the appeal of their offerings.

The mechanism for this purported cumulative effect has a long tradition in sociology and most recently has been refined and elaborated in the socially-endogenous-inferences model (Correll et al., 2017). While initial quality inferences may be exogenous, that is, may be based on objective quality differences or a function of either misperceived or random quality attributions, the socially-endogenous-inferences model argues that subsequent valuations are endogenous and based on the initial ordering. In other words, what people like depends on what others like. We think that endogenous inferences are particularly likely to operate among members of a categorically distinct social group sharing the same collective identity. Such endogenous attributions of value may generate significant cumulative advantages (DiPrete & Eirich, 2006; Waguespack & Salomon, 2015), like the Matthew effect (Merton, 1968), or cumulative disadvantages, like the gender income gap (Merluzzi & Dobrev, 2015).

Although popularity among a heterogeneous audience does not inherently denote higher valuations (Kovács & Sharkey, 2014), among a group of actors who are homogeneous on a dimension that serves as a criterion for attributing value (e.g., anti–mass production sentiments), popularity will increase appeal. Popularity within a carefully demarcated audience segment is the result of market success within that segment (Khessina & Reis, 2016). To the extent that market success is a function of greater audience appeal, and to the extent that

socially endogenous inferences produce a cumulative advantage, appeal begets popularity and popularity begets appeal.

Hypothesis 2: The greater the market popularity of a producer's offerings, the greater the appeal of these offerings to audience members with shared collective identity aligned with that of the producer.

Iconicity and Audience Appeal

Like authenticity, iconicity has been subject to various definitions and interpretations. Etymologically, icons are symbols that closely represent the original. This has been the dominant interpretation in linguistics (Haiman, 1985), where icons describe the unity of form and meaning (e.g., the shape of a heart is a universal representation of love). Similarly, in marketing studies, iconicity is evaluated in the extent to which a replica closely matches with the original (Grayson & Martinec, 2004). This type of iconicity can be dubbed nominal in the sense that it simply reveals the degree of similarity between an object and its representation. By contrast, through an organizational theory lens, iconicity—like authenticity—is a socially constructed attribution (Carroll & Swaminathan, 2000). It coalesces in the social agreement among audience members that an entity has gained recognition to the level where it can symbolize an entire category, that is, represents a category exemplar (Barlow, Verhaal, & Angus, 2019; Zhao et al., 2018).

Conceived in these terms, iconicity also implies recognition not only in space (broad audience acceptance as a categorical archetype) but also in time—a lasting recognition that has stood the test of time; it purveys an aura of a legendary stature. Thus, iconicity is related to, but goes beyond the temporally fleeting nature of, organizational celebrity (Pfarrer et al., 2010; Zavyalova et al., 2017). In other words, icons endure past their prime and remain touchstones or representations of a socially constructed identity even after their "15 minutes of fame" is over. Additionally, icons represent the absolute pinnacle of a given market or industry, resulting in much fewer examples of icons as opposed to celebrities. Thus, iconicity is related to but distinct from celebrity in that it transcends fame, where iconic organizations come to represent an idealized version of the broader group (e.g., when the name of an organization overtakes the social lexicon as a verb, such as "googling" something on the internet). Additionally, each of these constructs also differs from popularity in that celebrities and icons can be decidedly unpopular across a broad swath of society.

Iconicity, of course, need not always increase appeal, as it does not by itself carry any normative weight. In cases where it conveys a stylized image of what an audience dislikes, appeal will surely decrease. The content of iconicity is therefore paramount. There ought to be cultural resonance between the values espoused in the original and audience preferences. To the extent that members of a social audience share an identity epitomized by an entity, iconicity will increase the appeal of that entity. We further suspect that once an iconic position is achieved, its occupant becomes subjected to a self-reinforcing dynamic whereby a protagonist's identification with and contribution to the original may be continually embellished and romanticized. This, too, suggests that in the presence of identity alignment between icons and their audience, appeal will increase.

Hypothesis 3: The greater the iconicity of a producer's offerings, the greater the appeal of these offerings to audience members with shared collective identity aligned with that of the producer.

Popularity, Iconicity, and the Decreasing Returns to Authenticity

Having theorized the key relationships of authenticity (Hypothesis 1), popularity (Hypothesis 2), and iconicity (Hypothesis 3) with appeal, we now turn to the central inquiry of this research, namely, how success in a market where authenticity is prized affects the ability of producers to maintain authentic identities. Attributions of authenticity often hinge on audience perceptions of the intrinsic motivation (Hahl & Zuckerman, 2014) of the organization. Importantly, audience sensitivity to intrinsic motivation, defined as a producer's perceived attention to ideological interests over economic ones, is particularly acute when challengers and incumbents are categorically opposed to each other, as is the case in oppositional craft markets (Barlow, Verhaal, & Hoskins, 2018; Mathias et al., 2018; McKendrick & Hannan, 2014; Rao, Monin, & Durand, 2003; Weber et al., 2008). Just like country musicians at the dawn of the industry had to demonstrate a genuine interest in performing rather than recording in order to expose the recording studios' narrow concern with profits from copyright (Peterson, 1997), craft brewers are expected without exception to demonstrate sincerity in rejecting the bottom-line preoccupation of mass producers and embrace their craft as a way of life. This sincerity in rejecting extrinsic motivation, more so than any tangible feature of their offerings, is what substantiates their challenge to the incumbents and hence the claim to authenticity. For example, a recent Boston Beer Company commercial for its flagship Samuel Adams beer lucidly illustrates this claim by proudly proclaiming that the beer has been "brewed inefficiently since 1984" (Kendall, 2018).

Hahl & Zuckerman (2014) link this moral imperative for intrinsic motivation to Bourdieu's (1993) idea of "disinterestedness" in the realm of cultural production. To the extent that the craft brewery movement encompasses cultural beliefs and categorical expectations that are openly antagonistic to mass producers, Bourdieu's (1993: 79) conjecture that "disavowal of the 'economy' is placed at the very heart of the field" strikes relevant. Commercial success appears incompatible with sincerity in rejecting the dominance of economic rewards. At the very least, perceptions of authenticity are weakened by the accomplishment of an outcome that implies a behavior inconsistent with the norms and values of the collective identity, even if this outcome is merely a by-product of full compliance with the moral imperative of authenticity. It is not that craft beer enthusiasts do not want to see the offerings of their favorite protagonists take over the market, but they do not want these protagonists to care about it. The theoretical mechanism behind this "authenticity discount" to which successful producers are subjected is enunciated by Hahl and Zuckerman (2014), who call it the "denigration of heroes." In essence, attaining a favorable market position among peers implies winning a contest, which itself implies intent. This in turn raises suspicion among the audience of producers acting in self-interest, whether justifiably or not, in a community guided by the norm that all efforts should be directed at protecting rather than fragmenting the community of peers.

What do the arguments about the incompatibility of market success and perceived intrinsic motivation imply for the effect of popularity and iconicity, two key indicators of market success, on the returns to authenticity on appeal? In their evaluation of the craft beer industry, Swaminathan and Carroll (1995) speculated that craft producers face a low growth threshold

imposed by their identity. Success risks stripping the identity of an authentic craft brewer by blurring the distance between it and the antipodal nemesis—mass brewers. Yet, the past quarter century has rendered that initial conjecture dubious; clearly, some craft brewers have experienced significant growth and enjoyed tremendous market success reaching mass distribution and international expansion. For example, in the craft beer industry, if Sierra Nevada Brewing Company (one of the oldest and most-well-known craft breweries) was perceived as just another Budweiser, it would surely have been long squashed by its mass producer competitors. But Sierra Nevada continues to very carefully manage its market position and, based on it, craft its identity as a "patriarch" of the craft movement so as to underscore not just its conformity to but its preeminence and leadership in the craft beer movement. The key to success in this market, then, is the careful transition—mostly in terms of identity management (Goffman, 1959)—from claiming to be a small authentic producer to acting as a legendary figure, indispensable from the overall success of the market.

Thus, success has not interfered with these successful producers' identity as authentic craft brewers. How can this be explained? We think that market popularity and iconicity each effectively substitute for authenticity. This happens because popular and iconic products in a market where appeal is identity based are simply assumed to be authentic. In a market where authenticity is prized, initial appeal necessarily hinges on attributions of authenticity (Hypothesis 1). As authenticity-based appeal drives popularity and may lead to iconicity, it eventually results in broad acceptance and widespread recognition of that producer's offerings. In this way, when appeal is identity based, popularity and iconicity can compel the audience to grant such producers higher valuations independent of any other inferences, including those related to authenticity. When this occurs, a producer's authenticity becomes taken for granted. Once popularity and iconicity elevate a producer to the point of taken-for-grantedness (Hellofs & Jacobson, 1999), they effectively institutionalize that producer's social position, thereby decoupling authenticity and appeal.

In short, it is not that authenticity becomes unimportant for popular or iconic producers. But it becomes assumed. Once a producer is popular and/or iconic, and its authenticity is assumed, continued authenticity inferences do not contribute to greater perceptions of appeal. Empirically, this produces the following hypotheses in the expectation that the returns to authenticity on appeal decrease in popularity and iconicity.

Hypothesis 4a: The positive effect of audience authenticity on the appeal of a producer's offerings declines as the offerings gain market popularity.

Hypothesis 4b: The positive effect of audience authenticity on the appeal of a producer's offerings declines as the offerings reach iconic stature.

Data and Methods

Empirical Context

According to the Brewers Association (BA), which is the industry authority on craft breweries, the most salient attributes defining an American craft brewer are its size and adherence to standards of quality and craftsmanship. The craft brewing industry consists of two market segments: microbreweries and brewpubs that produce fewer than 15,000 barrels of beer per year, and regional breweries that produce between 15,000 and 6 million barrels per year. Breweries with production greater than 6 million barrels per year are considered to be mass

production breweries and cannot be considered craft breweries. The craft brewing market emerged in the 1980s and saw tremendous growth in the ensuing years. This phenomenon is well documented in the previous research (e.g., Carroll & Swaminathan, 2000) and represents a clear example of resource partitioning, whereby market consolidation of mass producers created a resource space on the periphery for the proliferation of microbreweries and brewpubs (Carroll, 1985; Carroll, Dobrev, & Swaminathan, 2002). Another reason for the rise of the craft brewers was the homogenization of beer from mass producers that created a space for product differentiation based on technical product dimensions, such as taste and ingredients.

The emergence of microbreweries and brewpubs gave rise to a social movement that promoted an imperative for tradition and authenticity in beer brewing. The collective identity based on tradition and authenticity has largely prevented the large, mass producers from encroaching on the craft beer market and winning over microbrew consumers. This happened even though, over time, mass breweries learned to remove the technical impediments (e.g., taste, color) that at first objectively disadvantaged their products relative to craft beers. Regardless of product characteristics, this competitive buffer is now seen primarily as an identity constraint—craft beer audiences see mass producers as making only low-quality beer and focusing more on profits than on beer (Carroll & Swaminathan, 2000). The perceived poor reputation of mass producers is so strong that in some cases it even spills over to craft breweries. For example, because American lagers (the predominant mass-produced style of beer) are strongly associated with mass producers, when microbreweries make this style of beer by authentic methods, beer enthusiasts often stigmatize these products relative to their other offerings (Barlow et al., 2018).

Craft brewers offer a range of different beers within a broad range of categories. Indeed, it is not uncommon for even small microbreweries to produce multiple styles of beer that all require different ingredients and brewing techniques. For example, Epic Brewing Company, located in Salt Lake City, Utah, is a relatively small microbrewery that has been in business since 2010. By 2015, it had produced over 127 different beers that span the entire range of beer styles. This includes stouts, American lagers, barley wine, pumpkin ale, Belgian ales, fruit beers, and even organic and gluten-free styles. This sense of diversity, originality, and playfulness in the brewing process is a hallmark of the craft beer movement's social identity.

Data Sources

In order to test how market popularity impacts consumer appeal, we use consumers' online ratings of beer. Online review websites have recently become a popular data source for studies on product and organizational appeal (e.g., Kovács et al., 2013; Kovács & Sharkey, 2014). The reviews for this study come from the online beer review website BeerAdvocate (www.beeradvocate.com). BeerAdvocate has been in existence since 1996 and has ratings on over 83,000 different beers from all over the world. As of January 2013, the website has garnered 2.7 million reviews. In 2013, BeerAdvocate received on average 25 million page views from 2.5 million unique visitors per month. For the purposes of this study, the data are restricted to U.S. craft breweries in line with the BA size restriction (i.e., production of fewer than 6 million barrels per year) and represent the entire population of reviews of beers

produced from these breweries from the website's inception in 1996 through May of 2012. These reviews were written by 25,974 unique users, for which the average number of reviews was 45.6, with a maximum number of reviews of 3,960. The data set we assembled consists of 1,151,627 unique reviews of 41,982 different beers produced by 1,954 unique craft breweries. The data are aggregated at the beer-year level (unbalanced panel) and are lagged by 1 year, which results in 50,072 beer-year observations.

Variables

Dependent variable. The dependent variable is the beer's product appeal among the peer community of craft beer enthusiasts who write reviews on the BeerAdvocate website. Each reviewer evaluates a beer on a scale of 1 to 5 (in increments of 0.25) based on the dimensions of look, smell, taste, and feel. We took the mean of these four scores for each review of a given beer. We then took the average score for all reviews of a given beer in a given year. The resulting measure of beer appeal is a time-varying continuous variable ranging from 1 to 5.

Independent variables. To measure the social construction of audience authenticity, we created the measure *beer authenticity*. Rather than imputing meaning to authenticity related to words we select ourselves, we benefited from the list of authenticity words originally compiled and tested by Kovács et al. (2014). The study followed an elaborate survey procedure to allow respondents to objectively select which words they most closely associate with producer authenticity. Examples of some of the words in this list include "creative," "genuine," "authentic," "artful," "unique," and the like. Similar to the craft beer industry, the restaurant industry, which Kovács et al. studied, has undergone a marked shift toward an emphasis on fresh, local, organic, and natural foods based on original recipes.

Using the natural-language processing software Linguistic Inquiry and Wordcount, we ran text analyses of each beer review by each reviewer across all years in our data and counted the number of words communicating a sentiment of authenticity from the list by Kovács et al. (2014). Because some words elicit a stronger connection to authenticity, we weighted each word by its score on the list created by Kovacs and colleagues. We then aggregated the count of weighted words from the reviews to the beer-year level, producing essentially a time-varying yearly authenticity score for each beer reviewed on the website across all reviews. In accord with our conception of authenticity as socially constructed, we lag the variable by a year so that an audience member's appeal score for a beer is a function of the authenticity references for that beer by other audience members in the preceding year (and not tied to the mentions of authenticity in the focal audience member's own review).

Next, in order to test beer popularity, we sought to create a measure that took into account a beer's standing relative to the most well-known beer on the website. As a result, beer popularity is calculated as the number of yearly reviews the focal beer receives divided by the number of reviews for the most reviewed beer in that year. This produces a time-varying measure of relative popularity for each beer in our data set and ensures that we are measuring popularity specific to the given year. Again, to allow an audience member's appeal score to be influenced by the relative popularity of a beer, we lag the measure by a year.

Finally, to measure beer iconicity, we identified the beers that truly stood out as the most important and culturally relevant offerings in the industry. Consistent with our view that

iconicity is socially constructed, we turned to an article published in *Food and Wine Magazine* on July 18th, 2018, titled "The 25 Most Important American Craft Beers Ever Produced." The authors of the article surveyed 21 of the leading craft beer experts in the country. Each of these experts was asked to rank their top 25 most important U.S. craft beers. The list includes the likes of Sierra Nevada Pale Ale (first place), Russian River Pliny the Elder, Anchor Steam, Allagash White, and so on. On the basis of this ranking of the 25 most iconic beers, we created a dummy variable for beer iconicity, which takes a value of 1 if the beer mentioned was included on this list and 0 for all beers not included on the list.

Controls. Perhaps the most important control variable in our models is that of perceived quality. If somehow perceptions of a "good beer" and of an "authentic beer" are conflated by reviewers, then our theory does little more than restate a mundane proposition—that people rank highly what they like. This is particularly relevant in the craft beer industry because perceived quality is often subjective in nature. Indeed, research in marketing has long shown that consumers have a hard time discerning quality in beer when they are not able to see the label or know the producer (Allison & Uhl, 1964; Levin & Gaeth, 1988). To rule out the internal validity threat to our prediction about a positive effect of audience-constructed authenticity on appeal, we need to show that authenticity attributions matter above and beyond perceived quality—that in fact there is a difference between a good beer and an authentic beer. With these considerations in mind, we created the perceived-quality measure in the following way: We first each read a random sample of 100 reviews from the data and independently marked up words that each author thought represent evaluations of high quality. We then compared our lists of words and agreed on a list of 20 words that conveys perceived high quality in reviewers' evaluations. We then expanded the list by augmenting it with synonyms to the initial selection of words and added an additional 15 words for a total of 35 words (the full list appears in Table A1 in the appendix) that signify perceived quality but not authenticity. To this end, this list of words bears no overlap with any of the words on the authenticity list. Because we want to control how a reviewer's quality assessment of a beer impacts her ratings of that beer, we need to observe perceived quality and producer ratings simultaneously by the same reviewer. So we constructed this variable as a contemporaneous measure by counting the number of "quality" words in the text of the review that contains a focal reviewer's rating. Again, we aggregated these word counts first from the reviewer-beer level to the beer-year level. The measure thus helps us to control to what extent the producer's ratings are a function of the perceived quality of that producer's offerings among audience members.

We employ a number of additional controls at the industry, brewery, and beer level of analysis. We account for beer density, a count of the number of beers receiving at least one review in a given year, because the number of beers on the website at a given time may impact both perceptions of legitimacy and popularity. At the brewery level, we control for the most salient identity codes for what it means to be a craft brewery (Carroll & Swaminathan, 2000). For example, we control for whether a brewery has been acquired by a mass production brewery, because this may call into question whether it is a true craft brewery. This includes breweries that are partially acquired, but the exact percentage of ownership is unclear, and those that were acquired during the period of this study (as a robustness check, we exclude these breweries from our models, and all results hold). We also control for whether the brewery also operates as a brewpub and whether it uses adjunct ingredients in its

production. Because craft brewery size can also influence whether audience members consider it to be an authentic craft brewery, we control for whether the brewery is a top-50 production brewery (measured by yearly production volume in barrels). At the level of the beer, we first account for whether the focal beer is an American lager, in line with past research that has found that this style has a tendency to be stigmatized by craft beer consumers (Barlow et al., 2018). We also account for time elapsed since first review (in years) for each beer on the website, to control for the likelihood that the appeal of beers with long tenures may gradually wear out. Next, because more experienced reviewers may value a beer differently than a novice reviewer, and certain beers may be more likely to be reviewed by experienced reviewers, we account for the average reviewer experience of each beer. This is measured as the average number of cumulative reviews for all of the reviewers for a given beer in a given year. We also control for the number of cumulative beer reviews a beer has received over time on the website. In accord with research demonstrating that a beer's name can influence audience appeal ratings (Verhaal et al., 2015), we control for oppositional beer name, which identifies beer names that invoke a sentiment of anti–mass production or opposition to the mainstream market. Finally, because two of our independent variables rely on word counts from the reviews, we also control for the total word count for all reviews in a given beer-year.

To make interpretations of causality plausible, these control variables are all lagged by 1 year. Lagging time-series data eliminates one yearly observation in each producer's record and drops completely beers that show up for only 1 year in the data, resulting in a final data set of 50,072 beer-year observations from 17,414 craft breweries.

Specification

The data are organized as an unbalanced panel at the beer-year level and include a varying number of yearly observations for each beer. Because each beer's observations are potentially autocorrelated between years (as a result of unobserved characteristics which may violate the assumptions inherent in ordinary least squares estimates), we use population-average techniques to model all hypotheses, specifically the method of generalized estimating equations (GEE), which allows us to model variance both between beers and across time for each beer. The estimates derived from GEE produce consistent and asymptotically normal solutions in situations where there is misspecification of the covariance structure of the panel data (Liang & Zeger, 1986; Zeger, Liang, & Albert, 1988). For example, GEE provides multiple correlation matrix structures to best fit the data, and it does not assume a normally distributed dependent variable (Liang & Zeger, 1986). On the basis of fit, we selected the exchangeable correlation matrix and ran all models using the "xtgee" function in Stata. We calculated cluster-robust standard errors based on the Huber-White sandwich estimator (Huber, 1967; White, 1980). We also include year and state dummies to control for systematic differences across time and geographic regions.

Results

Descriptive statistics and correlations for all variables are presented in Tables 1 and 2, respectively; they present a realistic and intuitive overview of the products in our data. The hypotheses-testing results are presented in Table 3 and robustness tests in Table 4. We begin

Table 1
Descriptive Statistics of Variables in the Lagged Time-Series Data File

Variable	*M*	*SD*	Min.	Max.
Beer appeal	3.70	0.47	1	5
Density of beers (/1,000)	11.11	4.78	0.05	18.92
Acquired brewery	0.01	0.10	0	1
Adjunct brewery	0.03	0.18	0	1
Top-50 production brewery	0.17	0.38	0	1
American lager style	0.04	0.20	0	1
Average reviewer experience (/10,000)	0.05	0.20	0	0.38
Cumulative beer reviews (/1,000)	0.06	0.15	0	3.05
Beer time since first review	3.32	2.45	1	12
Oppositional beer name	0.08	0.28	0	1
Beer quality measure (/1,000)	0.00	0.00	0	0.08
Review total word count (/10,000)	0.19	0.05	0	9.78
Beer authenticity	4.03	10.39	0	288.12
Beer popularity	0.04	0.09	0	1
Beer iconicity	0.01	0.08	0	1

Note: $N = 50{,}072$ beer-year observations.

with a baseline Model 3.1 in which the control variables behave in the expected way. Acquired breweries (Frake, 2017) and breweries that use adjunct ingredients elicit lower appeal, and in line with previous findings (Barlow et al., 2018), there is a pronounced negative effect for American lager–style beers. Furthermore, beers from top-50 breweries and beers that have received more reviews over time generate higher appeal. However, the time since first review leads to lower appeal. Taken together, this suggests that the increased appeal that successful beers (in terms of volume of production and volume of reviews) enjoy is time dependent. Finally, in line with previous findings, breweries that project an oppositional identity (Verhaal et al., 2015) through their beer names enjoy higher appeal.

With the baseline model fully specified, we proceed to test our prediction in Hypothesis 1. Model 3.2 introduces the measure for audience-constructed authenticity. The coefficient is positive and highly significant ($\beta = 0.02$, $p < .000$), suggesting that the more that prior reviews invoke language associated with authenticity, the higher the appeal for the beer. Importantly, this is while controlling for the underlying perception of quality. Thus, Hypothesis 1 is supported. Turning to Hypothesis 2, we test the degree to which the relative popularity of a beer impacts its appeal. As expected, Model 3.3 shows that the relative popularity effect is positive and significant ($\beta = 0.25$, $p < .000$). Hypothesis 2 is supported. Next, Model 3.4 tests Hypothesis 3 and the impact of a beer's iconicity on appeal. Again, the coefficient is positive and significant ($\beta = 0.23$, $p < .000$), lending support for Hypothesis 3. Model 3.5 introduces all main effects into a saturated model, and all main effect results hold and are highly significant, lending further support for Hypotheses 1 through 3.

In the remaining models of Table 3, we test our twofold prediction for the authenticity paradox. In Model 3.6, we include the interaction of popularity and audience-constructed authenticity to test the prediction in Hypothesis H4a: that as popularity increases, the returns to authenticity on appeal will decline. The interaction effect is negative and significant ($\beta = -0.04$, $p < .000$), while the main effects of popularity and of peer authenticity,

Table 2
Correlations of Variables in the Lagged Time-Series Data File

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Beer appeal	—														
2. Density of beers /1,000	.02	—													
3. Acquired brewery	−.04	.04	—												
4. Adjunct brewery	−.14	−.06	−.00	—											
5. Top-50 production brewery	.01	−.06	.10	.23	—										
6. American lager style	−.29	−.03	.02	.18	.04	—									
7. Average reviewer experience (/10,000)	.03	.42	−.01	−.06	−.12	−.03	—								
8. Cumulative beer reviews (/1,000)	.11	.20	.05	.00	.27	−.03	−.12	—							
9. Beer time since first review	−.07	.27	.05	.01	.13	.01	−.05	.47	—						
10. Oppositional beer name	.08	.03	.00	.01	.06	.03	.04	.01	−.02	—					
11. Beer quality measure (/1,000)	.07	.01	.01	.01	.17	.00	−.10	.45	.21	.00	—				
12. Review total word count (/10,000)	.07	.05	.02	.01	.16	.00	−.07	.41	.16	.02	.88	—			
13. Beer authenticity	.16	.16	.03	−.00	.22	−.03	−.09	.72	.19	.01	.45	.51	—		
14. Beer popularity	.15	−.13	.03	.03	.31	−.03	−.21	.61	.16	.02	.45	.44	.73	—	
15. Beer iconicity	.06	−.03	−.00	.01	.10	−.00	−.04	.17	.06	.08	.14	.10	.14	.21	—

Table 3
GEE Estimates of Authenticity, Popularity, and Iconicity on Beer Appeal

Variable	Model 3.1	Model 3.2	Model 3.3	Model 3.4	Model 3.5	Model 3.6	Model 3.7	Model 3.8
Density of beers (/1,000)	−0.01* (0.00)	−0.01** (0.00)	0.00 (0.00)	−0.01* (0.00)	−0.00 (0.00)	−0.00 (0.00)	−0.01** (0.00)	−0.00 (0.00)
Acquired brewery	−0.14*** (0.02)	−0.14*** (0.02)	−0.14*** (0.02)	−0.14*** (0.02)	−0.14*** (0.02)	−0.14*** (0.02)	−0.14*** (0.02)	−0.14*** (0.02)
Adjunct brewery	−0.20*** (0.02)	−0.20*** (0.02)	−0.20*** (0.02)	−0.20*** (0.02)	−0.20*** (0.02)	−0.20*** (0.02)	−0.20*** (0.02)	−0.20*** (0.02)
Top 50 production brewery	0.03*** (0.01)	0.03*** (0.01)	0.02*** (0.01)	0.03*** (0.01)	0.02*** (0.01)	0.02** (0.01)	0.02*** (0.01)	0.02** (0.01)
American lager style	−0.54*** (0.02)	−0.54*** (0.02)	−0.54*** (0.02)	−0.54*** (0.02)	−0.54*** (0.02)	−0.54*** (0.02)	−0.54*** (0.02)	−0.54*** (0.02)
Average reviewer experience (/10,000)	0.07 (0.06)	0.09 (0.06)	0.09 (0.06)	0.07 (0.06)	0.09 (0.06)	0.11† (0.06)	0.09 (0.06)	0.111† (0.06)
Cumulative beer reviews (/1,000)	0.14*** (0.01)	0.06*** (0.01)	0.12*** (0.01)	0.14*** (0.01)	0.09*** (0.01)	0.08*** (0.01)	0.07*** (0.01)	0.08*** (0.01)
Beer time since first review	−0.02*** (0.00)	−0.02*** (0.00)	−0.02*** (0.00)	−0.02*** (0.00)	−0.02*** (0.00)	−0.02*** (0.00)	−0.02*** (0.00)	−0.02*** (0.00)
Oppositional beer name	0.12*** (0.01)	0.12*** (0.01)	0.12*** (0.01)	0.12*** (0.01)	0.12*** (0.01)	0.12*** (0.01)	0.12*** (0.01)	0.12*** (0.01)
Beer quality measure (/1,000)	1.11 (1.35)	2.671† (1.58)	1.52 (1.39)	0.84 (1.32)	1.99 (1.48)	2.811† (1.47)	2.831† (1.61)	2.601† (1.45)
Review total word count (/10,000)	0.01 (0.01)	−0.01 (0.01)	−0.00 (0.01)	0.011† (0.01)	−0.01 (0.01)	−0.011† (0.01)	−0.01 (0.01)	−0.011† (0.01)
Beer authenticity (/10)		0.02*** (0.00)			0.01*** (0.00)	0.03*** (0.00)	0.02*** (0.00)	0.03*** (0.00)
Beer popularity			0.25*** (0.02)		0.16*** (0.03)	0.20*** (0.03)		0.19*** (0.03)

(continued)

Table 3 (continued)

Variable	Model 3.1	Model 3.2	Model 3.3	Model 3.4	Model 3.5	Model 3.6	Model 3.7	Model 3.8
Beer iconicity				0.23***	0.21***		0.25***	0.21***
				(0.05)	(0.04)		(0.05)	(0.05)
Authenticity × Popularity (/10)						−0.04***		−0.04***
						(0.04)		(0.04)
Authenticity × Iconicity (/10)							−0.01**	−0.00
							(0.04)	(0.06)
Constant	4.10***	4.10***	3.89***	4.09***	3.97***	3.94***	4.10***	3.94***
	(0.09)	(0.09)	(0.09)	(0.09)	(0.10)	(0.10)	(0.09)	(0.10)
Year dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of beers	17,414	17,414	17,414	17,414	17,414	17,414	17,414	17,414
N of beer-year observations	50,072	50,072	50,072	50,072	50,072	50,072	50,072	50,072
Wald chi-square	2,515.94	2,759.82	2,780.58	2,563.88	2,894.09	2,873.15	2,829.52	2,918.45
Scale parameter	0.1669	0.1660	0.1652	0.1666	0.1649	0.1647	0.1655	0.1644
df	71	72	72	72	74	74	74	76

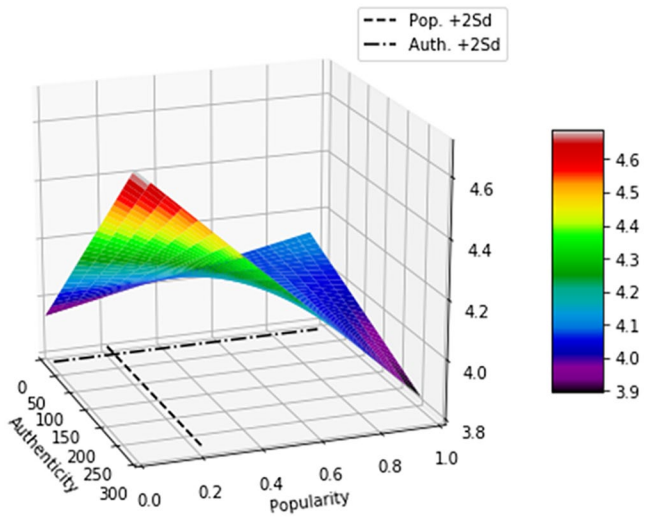
Note: Robust standard errors are in parentheses. GEE = generalized estimating equations.
$^{\dagger}p < .10$.
$^{*}p < .05$.
$^{**}p < .01$.
$^{***}p < .001$.

Table 4
GEE Estimates of Authenticity and Brewery Size on Appeal

Variable	Model 4.1	Model 4.2	Model 4.3
Density of beers (/1,000)	−0.00	−0.00	−0.00
	(0.00)	(0.00)	(0.00)
Acquired brewery	−0.12***	−0.12***	−0.14***
	(0.03)	(0.03)	(0.02)
Adjunct brewery	−0.19***	−0.19***	−0.20***
	(0.02)	(0.02)	(0.02)
American lager style	−0.44***	−0.44***	−0.54***
	(0.02)	(0.02)	(0.02)
Average reviewer experience (/10,000)	0.047	0.049	0.099
	(0.07)	(0.07)	(0.06)
Cumulative beer reviews (/1,000)	0.11***	0.11***	0.10***
	(0.01)	(0.01)	(0.01)
Beer time since first review	−0.03***	−0.03***	−0.02***
	(0.00)	(0.00)	(0.00)
Oppositional beer name	0.12***	0.12***	0.12***
	(0.01)	(0.01)	(0.01)
Beer quality measure (/1,000)	2.11	2.20	2.21
	(1.47)	(1.49)	(1.42)
Review total word count (/10,000)	−0.01	−0.01	−0.01
	(0.01)	(0.01)	(0.01)
Beer authenticity (/10)	0.01***	0.01***	0.02***
	(0.00)	(0.00)	(0.00)
Beer popularity	0.20***	0.20***	0.15***
	(0.03)	(0.03)	(0.03)
Beer iconicity	0.19***	0.19***	0.21***
	(0.04)	(0.04)	(0.04)
Brewery production in barrels (/1,000,000)	−0.07**	−0.05†	
	(0.02)	(0.03)	
Barrels * Authenticity (/10)		−0.01*	
		(0.00)	
Top 50 brewery production			0.03***
			(0.01)
Top 50 * Authenticity (/10)			−0.02***
			(0.00)
Constant	3.97***	3.98***	3.97***
	(0.10)	(0.10)	(0.10)
Year dummies	Yes	Yes	Yes
State dummies	Yes	Yes	Yes
Number of beers	15,251	15,251	17,414
N of beer-year observations	43,255	43,255	50,072
Wald chi-square	2,558.48	2,556.72	2,890.62
Scale parameter	0.1523	0.1522	0.1646
df	74	75	75

Note: Robust standard errors are in parentheses. GEE = generalized estimating equations.
†$p < .10$.
*$p < .05$.
**$p < .01$.
***$p < .001$.

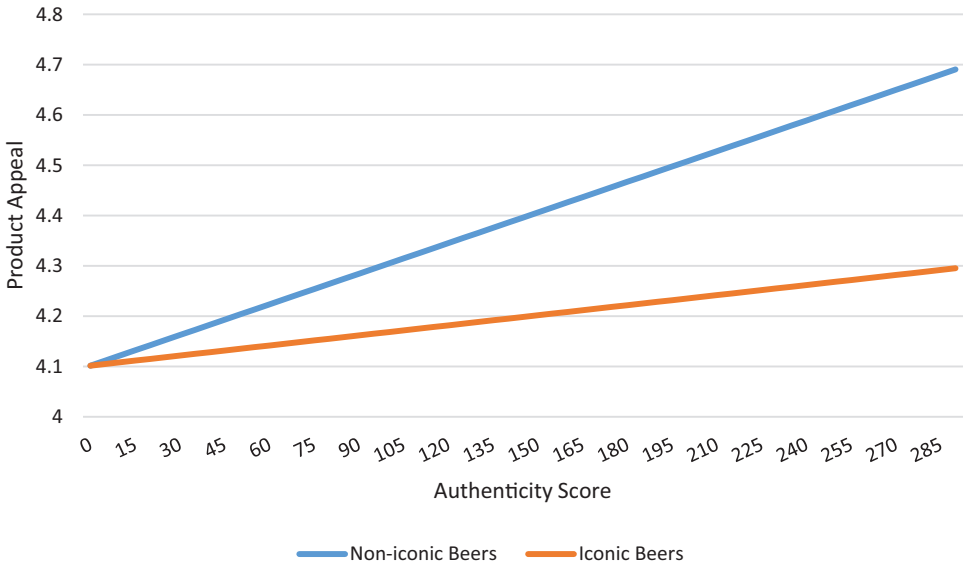
Figure 1
Plot of the Estimated Effects of Popularity and Authenticity on Audience Appeal



which are now contingent on the interaction effect, continue to be positive and significant. To help interpret the interaction effect, we visually present it in Figure 1. The figure reveals several important findings. First, the highest appeal is awarded to an offering whose peer attributions of authenticity are concentrated in the fewest beer reviews. That is, the most-sought-after position in terms of audience appeal is the one where products are lauded as authentic but are relative unknowns. The second best position is that of a highly popular product that is widely recognized in the industry but is not subject to authenticity attributions. By contrast, the worst position in the social space representing the distribution of appeal among audience members of a peer community is that of an offering that continues to amass a large number of authenticity references by peers even as it also continues to grow in popularity. Clearly, the returns to authenticity wear off with popularity. Moreover, these returns altogether turn negative toward the top of the popularity distribution. The estimated appeal score for a producer in that position (at the maximum observed authenticity score of 288 and maximum popularity of 1) is lower (3.84) than the appeal score of a producer who is neither popular nor acknowledged as authentic (3.94). We interpret this "authenticity penalty" for popular producers as evidence for the incompatibility between the belief in intrinsic motivation, which underpins authenticity attributions, and the position of market leadership, which implies commercial success.

Finally, we test the parallel hypothesis, Hypothesis 4b, that the returns to authenticity also decline with iconicity. In Model 3.7, we include the interaction between iconicity and the measure of authenticity. As predicted, its effect is negative and significant ($\beta = -0.01$, $p < .000$). The results, which offer support for Hypothesis 4b, are visually presented in Figure 2. Even though audience members may ascribe higher valuations to authentic offerings, the returns to authenticity are lower for iconic products than for non-iconic ones, and this difference between the two increases along with the authenticity score. For example,

Figure 2
Plot of the Estimated Effect of Authenticity by Iconicity on Product Appeal



when the authenticity score is at 184, the disparity in authenticity-driven appeal between non-iconic and iconic products is roughly a quarter point (4.48 – 4.23), enough to offset the main positive effect of iconicity on appeal ($\beta = 0.25$, $p < .050$). At its peak (at the maximum observed authenticity score of 288), the authenticity discount for iconic offerings is 0.39 points (4.69 – 4.29). In sum, iconic products are highly valued but not because they are increasingly referenced by peers as authentic.

Robustness of Effects

We estimated a number of additional models to check the logic of our theory and the robustness of the effects we presented. Specifically, we report three sets of auxiliary analyses.

First, we tested the validity of our argument in Hypothesis 2 that popularity will raise appeal only among a community of true peers. But when popularity among a heterogeneous audience increases, appeal will likely decrease, as evidenced in earlier research (Kovács & Sharkey, 2014). The popularity measure we constructed reflects our theory and essentially measures the attention afforded to a producer by a relatively narrow audience segment—beer enthusiasts who share a collective identity. To contrast this effect with that of broad market popularity, we devised an alternative measure based on broad market success. For about 86% of the records in our data, we were able to obtain precise information on scale of production, or how many barrels of beer a brewery produces annually. If our theory that only community-based popularity increases appeal but broad-market popularity decreases it is correct, we should find a negative effect of scale of production on appeal. With this consideration in mind, we reestimated Model 3.3 (which includes the baseline popularity effect as a test of

Table 5
GEE Estimates of Alternative Beer Iconicity Measure and Authenticity on Appeal

Variable	Model 5.1	Model 5.2
Density of beers (/1,000)	0.02**	0.02*
	(0.01)	(0.01)
Acquired brewery	−0.14***	−0.14***
	(0.02)	(0.02)
Adjunct brewery	−0.20***	−0.20***
	(0.02)	(0.02)
Top 50 production brewery	0.02***	0.02**
	(0.01)	(0.01)
American lager style	−0.54***	−0.54***
	(0.02)	(0.02)
Average reviewer experience (/10,000)	0.09	0.10†
	(0.06)	(0.06)
Cumulative beer reviews (/1,000)	0.10***	0.08***
	(0.01)	(0.01)
Beer time since first review	−0.02***	−0.02***
	(0.00)	(0.00)
Oppositional beer name	0.12***	0.12***
	(0.01)	(0.01)
Beer quality measure (/1,000)	2.45	3.15*
	(1.54)	(1.54)
Review total word count (/10,000)	−0.01	−0.01†
	(0.01)	(0.01)
Beer authenticity (/10)	0.01***	0.02***
	(0.00)	(0.00)
Beer popularity	0.02	0.10*
	(0.05)	(0.05)
Beer iconicity continuous measure	27.35***	21.86**
	(7.48)	(7.54)
Iconicity * Authenticity		−0.91***
		(0.11)
Constant	3.50***	3.55***
	(0.16)	(0.16)
Year dummies	Yes	Yes
State dummies	Yes	Yes
Number of beers	17,414	17,414
N of beer-year observations	50,072	43,255
Wald chi-square	2,905.43	2,836.81
Scale parameter	0.1648	0.1651
df	74	75

Note: Robust standard errors are in parentheses. GEE = generalized estimating equations.
†$p < .10$.
*$p < .05$.
**$p < .01$.
***$p < .001$.

Hypothesis 2) by adding the scale-of-production variable as a measure of popularity among a heterogeneous audience. Model 4.1 in Table 4 shows that the effect of this measure is negative and significant on appeal ($\beta = -0.01, p < .000$), consistent with our theory. Note that the

effect of our community-based-popularity measure continues to be positive and significant in the same specification and is correlated with our broad-popularity measure only at 0.18. Thus, while both variables measure some form of market success or popularity, they are unique constructs.

Second, while our prediction about the relationship between popularity and appeal is strengthened by clearly enunciating the features of the audience among which a producer's offering gain popularity, this variance in the composition of the audience should not affect our predicted relationship between popularity and authenticity. The "authenticity paradox" states that returns to authenticity decrease in popularity, and that argument stands on its own merits and is independent of the nature of popularity. Regardless of whether popularity increases appeal (within a community of true peers) or decreases it (among a heterogeneous audience), popularity is always inconsistent with the intrinsic motivation that is at the core of authenticity attributions. To solidify support for our key prediction that returns to authenticity decrease in popularity, we estimated additional models in which we tested whether broad-market popularity also decreases returns to authenticity, as we claim. We tested this in two ways. First, we used the abridged data file that contains the measure for annual barrel production. In Model 4.2, we included an interaction of scale of production with our measure of authenticity. The interaction effect is negative and significant ($\beta = -0.01, p < .000$). Second, using the full range of our data, we reestimated Model 4.2, but instead of interacting authenticity with our broader measure of popularity, we interacted it with the indicator for large-scale production (top-50-production brewery), the less fine-grained measure of relative size that we have complete data on. The results, presented in Model 4.3, also reveal a significant negative effect ($\beta = -0.02, p < .000$). The authenticity paradox holds, whether authenticity-based appeal declines due to identity-based popularity or due to broad-market popularity.

Third, we constructed our measure of iconicity based on an independent assessment by industry experts, which increases its external validity. At the same time, a measure based on our own data is advantageous in strengthening internal validity and reducing subjectivity and potentially unobserved conflict of interest by external valuators. To that end, we computed an alternative measure of iconicity derived from the industry dynamics that we observe empirically. The measure sums up the fraction of reviews received by each beer from the total count of beer reviews on the website each year. An added advantage to this cumulative construct is that it allows for iconicity to emerge organically and develop over time rather than be imposed ex post. We used this time-variant measure in place of our original measure and reestimated Models 3.4 and 3.7. Presented in Table 5 as Models 5.1 and 5.2, the results confirm that our predictions hold in these alternative specifications: Iconicity has a strong and significant positive effect on appeal (5.1), and its interaction with authenticity is negative and significant (5.2).

Discussion

We found support for our theory in the analysis of over 1 million online reviews of craft beers from almost 1,400 breweries and 26,000 reviewers. We developed and found support for the authenticity paradox—a proposition that contradicts the commonsense intuition that if authenticity, popularity, and iconicity all increase appeal, so, too, will popularity and iconicity reinforce returns to authenticity. Just the opposite, we conjectured that the success of a producer's offerings decreases returns to authenticity on appeal because success seems inimical to intrinsic motivation and the perceived disinterestedness in commercial performance. This

proposition is paradoxical because it suggests that higher valuations are granted to a successful producer by the same audience that perceives success to be inconsistent with authenticity (and that also grants higher valuations to authentic producers). The theoretical conjecture implies a negative interaction effect of popularity and of iconicity with authenticity on appeal. We tested this interaction using a measure of community-based peer popularity, and the results held. Furthermore, we tested it using two different measures of broad-market popularity (absolute scale of production and relative size), and the results held. Finally, we tested it using two different measures of iconicity, and our results held. While claims of true causal relationships are tenuous in the absence of fully identified and randomized research designs (which are extremely challenging in an organizational setting or with archival data), our results provide consistent and robust support for the notion that authenticity-based appeal declines for popular and iconic products.

Although we expected that the positive returns to authenticity on appeal simply diminish when an offering becomes successful, we found that the returns to authenticity become negative for the most popular products. Our initial supposition was that by leading producer authenticity to be taken for granted, popularity and iconicity inherently render further attributions of authenticity unnecessary. If that was all there was to the relationship between success and authenticity, the returns to authenticity on appeal would plateau but not turn negative with market prominence. Instead, it appears that success also challenges the interpretation of producers' motives by the audience. Hence, continued displays of authenticity may not only become ineffective but trigger cynicism and backfire, potentially leading to inferences of "inauthenticity cover-up" by prominent producers. Returns to authenticity beyond the taken-for-grantedness threshold thus do not plateau but decrease.

For popular products, instead of the expected "authenticity discount," we found that there is an "authenticity penalty." Importantly, this means not that authenticity itself becomes any less prized in the market but rather that the audience considers disingenuous the attributions of authenticity to producers whose stature of wide recognition suggests that they have reached the taken-for-granted status of market leaders. Continued authenticity inferences not only do not contribute to greater perceptions of appeal but have the opposite effect because these inferences bring to the forefront dormant suspicions of inauthentic behavior (extrinsic motivation). So, paradoxically, popular producers are hurt by continuous authenticity inferences, which only serve to raise doubts about the validity of such inferences (e.g., Is this successful producer really authentic?) given that they are assumed in the popular/iconic stature of the producer. In other words, when authenticity inferences increase beyond the point of authenticity taken-for-grantedness (conveyed by popularity), authenticity backfires and lowers appeal.

As expected, we discovered that returns to authenticity decrease in iconicity but do not turn negative on appeal. Iconic products at the high end of the authenticity distribution have lower appeal than non-iconic ones but still higher appeal than products lacking any authenticity references. The finding of an authenticity penalty for popular products and of an authenticity discount for iconic products may reflect the substantive difference between popularity and iconicity with the latter conveying permanence, exclusivity, and archetypical representation of the social identity of the product. Another possibility is that, unlike popularity, iconicity is clearly dichotomous—a product is either iconic or not while it could be more or less popular—and its discrete nature makes it less prone to be overplayed or exaggerated in marketing efforts by producers. More research in this direction is needed to fully explicate the differences between popularity and iconicity and their relationship with authenticity.

Broadly speaking, our findings hold important implications for three important audiences and areas of research in management and organization theory. First, by testing the limits and boundary conditions of socially constructed authenticity in the presence of popularity and iconicity, we contribute to a growing body of work highlighting the role that authenticity plays in the social construction of markets (Carroll & Wheaton, 2009; Frake, 2017; Hahl, 2016; Kovács et al., 2013; Verhaal et al., 2017). Second, we contribute to an emergent stream of research on oppositional markets (Barlow et al., 2018; Mathias et al., 2018; McKendrick & Hannan, 2014; Rao et al., 2003; Weber et al., 2008), primarily contemporary craft-based industries where a strong shared collective identity rooted in both authenticity and opposition to mass producers drives important market dynamics and organizational outcomes. Importantly, our study identifies a unique dynamic, whereby firm heterogeneity and market success within this oppositional population can have differential effects on perceptions of authenticity above and beyond its shared opposition to incumbent and mainstream markets. Third, by demonstrating the countervailing effects of both popularity and iconicity on returns to authenticity, we contribute to a broad body of work in management research that highlights the benefits of important organizational attributions, such as status, popularity, reputation, and celebrity (Kovács & Sharkey, 2014; Pfarrer et al., 2010; Zavyalova et al., 2017), as well as the limitations of these same attributes (Lovelace et al., 2018; Wade et al., 2006). Another specific and unique contribution to this literature is that the processes underpinning popularity and celebrity may play out quite differently in craft-based markets or among populations where authenticity is prized. Finally, outside of the fields of management and organization theory, the authenticity paradox should also be relevant to a number of streams of research within marketing, such as brand authenticity and original sources of production (Beverland, 2005; Beverland & Farrely, 2010; Newman & Dhar, 2014).

The authenticity paradox also has some implications for the mechanism underpinning the popular "price for success" dilemma, whose usual interpretation is that success often leads producers to alter and expand their offerings—a choice that often alienates the original audience responsible for producers' initial success (Hannan, Pólos, & Carroll, 2007). In our theory, the authenticity penalty is incurred by a producer whose popularity increases even if its original offerings remain unchanged. The penalty instead stems from the audience's aversion with a sustained, unrelenting projection of authenticity even when producer authenticity is taken for granted. The mechanism that produces this paradox is similar to Hahl and Zuckerman's (2014) conjecture of the "denigration of heroes"—the process by which the purity of intentions of social actors who attain positions commanding deference by outcompeting others is questioned. Our contribution to understanding this mechanism is that the implied process may be twofold: While denigration finds expression in the authenticity penalty, the heroic stature may feed onto itself. Our explanation for why some "heroes" are denigrated and others are not turns on whether widely recognized and iconic producers are able to carefully avoid acts inconsistent with authenticity and at the same time succeed at shifting the audience attention away from authenticity and play up instead their quasi-patriarchal role as community leaders.

It appears, then, that success may be a double-edged sword. On the one hand, success transforms authenticity-based appeal into popularity- and iconicity-based appeal. On the other, it makes prominent producers vulnerable in two ways: First, success constrains the actions of popular and iconic producers by threatening to misrepresent even normal business practices as orthogonal to their taken-for-granted authentic identities. Second, even in the

absence of any potentially damaging behavior by producers, the preponderance of authenticity references ignites and feeds audiences' inherent doubts about successful producers' intrinsic motivation. Just like the baseball player glowing in victory over the opponent after hitting a home run or the football player spiking the ball in celebration of a touchdown, a producer's unrelenting presentation as authentic is considered excessive and thus deliberate. And when exposed, deliberate, or fabricated, authenticity is unappealing. Our findings also shed light on the debated relationship between popularity and appeal and lend credence to Zuckerman's (2012) conjecture that when the social audience whose evaluations of producers are being investigated constitutes a community of true peers whose preferences emanate from a strong collective identity, popularity will increase appeal. The constitutive meaning of that shared identity preempts the divergence of tastes observed by analysts who have asserted a negative relationship between popularity and appeal (Kovács & Sharkey, 2014). By our argument, popularity translates into appeal through much the same process of endogenous social construction and peer inferences (Correll et al., 2017) that also drives perceptions of authenticity. People tend to like what they observe their peers liking and conform to peer expectations about what they themselves should like.

Beyond the craft beer market, we surmise that this relationship between popularity and appeal will generalize to any market where specialization is based on some ideological features. Partitioned markets where culture and politics are resonant seem appropriate contexts. For example, the audience for classical opera is much more coherent and devoted than the audience for rock music. Accordingly, when rock musicians gain popularity, their appeal typically broadens but declines in intensity (the "going vinyl" effect). By contrast, as opera singers gain international prominence, their appeal decisively increases. This partly has to do with the smaller size and homogeneity of the audience for opera but even more so with the sentiment shared by that audience that "real music" needs to be patronized and preserved. Political parties with strong ideologies (e.g., the Tea Party in the United States) also come to mind, as do esoteric research communities in academe (we would rather not give examples here).

Scope Conditions and Generalizability

The authenticity paradox does not apply to every context in which authenticity is prized, and its generalizability is subject to an important scope condition, namely, that audience members share a collective social identity reflecting similar cultural dispositions. In the case of our empirical application, we observe not merely craft beer consumers but enthusiasts dedicated to protecting and advancing the cause of the craft. It is this shared identity that produces social agreement on the collective meaning of authenticity. Our theory thus will not apply to contexts in which the audience is more heterogeneous.

Related to this, the frequently claimed relationship between individual perceptions of authenticity and heightened appeal may still hold true, but socially constructed authenticity materializes as a formidable market force only when buyers constitute a community of true peers unified by adherence to the social codes inherent in the collective identity. In that sense, our theory provides a social mechanism that substantiates the frequently observed positive network externality effect in markets with demand-side increasing returns (Katz & Shapiro, 1994). Given the peer influence in constructing authenticity, the perceived value of authenticity increases with the addition of new members to the community, which may be driven by

social desirability and conspicuous consumption (Veblen, 1994). Authenticity may be consumed not because it is appealing but because it is appealing to demonstrate belonging to the community.

We also do not expect to find support for our prediction that popularity will continuously drive appeal in settings where shared beliefs and values do not bond audience members together. On the contrary, consumers may react to rising popularity by seeking alternative offerings that more closely match their individual identity (Berger & Heath, 2007). Rising popularity thus may catalyze a divergence of tastes, leading to market fragmentation. Similarly, while a heterogeneous audience may demonstrate broad agreement in attributions of iconicity, it is unlikely that iconicity will lead to stronger appeal. In fact, the elevation of a producer offering to a cultural symbol and an icon may bifurcate, and in some cases polarize, audience reactions (consider Marlboro cigarettes, for example). But such bifurcation and potential polarization would be preempted by the consensus-inducing power of a shared identity.

Finally, we think that returns to authenticity decrease in popularity and iconicity only when authenticity is socially constructed. Our conjecture is not that decreasing returns are generally a function of too much authenticity but that popularity and iconicity are substitutes for authenticity: When an offering is highly popular and iconic, it is assumed to be authentic in a market where buyer preferences are shaped by an overarching social identity. This surely will not be true in a market with heterogeneous consumers where attributions of authenticity are individually formed and not socially constructed. Authenticity is compatible with popularity and iconicity only because it is encoded as a feature of the social identity profile. It is only because popular and iconic offerings are already by default assumed to be authentic that increasing authenticity attributions by alters are deemed disingenuous and thus unhelpful.

Conclusion

Early research on the craft beer industry predicted that if small microbreweries grow to expand beyond the size of a small, local producer, they will likely fail (Swaminathan & Carroll, 1995). Yet, successful breweries have expanded nationally and beyond. Beers symbolic of the microbrew revolution that began in the northwestern United States are now available on the shelves of major retailers on the East Coast and produced with the volume needed to support such wide distribution. The impressive growth and expansion of once-small local craft producers has been sustained, we argue, by the persistent anti–mass production, anti-consumerism ideology underpinning the microbrewery movement. In an oppositional market where a shared collective identity bonds members of the audience, authenticity generates appeal, and appeal diffuses contagiously. Even though producer growth may dampen perceptions of authenticity—in the backdrop of strong homogenous cultural dispositions among the audience—it also creates an aura around producers who become revered for being synonymous with the values of the movement.

The successful brewers we observe are widely admired as exemplars of the craft movement, hence the link between popularity and appeal. And their success comes exactly from their ability to recognize and embrace an unintended shift in socially conferred identities and the accompanying shift in the source of appeal—from the authentic to iconic. In the craft brewing industry, examples of producers who have undergone this transition include Sierra Nevada Brewing, Russian River Brewing, Stone River Brewing, and New Belgium Brewing,

along with a few others. And this—to answer our question at the onset—is how successful craft producers are able to manage and sustain growth. Provocative as this statement may sound, the authenticity penalty may not be decisive. As in Bourdieu's (1993: 75) theory where economic disinterestedness ultimately produces economic returns by way of the "symbolic capital" accumulated in the course of sincerely demonstrating disinterestedness, so, too, in our theory initial positions of social appeal based on authenticity generate a sort of parochial reverence endemic in a position of peer leadership that neutralizes the authenticity penalty.

The authenticity of popular and iconic products becomes taken for granted, so putting it on display not only does not help but hurts a producer by raising doubts about whether inauthentic behavior may be triggering the effort to continuously assert it (Kovács, Carroll, & Lehman, 2017). The priority for an established producer is thus not to parade its authenticity but to avoid happenstance that may compromise its taken-for-granted authenticity. Consider the painstaking efforts, and according costs, incurred by Sierra Nevada to assert its continued intrinsic motivation. Among the many corporate initiatives undertaken by this perhaps most iconic U.S. craft brewery in this direction is a joint project with the famed Trappist monks—brewers from Belgium—the profits from which were intended (and publicly announced) to benefit the monks (Nason, 2010). The brewery also readily offers assistance to startup microbreweries (i.e., potential competitors) on how to use technology and manage the business. In addition, Sierra Nevada retains an agency particularly charged with carefully preserving its image of authenticity. That company's corporate website proudly declares, "In the craft beer business your product needs to be authentic. . . . We helped Sierra Nevada brew a story that could stand the test of their biggest fans" (Digital Kitchen, 2020). Reminiscent of Peterson's (1997) "fabricated authenticity," Sierra Nevada's "brewed authenticity" is a good illustration of the authenticity paradox.

Appendix

Table A1

List of Words Used to Measure Brewery's Perceived Quality

1	Amazing
2	Balanced
3	Best
4	Bright
5	Brilliant
6	Clean
7	Complex
8	Enjoyable
9	Excellent
10	Exceptional
11	Extraordinary
12	Fantastic
13	Finest
14	Good
15	Great

(continued)

Table A1. (continued)

16	Greatest
17	Incredible
18	Intricate
19	Nice
20	Perfect
21	Pleasurable
22	Polished
23	Precise
24	Quality
25	Refined
26	Refreshing
27	Remarkable
28	Rich
29	Smooth
30	Sophisticated
31	Superb
32	Superior
33	Tasty
34	Wonderful
35	Yummy

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