Co-creation as a Consumer Empowerment Strategy

Including consumers in your new product development process

by Zach Friedman

In this three-part blog series, we will explore the psychological implications of consumer co-creation, the effects of incorporating consumer input into new product development, and pragmatic strategies to increase consumer empowerment. Armed with this knowledge you will be able to build co-creation initiatives that engage consumers and create lasting brand value.

Think back to the last time someone asked you for your advice on something. How much more invested did you become in that person’s success? What about the last time you were involved in a brainstorming session? How much “better” did you feel about the final idea versus times you weren’t asked to contribute?

The role of consumers is changing. Empowered by social media they now want, more than ever, to feel included in the new product development (NPD) process. Consumers are no longer willing to accept “off the shelf” targeting and mass-market products; they demand engagement with the companies they purchase from. Consumer co-creation is increasingly being used as a way to engage consumers and meet their desire to influence products.

From Quirky’s social product development to MyStarbucksIdea and a host of other examples, both established companies and startups are starting to open various stages of their NPD process to consumers. Previous research investigating co-creation has largely focused on the utilitarian value of developing products at lower costs and reduced risks, arguing that involving consumers in NPD can help you bring better products to market more quickly.

The American Marketing Association published an article showing an “empowerment-product demand” effect. This effect shows that consumers who are empowered to select which products a firm will offer show stronger demand for an identical underlying product compared to consumers who are not empowered to choose which products a firm will offer. This increase is credited to the psychological ownership consumers develop for the product. The article reveals that not only are consumers more likely to purchase products they had a hand in selecting, but they are willing to pay more, show increased future loyalty intentions, and have a higher likelihood of speaking positively about the product.

This idea of consumer empowerment is extremely intuitive: we all experience psychological ownership of ideas when people ask for our input. When our input is considered in decision making processes, we feel as if we are able to exert control over the final decision and we develop a sense of ownership. When we develop ownership for things, we tend to value them much more versus things we don’t (see the “endowment effect”); this is the same process that occurs when consumers are asked to co-create products with companies.

By asking consumers for their input while developing products, companies can create a sense of ownership for the product and future loyalty intentions toward their brand. By opening up your NPD process to consumers, you can create a platform for engagement that not only helps your company make better products faster, but also develops consumers’ deep-seeded psychological attachments to the products being produced and your company/brand as a whole.

The next post in this series will discuss how consumers construct their notions of empowerment and examine which strategies enable or disable the “empowerment-product demand” effect.

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