Participation Allocation as a Key Tool in Creating Consumer Empowerment

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.

In the previous post we discussed how co-creating products with consumers in the new product development (NPD) process can have positive psychological implications for your brand, such as increased future loyalty intentions, a higher willingness to pay more and a higher likelihood of speaking positively about the product. Consumer empowerment can be used as a tool for engaging consumers and building brand loyalty.

But how do consumers construct their notion of empowerment?

Consumers construct their notions of empowerment by: 1) participating in a co-creation process and 2) taking cues on how the platform tells them their input was taken into account (i.e., participation allocation). Most companies tell consumers how their input was taken into account based on the functional aspects of the platform, such as the way ideas are merged and selected. Below are a few of the most popular participation allocation strategies companies are using to solicit a sense of empowerment among their consumers:

**Percent Allocation Model**

*Quirky* utilizes this model where participants are allocated a certain “influence” percentage toward a specific product based on their contribution to that product. A percentage of money from the sales of the product is then allocated back to individual community members based on their influence percentage.

**Winner Model**

*Redesigme Connect* asks participants to submit ideas based on a company challenge. The challenging company then selects the winning idea, and the platform rewards and showcases the winning user and idea on the site.

**Ambiguous Participation Allocation Model**

*Threadless* has their members vote on the best t-shirt designs submitted by artists, but they are not prompted with any indication of the extent to which their input is being taken into account, leaving their participation allocation ambiguous.

So which one of these participation allocation strategies leads to consumer empowerment?

In my research at The Ohio State University, I explored the role of participation allocation in determining the effectiveness of consumer empowerment strategies and found that the way in which you inform participants their input is taken into account can be either empowering or non-empowering.

The **winner model** participation allocation strategy was found to be non-empowering (and equal to telling people they had no input whatsoever). This caused a negative change in perceived impact and future loyalty intentions and lower purchase intentions.

On the other hand, the **percent allocation** and **ambiguous participation allocation** models were found to be empowering strategies, causing a positive change in perceived impact, future loyalty intentions and higher purchase intentions.

The research revealed no difference between high percentage allocation, low percentage allocation, or ambiguous participation allocations. This shows that any empowering participation allocation strategy can equally give you the benefits of consumer empowerment.

So what does this all mean?

If you want the psychological benefits of consumer empowerment, be mindful of the way in which you tell consumers how their input was taken into account. Use an empowering participation allocation strategy that matches the functional aspects of your platform. By doing so you will not only be able to make better products faster through co-creation; you will be able to use co-creation as a branding and consumer engagement mechanism.

The next and final post in this series will go through pragmatic participation allocation strategies you can implement in your co-creation platform to increase consumer empowerment.
About the Author

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Zach is passionate about innovation strategy and environmental sustainability. He loves to cook, snowboard and go on adventures in the wilderness.