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Consumers As Co-creators: A Million-Dollar Idea

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Photo credit: Gert Altman

Space archeologist Sarah Parcak, the 2016 winner of the \$1 million TED Prize, needs millions more pairs of eyes. [The TED prize](#) is awarded annually to a leader with a powerful, creative idea that can spark global change. Parcak's plan is to identify, from space, the world's undiscovered cultural sites - settlements, tombs, and pyramids - with the goal of then protecting them from looting and destruction.

Journalist Jeff Lee reports that, "she's using the money in part to develop an online game-based application that will teach and reward viewers for identifying objects in satellite imagery that may point to archeological sites. Each viewer will be given access to small tiles of pictures that need to be scanned for evidence. As they become more proficient, they will unlock rewards that give them more access to information."

Parcak's project incorporates two strategies that are also used by businesses - gamification and consumers as co-creators. Gamification, learning why games are so engaging and applying the psychology and behavior behind that to business processes, is the subject of two of my [previous blogs](#). Like gamification, the consumer as a co-creator is a strategy whose increasing popularity can be attributed to the pervasiveness of social media, the on-line communities it fosters, and web-based technologies.

Traditionally, firms produced goods and services for their consumers. However, consumers are increasingly creating products and services, modifying or hacking firms existing offerings, or contributing content. A well-known example of consumer co-creation is open source software such as Linux, which was developed by a community of users rather than a software company. Another example is crowdsourcing, the outsourcing of idea generation or tasks to "the crowd," as Parcak plans to do by building an army of online global explorers. Consumer contributed content includes images posted to Facebook, videos to YouTube, and book reviews on Amazon.

The resulting consumer creations, changes and/or content become what researchers [Pierre Berthon](#), [Leyland Pitt](#), [Jan Kietzmann](#), and [Ian McCarthy*](#) have termed "consumer-generated intellectual property" (CGIP) - intellectual property produced by consumers rather than only by firms.

Benefits of CGIP

[Studies by Poetz and Schreier](#) have shown that on average consumer's ideas outperform a firm's own professionals in terms of novelty and customer benefit. Another researcher, [Sonali Shah](#), found that users, not manufacturers, developed the majority of all major innovations in snowboarding, windsurfing and skateboarding equipment.

[Berthon et al.](#) contend that,

"The greatest advantage of sharing creations is that systemic innovation is promoted and stimulated: This is why Elon Musk gave away the patents (making them open patents) to Tesla's innovative battery technology. His intention is to kick start the entire electric vehicle market."

Another example is that of Goldcorp, a Canadian mining company, as described by [Anders Sundelin in his blog](#).

"Goldcorp issued a now famous challenge to the world's geologists when they provided all their data on the Red Lake mine online if the contestants showed them where they would be likely to find the next 6 million ounces of gold. The prize was a total of \$575,000 with a top award of \$105,000. More than 1,400 scientists, engineers, and geologists from 50 countries downloaded the company's data and started their virtual exploration. According to Fast Company Goldcorp has drilled four of the winners' top five targets and have hit on all four."

Although in the Goldcorp example participants were motivated by a financial reward, another benefit of CGIP is that consumers are often willing to create for free. In 2005 [The Economist](#) reported that when BMW posted a toolkit on it's website that let its customers develop ideas to enhance the science behind BMW's data transmission and in-car online services, of the 1,000 customers that responded 15 were invited to meet BMW's engineers in Munich. BMW's head of marketing innovation management said,

"They were so happy to be invited by us, and that our technical experts were interested in their ideas. They didn't want any money."

Risks

Although consumers may not expect to be paid for their contribution to the intellectual property they helped create, and which then becomes the property of the firm, they usually want to be recognized, credited, or appreciated in some manner, or believe they are contributing to a worthwhile endeavor. A [McKinsey & Company study](#) found that 80 percent of co-creation project participants were motivated by either curiosity, a desire to learn or build skills, or entertainment and social play, and 20 percent by recognition and rewards

[Berthon et al.](#) refer to the emotional attachment that consumers have to their creations as "emotional property," and encourage firms to ensure that they understand its value to consumers. They contend that not only does the consumer's emotional investment drive their subsequent relationship with the firm, but that getting it wrong can alienate customers and/or have legal, financial and reputational consequences.

An example of things gone wrong is the case of Michael Powell, as reported by [M.E. Kabay in NetworkWorld](#). Powell developed a prototype finger guard for protecting workers from radial saw blades that he then demonstrated to Home Depot. After Home Depot appropriated the idea for its own, without compensating Powell, he successfully sued Home Depot and was awarded a total of \$24 million.

[Berthon et al.](#) describe several strategies to help firms manages CGIP that depend on the extent to which the firms wish to control the intellectual property, and the degree of emotional property vested by consumers. The objective of the various strategies, summarized in a [matrix](#), is to help firms leverage the potential of CGIP, while at the same time minimizing its risks.

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