

Consensus Commerce: A New Era of the Empowered Consumer

We're in the midst of a cultural shift in consumer behavior. A multigenerational study reveals people expect more than a transactional relationship with the brands they love. They want to share power with brands and participate with like-minded peers in the process.

Building and activating a community around your brand

In a nationally representative survey Long Dash fielded in May, we asked 1,300 consumers about their relationships to their favorite brands and what they expect in return for being a loyal customer.

The results reveal that consumers are eager to engage with brands in new ways. More than half of consumers (53%) want to feel more connected to a community of people who share their affinity to a particular brand. That feeling is even stronger for younger people, with Millennials and Gen Z overwhelmingly craving this connection (71%).

They also want a stake in how brands make their decisions. And they're up for investing their own time and resources to contribute to the brand's creation, growth, and governance in order to earn a piece of its success.

About half of all respondents (46%) and nearly two-thirds (63%) of younger people (age 18-41) said they want to have more influence over how their favorite brands make decisions. This reflects the very basic human need of feeling heard. Especially during a pandemic or periods of social, political, and economic uncertainty, there is comfort in knowing that someone—even your favorite brand—is listening to you.

Heading toward a model of 'consensus commerce'

Consensus commerce is a new model for doing business that recognizes consumers' growing desire for real influence and community. It invites consumers to take part in businesses' decision-making and rewards them as co-owners for their participation. It does this rapidly, securely, and at scale through the use of [blockchain technology](#).

Consensus commerce is predicated on two beliefs. The first is that communities will enthusiastically invest their time to contribute to a brand or product's creation, growth, and governance in order to earn a piece of its success. Second, [smart contracts](#) and [tokenization systems](#) built on blockchain technology will allow for secure voting, participation, and reward distribution at scale.

This is a big opportunity for brands. If they can create a foundation for an engaged community today, they will be well positioned to leverage the new tools emerging on the scene.

It's also a big shift from the current mode of consumer engagement. Now, brands compete for consumer attention through advertising and content, including influencer marketing—and consumers buy the products and services brands put forth based on perceived quality and value of those products. In the next generation, brands can empower audiences to have more of a central role.

This could look like loyalty programs that use blockchain-powered voting processes on product enhancements, token-based incentives that enable customers to share in the profits of the product success, virtual communities that co-create brand content, or programs that provide community experiences in exchange for consumer insights.

How brands are laying the groundwork for consensus commerce now

Product and content co-creation may seem high-tech in a blockchain context, but it's already happening with household name brands without blockchain technology. Take the outdoor goods retailer Recreational Equipment Inc. (REI) as an example. REI is a member-owned cooperative that boasts over 24 million lifetime members and 5.5 million active members. For a one-time \$20 membership, consumers become members who access a share of REI's annual dividends and access to special events and discounts. They have one collective vote on the board of directors and can choose to plug into a community of advocates for outdoor spaces through the REI Co-op Action Network. The business model demonstrated resilience when, following a pandemic slump, the brand [distributed](#) \$234 million in rewards to members and experienced 36 percent growth in 2021.

Harley-Davidson also exemplifies community-building as a growth strategy. The [Harley-Davidson Owners Group](#) (HOG), is a membership organization created by the company to foster community at a grassroots level. They offer local chapter meet-ups that scale up to regional and national festivals. These events double as a place to foster brand affinity and conduct consumer research with enthusiastic, willing participants. The merits of programs like HOG are evidenced by the fact that [90](#) percent of Harley owners are loyal to the brand for over a decade. 46 percent of Harley purchases are repeat customers.

Co-creation, consensus-building, and collaboration—all core tenets of DAOs—appear in the [Lego Ideas](#) program. The program allows people to submit ideas for new sets and reviews ideas that receive 10,000 or more votes. Programs like these facilitate a direct line to the most engaged audiences. They keep a steady pulse on what audiences want to see next and provide a place for brand enthusiasts to feel heard.

REI, Harley-Davidson, and Lego are proof that strong consumer relationships have been the hallmark of successful brands for decades. And our study suggests that the most engaged consumers, especially younger generations, see themselves as more than just a brand ambassador—they picture themselves as a collaborator and partner. Web3 technologies will enable brands to take community-driven programs consumers want and make them more powerful. Co-creation and feedback can occur rapidly and seamlessly. Membership attached to a suite of benefits can be executed securely and with ease.

With consensus commerce, companies may relinquish some control and profit. But in exchange, they will receive invaluable insights, plus a more sustainable growth and innovation strategy built off participation instead of any single transaction, activation, or advertisement.

As we uncovered in this survey, people are willing to help build your brand, if you'll let them.

Insight

01

Consumers want to be heard and they're looking for ways to exert their influence over companies.

Brands rely on a whole host of activities online to get our attention: from ad retargeting to social media campaigns to editorial storytelling, newsletters, and even podcasts.

All of these efforts exist in a world where consumers already experience a deluge of content daily. Add to that a seemingly steady stream of unbearable social, political, and economic news—doomscroll lately?—and you can see how easy it is to feel overwhelmed as digital citizens.

Consumers have a growing need to weigh in, to exercise our voices, and to feel heard.

Younger consumers who grew up using the tools of social media—commenting, liking, sharing—to help them make sense of their world are especially ready to exert their influence and participate in co-creation with brands in new ways.

People who say they want more influence over how their favorite brands make decisions:

All consumers



Gen Z and Millennials



Gen X and Boomers



Familiar with cryptocurrencies



Limited or no knowledge of cryptocurrencies

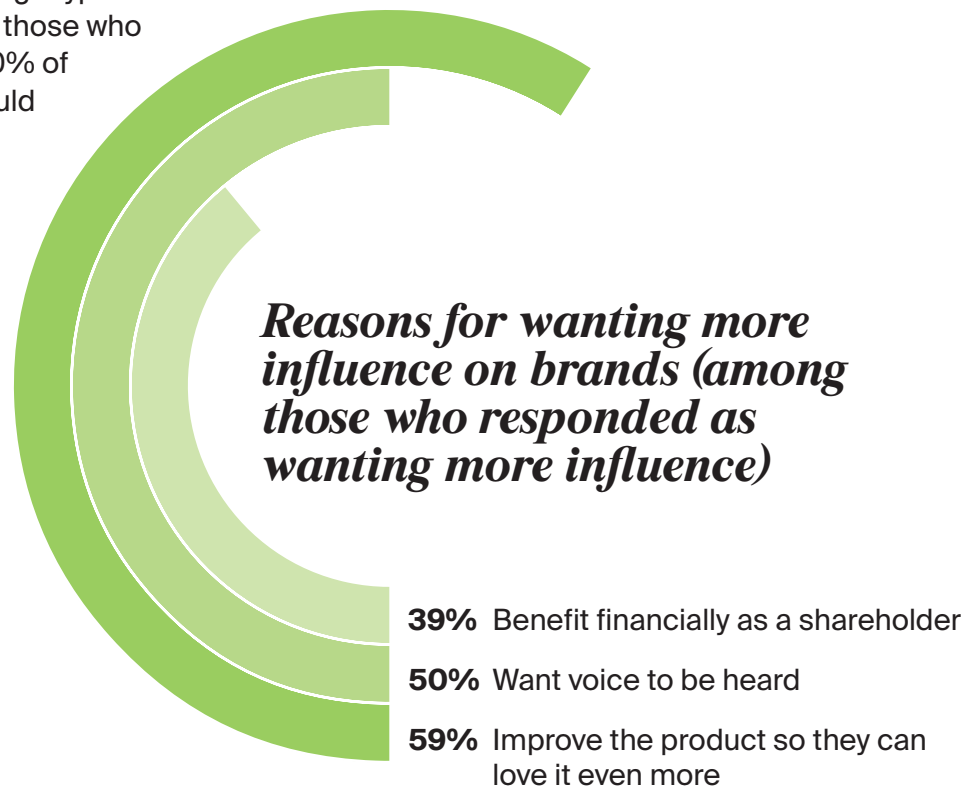


Buyers of all ages want to feel connected to their favorite brands.

They want a say in the direction the brand is headed and they want to help improve the products they love the most.

Among respondents who want more influence on brands, 59% said it's because they want to improve products, 50% said it's because they want their voice to be heard, and 39% want the company they love to grow so they can benefit as a shareholder.

Younger consumers in this segment also said they'd be willing to experiment with new technologies in order to have some sway. Millennials and Gen Z told us they were interested in utilizing crypto as a way to engage with a company. Of those who said they wanted more influence: 60% of younger people (18-41) said they would be up for using company-issued crypto tokens in order to vote on company decisions, compared to 40% of older consumers (42-76).



Younger consumers especially seek out brands that they view as having a shared sense of identity and purpose.

The future of brand loyalty requires companies to open their doors to consumers to allow them access to weigh in and provide the tools and experiences for them to be a part of building your company’s future.

When asked what most influences purchasing decisions, survey respondents said quality and value (84%), great customer service (81%) and ease of use (76%) still matter most. But when every brand claims to offer those things, the next biggest influences on purchasing decisions are where brands can differentiate.

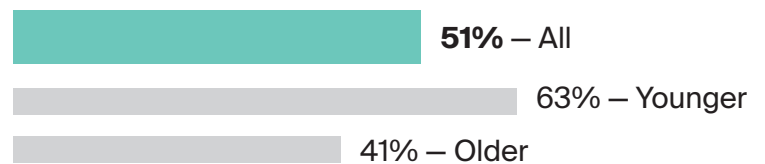
Factors that influence purchasing decisions

After quality and value, customer service, and ease of use, the next biggest influences on purchasing decisions:

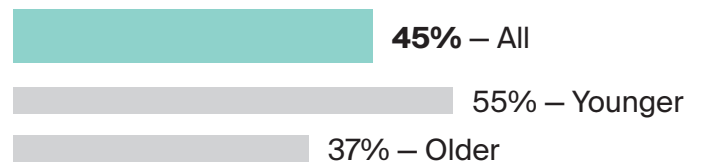
The company asks for and acts upon my feedback



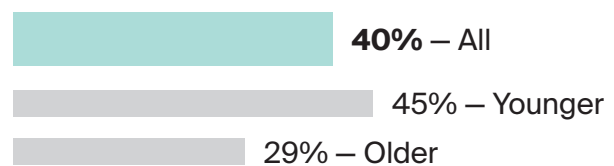
The company is aligned to a positive social mission



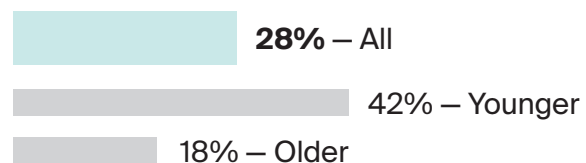
I share a sense of identity or purpose with the company



The company allows me to vote on its decisions



The company offers tokens for members to buy into the company



Insight

02

It's not *just* about the products: People expect brands to connect them with a community that shares their interests.

The brands we love and carry with us throughout our lives are a big part of our identity. So meeting others who also embrace that brand can be fulfilling. It's a proven way for a brand to keep its most fervent fans loyal—and build a network of evangelists who will influence others to join along.

Brands have an opportunity to create a sense of belonging and pride of ownership.

They already use loyalty programs that incentivize ambassadorship by providing discounts, points, or nominal gifts for spending with the brand. As we move to more of a consensus commerce model, brands can also empower audiences to weigh in more and co-create with them.

This feeling nets out in our survey, where more than half of consumers (53%) want to be more connected to a community related to their favorite companies. This was significantly pronounced among younger buyers (71%), compared to those 42 and older (38%).

In many ways, the social media era that Millennials and Gen Zers have grown up in has enabled access to just about any community conversation in the world. With a Twitter handle or a Facebook or Instagram profile, anyone can collectively listen in on their favorite celebs' or creators, or join a movement to show support in the wake of tragedy.

Consumers who want to be more connected to a community related to their favorite companies.

All consumers



Consumers under 42 years old



Consumers 42 and older



The internet and its capabilities are now evolving to enable more community-focused, decentralized forums.

The rewards of being part of a decentralized community are less about accumulating profit (like investing in the stock market as a means to make money) and more about adding value to the community.

By unlocking access to niche communities based on purchase behavior, spend, and self identified interests, brands can empower engaged, loyal community members who will in turn provide genuine feedback and insight. This relationship not only benefits the brand, but also benefits members' own standing in the community.

Of those who wanted to be more connected to a community (53%), here's why they want to be more connected:

Want to connect with other people who have shared interest



Want to receive special benefits and deals as a member



Want to feel more connected to the company



Want to share their experience with the company



Want to share in something larger than themselves



Want to be aware of anything that could influence my investments



Insight

03

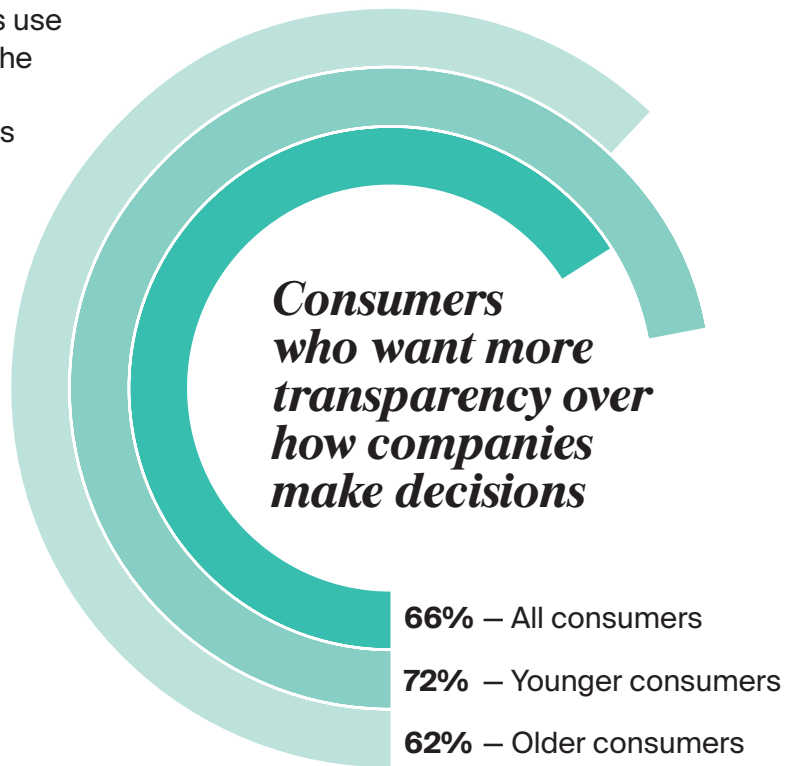
Both younger and older consumers want companies to be more transparent with them—for different reasons.

Of course, you can't build a relationship without a foundation of trust. For far too long, companies have relied on easy access to user data to establish a quick sale via ad-retargeting, rather than investing in longer-term relationships. While brands are merely using the unchecked ad-tech tools at their disposal, these tactics are impacting consumer sentiment.

Companies will need to establish new models for engagement and offer more transparency into how they reach customers.

The decline in usage of third-party cookies—the tracking device that websites and advertisers use to follow you around the internet—highlights the shortcomings of digital advertising. But even given this changing ad landscape, consumers are willing to directly share their information, aka first-party info, with certain brands. In exchange, they expect a level of transparency about how brands operate and manage their data.

Of those who said they want more transparency (66%), 62% said it was to ensure that their data and privacy are protected. That number is slightly higher for older adults (66%) versus those under age 42 (56%).



Why respondents want transparency

Ensure that their data and privacy are protected:



Younger consumers in particular are eager to interact with brands in new ways.

This includes experimenting with blockchain technology so they can have more influence over their favorite brands, possibly even gaining voting privileges on company decisions. As younger generations (people 18-41) assume a greater economic buying power, they expect brands to be open about their business and social responsibility goals and want to see the progress brands are making to achieve them.

Of those who wanted more transparency (66%), here's why:

Ongoing reports on progress toward commitments:



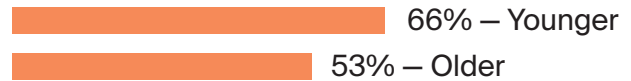
Public commitments to meeting goals or objectives:



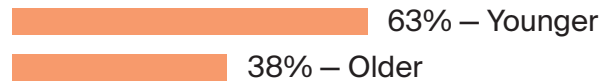
Publishing annual data on social or environmental impact:



Hearing directly from the company CEO



Members-only meetings



Move company operations onto blockchain technology



Takeaways for brands:

Consumers are no longer passive. They want to be heard and they're ready to connect with a brand and exert their influence if brands are willing to listen. New technologies will continue to emerge and improve to enable many of these connections. To harness the full power of this technology, there are steps brands can take now.

Create experiences that show your customers you're not only listening to them, but you're willing to act.

Brands' relationships with consumers can't just be transactional anymore. Simply offering the best products and customer service are table stakes.

Consumers, especially younger ones, expect brands to provide ways for them to weigh in so they can improve the product or have a say in the direction of the company itself. Set up ways for people to give feedback or reviews via surveys, focus groups, or social media. For the most loyal fans, take it a step further and create a system for people to vote on company decisions or on new products or features.

Provide consumers pathways for collaboration—not only with your brand but with other fans, too.

In the social media era, consumers are used to forging new friendships and joining communities with like-minded people all over the world. Brands can be a trusted connector. Consider adding a loyalty program with special benefits and deals for members. Membership perks can include opportunities to meet with other members and brand ambassadors. This can take the form of online social groups, virtual discussions, and in-person events.

Be straightforward with where you stand as a company.

Consumers expect more transparency about brands' corporate responsibility and data practices—and they want to have a say in how brands operate. Brands should clearly articulate what they stand for and be prepared to speak and act on it, while being open about its own progress. Brands must hold themselves accountable. One adjustment brands can make is to rethink how it communicates its policies with consumers, starting with its privacy policy. It may be time to rewrite your brand's privacy policy in a language that your customer can understand. Explain how you will use customer data and empower your customers to adjust their own settings, simply and with little effort.

Methodology

Long Dash conducted a nationally representative online survey in May 2022 among 1,300 participants aged 18 to 76, who can name at least one brand they have a strong preference for over alternatives in the United States.