

## **The Consumer Primacy Alternative**

**Summer Kim<sup>1</sup>**

This Article challenges the conventional view of ownership and control in corporate law scholarship which regards shareholders as principals and managers as their agents. Under the conventional framework, consumers are regarded as one of the objects to be managed by managers in their maximization of shareholder value. I show how consumers have taken on new roles in contemporary society that requires an update to the legal status of consumers within firms. For example, a consumer of a crowdfunded product does not take shares but provides capital and product design advice during the early and critical stages of the product's development. A consumer using a ride sharing app makes significant contributions to building the platform and provides real-time feedback regarding their experience which is used to incentivize desirable behavior within the platform. A purchaser of a token in an initial coin offering (ICO) purchases a medium of exchange that can be used on a particular network, with the value of the token determined by the network's success. In each of these examples, consumers offer critical inputs that are connected to the long-term value of the firm. I show how these consumer characteristics are functional equivalents of the characteristics that legal theories of the firm have long relied upon to justify the law's treatment of shareholders as owners and principals of firms. By bringing attention to the increasingly important role of consumers in corporate governance, the Article suggests updates to the legal status of consumers that are more commensurate with their contributions.

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<sup>1</sup> Assistant Professor, UC Irvine, School of Law. [skim@law.uci.edu](mailto:skim@law.uci.edu). For helpful discussions and feedback, I am very grateful to Josh Blank, Vic Fleischer, Dalié Jimenez, Stephen Lee, Omri Marian, Ken Simons, Christina Tsou, and Zhiyuan Fang and to the participants of the Corporate Law Teachers Association Conference hosted by the University of Auckland and the Amity Symposium hosted by the Centre For Banking & Finance Law at the National University of Singapore. Emily Croucher and Kate Wetz provided extraordinary research assistance. Any errors are my own.