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9.1 Introduction

You’ve used the Internet before, so it’s very possible that you’ve come across one of the best examples of crowdsourcing in the online world: Wikipedia (http://www.wikipedia.org).

Wikipedia, the online encyclopedia with over three million articles in the English-language version alone, has been created and maintained by people just like you. Each week, thousands of articles are added and thousands edited by a global community of students, professors, and everyday experts around the world.


According to Wikipedia, crowdsourcing is “the act of taking tasks traditionally performed by an employee or contractor, and outsourcing it to a group of people or community (the crowd), in the form of an ‘open call.’ The short explanation—crowdsourcing is a distributed problem-solving and production model.”Wikipedia, s.v. “Crowdsourcing,” http://en.wikipedia.org/wiki/Crowdsourcing (accessed January 8, 2010).

For example, quirky (http://www.quirky.com) is a social product-development business. Anyone can submit a product idea, the community rates and improves on product ideas, and the best rated products are then manufactured. An example is Cordies, an on-your-desk cable management system that organizes your assorted computer cables while also keeping them weighted down so they don’t slide off your desk when disconnected. Cordies is a crowdsourced product.

Even larger businesses are turning to crowdsourcing instead of relying on internal research and development (R&D). Asking the public to come up with a new package design, for example, is an example of crowdsourcing. Typically, the crowd that responds to this type of request (and competition) is online.

Crowdsourced solutions are often owned by the entity that broadcasts the problem in the first place, and the individuals responsible for the solution are rewarded.
Many crowdsourcing platforms have democratized creative work, placing the professional and the amateur side by side. On crowdsourcing platform iStockphoto (http://www.istockphoto.com), only 4 percent of contributors claim to be professional photographers. That means that 96 percent of their community are amateurs who are creating stock photography that you can purchase. Crowdsourcing may produce solutions from amateurs or volunteers working in their spare time.

Crowdsourcing can be found almost everywhere once you start looking. Even Google essentially uses a form of crowdsourcing to organize its results—Web sites that are linked to more and have more traffic tend to rank more highly. The behavior of the crowd of Web users is used to rank Web sites.

History

The term “crowdsourcing” was first coined a by Jeff Howe in a Wired magazine article in June 2006. Jeff Howe, “The Rise of Crowdsourcing,” Wired, June 2006, http://www.wired.com/wired/archive/14.06/crowds.html?pg=1&topic=crowds&topic_set= (accessed June 20, 2010). It’s a relatively new term, but the concept dates back as far as the 1700s. Early editions of the Oxford English Dictionary were crowdsourced—thousands of volunteers submitted entries on slips of paper and these were compiled into the dictionary.

Another early example of crowdsourcing is the Longitude Prize, an open contest run by the British government in 1714. The competition was looking for a simple and practical method for the precise determination of a ship’s longitude, something that had so far stumped the experts. A clockmaker named John Harrison made the most significant contribution to the solution of this problem with his work on chronometers and is considered the winner of the competition.

With the advent of the Internet, launching a crowdsourcing project has become much easier. The Internet has enabled us to connect crowds of diverse people from all over the world in order to tackle a problem.

One of the earliest known examples of a crowdsourcing project that made use of the Internet is the 1998 Tunnel Journal project in Leidschendam. The Tunnel Journal was an interactive artwork: an LED (light-emitting diode) display integrated into the walls of a tunnel along Leidschendam’s main traffic routes. The community could feed the LED display with their own text messages via the tunnel’s Web site. The project was discontinued by Leidschendam councilors because uncensored messages began reaching the Tunnel Journal’s electronic message board directly from the Internet. After revamping the tunnel’s Web site in July 2000, a new feature
was added—a dynamic filter that allowed visitors to ban texts from the electronic display. Thus the public became its own filter, preventing derogatory remarks from featuring.

Since the launch of the Tunnel Journal, Web-based crowdsourcing has slowly gained a stronger footing and crowdsourcing projects on a massive scale have been launched in recent years. The scale of these crowdsourcing projects has grown at such a rapid rate only because of the Internet and its ability to let us form large and diverse crowds, often in a short space of time. Early players in Web-based crowdsourcing such as Threadless (http://www.threadless.com) and iStockphoto came into being in 2000 and InnoCentive in 2001. Since then, the number of crowdsourcing platforms has skyrocketed. Today it seems anything can be crowdsourced, from tattoo designs to films, medical problems, music, and even engineering.
9.2 How It Works

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1. **Invention.** Crowdsourcing\(^1\) is used to source ideas, often for new or existing product development. The crowd\(^2\) also helps by improving on and ranking ideas. Examples of invention include Dell’s Idea Storm and My Starbucks Idea. On My Starbucks Idea, the community\(^3\) is asked to share, vote for, and discuss ideas to improve Starbucks’ products and service.

2. **Creation.** New content is created, owned, and maintained by the creators. The crowd can contribute finished work or just an idea. Good examples of this include Threadless, Wikipedia, and Idea Bounty. Idea Bounty, for instance, works on a system through which a client will post a brief\(^4\) that is then distributed among the community. The community then responds to the brief with creative solutions. The best solution to the problem posed is chosen and its creator rewarded.

3. **Organization.** Here crowdsourcing is used to create new content by organizing existing content. Examples here include Digg and StumbleUpon. StumbleUpon is an online community where users discover and rate Web pages, Web sites, images, and video content. It acts as a personalized recommendation engine using peer voting and social-networking principles.

4. **Prediction.** Prediction aims to predict trends by asking the community to submit ideas and vote for them. Here, examples include Yahoo! Buzz, Ramussen Markets, and Media Predict. On Media Predict, users bet on media trends such as television viewership and books that are likely to sell well. Media Predict can generate predictions as to what will and what won’t succeed. Essentially it helps media companies understand what people really want.

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1. Taking a job traditionally performed by a professional and distributing it to an undefined, generally large group of people in the form of an open call.

2. A large undefined group of people made up of many online individuals.

3. A social network of individuals who interact through a specific medium.

4. A document giving essential information concerning the problem that needs solving.
In the commercial context, there are three dominant ways in which crowdsourcing is used:

1. **Product development.** The crowd’s knowledge is used to improve an existing product or suggest new products. The consumer interaction and buzz also provide a valuable branding effect. Examples include Dell’s Idea Storm and GM’s (General Motors) Fast Lane blog.

2. **Initiatives and new business.** In this case, crowdsourcing is used to generate business ideas or product concepts and often funding as well. Crowdsourcing can also connect those who have business ideas with those who can provide the funding to get them off the ground. Examples include a competition held by LG in June 2009 where it crowdsourced the design for its next mobile phone and “The Sling Back,” a universal wire retractor that holds any type of cord, which was designed by the community from the crowdsourcing platform [http://www.quirky.com](http://www.quirky.com), who also designed the Cordie that we mentioned earlier.

3. **Communications ideas.** This exists primarily within the advertising and marketing industry. It involves the crowdsourcing of ideas for the communication of a brand message, advertising message, or value proposition. For example, you could crowdsource the design of logos, televisions advertisement scripts, or new marketing concepts in any shape or form. Some examples include Doritos’ crowdsourcing of its Super Bowl television advertisement since 2007.

Furthermore, crowdsourcing platforms come in two flavors. Generally, these platforms exist online:

1. **Centrally controlled.** Where the process is centrally controlled, a guiding force channels and formalizes the process. Idea Bounty is an example of this: a specialist team helps define the challenge and the brief, and the client chooses the winning idea rather than a community voting for the best idea.

2. **Community controlled.** This works the opposite way. Here the community controls the outcome. Threadless is an example of this: users vote for their favorite t-shirt designs, and the top-rated designs are printed onto t-shirts for sale.

**The Importance of the Community**

A strong community is the key to successful crowdsourcing. The community can be viewed as a crowdsourcing platform’s most important asset—it is essentially an
economically productive unit. Without it, a crowdsourcing project would be impossible to run. The creative product produced by the community is in fact what the crowdsourcing platform sells. So without creators there is no product to sell. Keeping a community interested, engaged, and rewarded is essential in retaining that community.

Unfortunately, the importance of a community, how it works, and what keeps it motivated can be often overlooked. A good example of this is a crowdsourcing platform called Cambrian House. The platform was set up as a place where the community could post new business or product ideas. The aim was to get the community to help refine, build, and test these product ideas and then the original owner of the idea could sell it. With the snappy catchphrase “You think it; Crowds test it; Crowds build it; You sell it,” Cambrian looked set for success.

Initially Cambrian House was flooded with new product ideas. However, soon it became clear that the crowd was great when it came to coming up with ideas and refining them, but when it came to building or executing them, the crowd lost interest. It was either too time consuming or too difficult to build or execute the ideas produced by the community, and the reward was not a fair trade-off for the amount of work required. The result: the site never made any money and eventually closed down. The founders of Cambrian House have gone on to found another crowdsourcing platform, Chaordix (http://www.chaordix.com).

Motivations to Participate

Communities using crowdsourcing platforms exist for different reasons. Communities like Dell’s Idea Storm and My Starbucks Idea exist because there are lots of people who have a large interest and affinity to those brands. They participate in the community because they want to influence the products and services they receive.

Idea Bounty keeps the community interested and engaged by offering the chance to tackle problems and brands that the community might not otherwise be exposed to. Individuals are rewarded for their contributions with awards for outstanding ideas, and the owner of the best solution receives a monetary prize. These are all elements that keep Idea Bounty’s creatives actively involved and motivated.

Idea Bounty, like iStockphoto, offers keen hobbyists a platform to meaningfully contribute to a cause and, importantly, be rewarded for their contributions.
In the case of Idea Bounty, it is also very clearly stated that creatives own their ideas, and legally their work is protected as their own. This ensures that creatives feel in control and unexploited. Their ideas remain highly confidential—creating a safe zone to submit ideas and explore their creativity.

For businesses and brands, there are many reasons to get involved with crowdsourcing. Foremost is the ability to tap into a diverse crowd and source varied solutions to their problems. Businesses and brands simultaneously access huge amounts of customer and consumer insight, at lower costs. With sites like Idea Bounty, brands only pay for what they use, making crowdsourcing the most effective way of sourcing solutions and ideas out there.

**KEY TAKEAWAYS**

- There are four types of crowdsourcing:
  - Invention
  - Creation
  - Organization
  - Prediction

- There are three ways in which crowdsourcing is used:
  - Product development
  - Initiatives and new business
  - Communications ideas

- Crowdsourcing platforms come in two flavors:
  - Centrally controlled
  - Community controlled

- The community is an essential part of crowdsourcing. It is important to keep it engaged and interested.
- The importance of a community, how it works, and what keeps it motivated can't be overlooked.
- Users participate in communities for various reasons, such as wanting to influence the products and services they receive.
1. What is the definition of crowdsourcing?
2. Find some examples of online crowdsourcing platforms not mentioned in the chapter. How can you tell whether or not they are successful?
9.3 The Bigger Picture

The concept of crowdsourcing has had an enormous impact on the marketing and advertising industry, and its repercussions are not fully realized yet.

The Internet can be seen as a catalyst as well as an enabler that propelled crowdsourcing to the fore. In the past we had to be together physically to create crowds. Now with technology, crowds can be well connected although geographically distant. A savvy organization can tap a wider range of talent and knowledge than that present within its own resources. And once more, crowdsourcing, as Jeff Howe states in his book by the same name, is now “faster, cheaper, smarter, easier.” Jeff Howe, *Crowdsourcing: Why the Power of the Crowd Is Driving the Future of Business* (New York: Crown Business, 2008).

Crowds can also contribute in many ways based on a range of skill levels. Everyone from professional engineers to stay-at-home moms can be working on the same communications problem, for example, and each has the opportunity to come up with the best solution to the problem.

For clients, solutions to problems can be explored at a relatively low cost and often very quickly. Unlike traditional agency models where an individual is paid per hour, crowdsourcing permits a client to pay a single cost for an exponential amount of solutions. Ultimately a client only pays for the solutions it makes use of, while those in the community who are not paid usually retain their intellectual property. This is the case with Idea Bounty.

By listening to the crowd and requesting their contributions, organizations can gain first-hand insight into their customers’ needs and desires and build products and services that meet those needs and desires.

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5. Intangible creations of the mind, both artistic and commercial.
With an earned sense of ownership, communities may feel a brand-building kinship with the community through collaboration and contribution. Less experienced individuals can show and hone their skills, and more established practitioners can earn money without long-term commitment.

The Rise of the Amateur

When it comes to crowdsourcing, amateurs are competing with professionals in fields ranging from computer programming to design, and from journalism to the sciences. These people are hobbyists and enthusiasts who may not have the relevant professional qualifications but may possess talent and passion in a given field. The energy and passionate devotion to a particular subject is ultimately what drives the crowdsourcing vehicle. To a large extent, the development of technology is again the great enabler here. First, people have access to a wider pool of information through the Web. Software such as Photoshop and iMovie has made graphic design and film editing relatively easy to learn and even master.

An Ideas or Knowledge Economy

Thanks to the Internet, one can publish information at a faster pace than ever and make it available globally. An idea is now worth something—supply and demand is not regulated by money or time anymore, but rather by the value of what’s offered. An idea that took ten minutes to come up with may be just as good as, if not better than, an idea that took ten hours of ruminating.

Open Call—A Great Idea Can Come from Anywhere

It is now possible to form or access a crowd from diverse professional backgrounds and that possesses a wide range of talents in a short span of time. This wide range of talent is also known as intellectual capital.

InnoCentive (http://www.innocentive.com), a crowdsourcing platform funded by pharmaceutical maker Eli Lilly, connects with brainpower outside the company by giving outsiders access to scientific problems. Anyone on InnoCentive’s network can solve these problems. This is an example of an open call.

Colgate-Palmolive solved what appeared to be an unsolvable problem by listing it on InnoCentive. The massive packaged-goods company needed a way to inject fluoride powder into a toothpaste tube without it dispersing into the surrounding air. The research and development (R&D) team at Colgate-Palmolive were stumped, and so Colgate-Palmolive posed the problem to the InnoCentive crowd. An individual from InnoCentive’s online community drew on his experience and

6. An online community working together on a single project.
7. A person without formal training or professional credentials in a specific field.
8. When anyone can submit solutions to a problem.
knowledge as a physicist to provide the solution (and claimed he knew he had a solution by the time he’d finished reading the challenge). A collaborative approach like this wouldn’t have been possible for the R&D team at Colgate-Palmolive.

Crowdsourcing blurs the lines between consumer and producer. This also means that solutions to problems can come from the most unlikely places. Crowdsourcing allows you widen the net when searching for solutions to problems, which of course increases the chance of finding the best solution.

The Difference between Crowdsourcing and the Wisdom of the Crowd

Crowdsourcing and the wisdom of the crowd are two different, though closely related, concepts.

The wisdom of the crowd can be referred to as open-source production. It is an activity initiated and voluntarily undertaken by members of the community. James Surowiecki, author of *The Wisdom of Crowds*, puts it this way: “the aggregation of information in groups, [results] in decisions that...are often better than could have been made by any single member of the group.” James Surowiecki, *The Wisdom of Crowds* (New York: Anchor Books, 2005).

One of the best examples of the wisdom of crowds or open-source production is Media Predict. Users bet on media trends such as television viewership and books that are likely to sell well. As a group, the Media Predict community is able to generate quite accurate predictions as to what will and what won’t succeed—something an individual could never do as efficiently or accurately.

In contrast, with crowdsourcing the activity is initiated by a client and the solution usually comes from an individual. The example of Colgate-Palmolive’s experience on InnoCentive is a good example of pure crowdsourcing.

Some platforms make use of a mix of both crowdsourcing and wisdom of the crowd. Threadless (an online community where users can submit t-shirt designs, vote on their favorites, and then purchase the top design each month) is a good example of this. It is crowdsourcing when individuals submit their t-shirt designs. When the community collectively votes on the best designs, Threadless is making use of the wisdom of the crowd to determine which design to print and sell that month.

9. The collective knowledge, opinion, or skills of a group of individuals rather than a single expert used to solve a problem. Usually used for consumer feedback and new product development.

10. When a cooperative activity is initiated and voluntarily undertaken by members of the public, and not by a client or crowdsourcer.
Others platforms, such as Idea Bounty, are pure crowdsourcing platforms where a solution comes from an individual and is no way influenced by the rest of the community.

How Is Crowdsourcing Changing the Communications Industry?

Crowdsourcing is producing a new way of sourcing creative ideas, especially in the marketing and communications industry.

In an industry where creativity is the product, crowdsourcing allows us to access an enormous source of untapped creativity that marketing and advertising agencies do not have within their organizations. This creativity comes with very little risk and at a low cost.

The New Agency Model

Instead of allowing the marketing and branding process to be owned and managed by one agency, brands are pioneering an innovative new model with the use of crowdsourcing platforms.

A new agency model would manage idea creation as follows:

1. A brand puts a brief on a crowdsourcing platform, such as Idea Bounty, looking for the best solution to a problem. It offers a reward (usually money) in return for the best solution.
2. The brand selects the best solution and then approaches either a preselected production partner or the best-suited agency to execute the solution.

The new agency model may be the next stage in the evolution of marketing. It is inherently more sensitive to market forces as it levels the playing fields among amateur and professional creatives. Amateurs have the opportunity to communicate ideas to global brands, something they might never have had the chance to do. This also exposes the brand to a wider and more varied range of ideas and solutions. As an added benefit, positive PR (public relations) is generated and direct interaction with a consumer base can provide unexpected insights. It also helps that crowdsourcing offers a very fast and cheap way to source solutions to creative problems.

The crowd is now rivaling the corporation. With the Internet and cheap tools, consumers and communities have the power once restricted to companies with
capital resources. When it comes to intellectual resources, which are king in crowdsourcing, ad agencies are lagging far behind.

**Pros and Cons**

Crowdsourcing can be of enormous benefit to any organization, large or small. All you need is a passionate, problem-solving community. The pros of crowdsourcing include the following:

- Handing over the ownership of your brand encourages consumer involvement.
- Interdisciplinary collaboration brings fresh input.
- Individuals have opportunities and connections that did not exist before.
- Problems can be explored at a low cost and often very quickly.
- A client pays for results and only for what is used.
- The organization can tap a wider range of talent and brainpower, which may not be present within its own resources.
- Organizations can gain valuable insight into the desires of their customers.
- As a result of collaboration and contribution, the community may feel a brand-building relationship with the given organization.

But it’s not all sunshine. Anyone exploring crowdsourcing, from either side of the equation, needs to be aware of the pitfalls, which include the following:

- Contributing individuals can be taken advantage of.
- Many clients have no agency guidance and in some cases have very little control over production value, especially if the end result of the project is completed or finished work.
- When it comes to *spec work*[^12], as opposed to merely an idea, the risk-to-reward ratio is fairly high. Not only is this taking advantage of an individual’s efforts, but it can also lead to work of a lesser quality.
- Legal issues are often overlooked and the IP of an individual’s work is disregarded with no written contracts, nondisclosure agreements, employee agreements, or agreeable terms with crowdsourced employees.
- The crowd’s reliability can be somewhat altered by the Internet. As an example, many articles on Wikipedia may be of a high quality and edited by multiple people—taking advantage of the crowd’s collective wisdom. Other articles can be maintained by a single editor with

[^12]: Fully executed creative work requested by crowdsourcing platforms.
questionable ethics and opinions. As a result, articles may be incorrectly assumed to be reliable.

- Added costs may be needed to bring a project to an acceptable conclusion.
- A crowdsourced project may fail due to the lack of financial motivation or reward. As a consequence, a project may be subjected to fewer participants, a lower quality of work, a lack of personal interest, global language barriers, or difficulty managing a large-scale crowdsourced project.
- A crowdsourcer may have difficulties maintaining a working relationship with the community throughout the duration of a project.

**KEY TAKEAWAYS**

- All the repercussions of crowdsourcing are not fully realized as of yet.
- In the past, we had to be physically together to create crowds. Now we have technology to help us connect while remaining geographically distant.
- Crowds can contribute based on a range of skill levels.
- Less experienced individuals can show and hone their skills, while more established practitioners can earn money without long-term commitment.
- Amateurs are competing in a wide variety of fields.
- One is able to publish information faster than ever, thanks to the Internet. This information can be available globally.
- Crowds can have a wide variety of professional backgrounds with different talents. This is known as intellectual capital.
- Wisdom of the crowd can be referred to as open-source production, which is an activity initiated and voluntarily undertaken by members of the community.
- Crowdsourcing is producing a new way of sourcing creative ideas. It allows us to access an enormous source of untapped creativity that agencies don’t have within their organizations, with low risk and cost.
- A new agency model is needed to manage idea creation.
EXERCISES

1. What are the main reasons for crowdsourcing taking off in the last few years?
2. What are the benefits of crowdsourcing for both consumers and brands?
3. What is the difference between the wisdom of the crowd and crowdsourcing?
Case Study: Peperami

Peperami, one of the largest UK consumer brands, is a pork sausage snack manufactured by Unilever in Germany and Britain. Launched over fifteen years ago, the brand was in the hands of creative agency Lowe since its conception until August 2009, when Unilever announced that it was going to drop the agency and work with Idea Bounty to crowdsource the concept for their new campaign.

In the past, The Animal, a crazed, masochistic sausage character, represented the brand in advertising communications. The character is well known and much loved for his uninhibited, unapologetic, and politically incorrect behavior. For the last fifteen years, he has been a central part of every Peperami campaign.

However, Unilever felt that after fifteen years with the same agency, the Peperami brand and The Animal character needed an injection of fresh ideas for the brand’s next print and television advertisements. Enter Idea Bounty.

Idea Bounty was involved in the writing of the brief from the beginning of the project. The brief was very specific with its requirements and stipulated that the winning idea had to be able to support the development of scripts and storyboards. This ensured that the ideas submitted would be well thought-out and of a high quality.

The brief also included examples of the past Peperami campaigns as well as templates for storyboards and scripts.

As a reward, a bounty of $10,000 was set with the option of an extra $5,000 for extreme creativity.

The Idea Bounty team also produced a full-page print ad promoting the brief, which was published in the United Kingdom’s Campaign Magazine as well as on online banners displayed on various marketing- and advertising-related sites across the globe.

Furthermore, the brief attracted a considerable amount of PR (public relations), with extensive coverage both online and offline, due to the controversial nature of crowdsourcing in advertising at the time of the brief running.
The Idea Bounty team was also greatly involved in the final selection process, ensuring an effective idea filtering system. In addition, an idea selection workshop held with Unilever assisted in the selection of the final idea.

The brief closed a full two months after launch and in total received 1,185 submissions. This was an extraordinarily large amount of ideas considering every entry met the basic requirements laid out in the brief.

Submissions made by creatives were of exceptional quality. Overall the hosting of the brief was a massive success. The large amount of quality submissions was due to the brief coming from a well-known brand with an engaging problem. The cherry on top was the bounty offered that encouraged people to invest their time and energy in their submission.

After much deliberation and due to the quality of submissions, Idea Bounty and Unilever announced two outstanding winning ideas.

**CASE STUDY QUESTIONS**

1. How and where does Idea Bounty fit into the new agency model?
2. What possible risks were posed by moving the Peperami account from agency Lowe to crowdsourcing platform Idea Bounty?
3. Why is it important to stipulate requirements clearly in a brief to the community?
4. Why was it important that the brief contained examples of previous Peperami campaigns?
9.5 Reference