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Crowdsourcing /

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For more information please contact Harry Gayner on
+44 (0) 20 7575 1822 or harry@contagiousmagazine.com

Crowdsourcing: Your Recession-Proof Marketing Strategy? / As marketers come under pressure to do more with less, a number of brands are turning to crowdsourcing to help boost marketing effectiveness. This might just be the strategy to lead your brand out of recession / By Paul Marsden /

Here's how crowdsourcing works. You take a task once performed by employees or contractors, and you outsource it online to a distributed crowd of experts or enthusiasts through an open-call invitation to participate. For example, NASA outsources the task of measuring craters on images of Mars to a virtual crowd of online astronomy enthusiasts who work for free in return for the association with NASA. NASA's crowd of volunteer 'clickworkers', as the space agency calls them, complete tasks just as accurately as employees or contractors, but do so 10 times as fast (because of the sheer number of them), and they do it for free.

The buzzword 'crowdsourcing' may be relatively new, coined by *Wired* magazine journalist and author Jeff Howe in 2006, but the concept dates back to the 18th century. In the 1800s, early editions of *The Oxford English Dictionary* were crowdsourced by volunteer contributors sending in definitions on paper slips. A century earlier, in 1715, the British government ran an open contest (the Longitude Prize) to source a decent maritime navigation solution, won by a clockmaker called John Harrison. More recently, governments and industry alike have embraced crowdsourcing through open prize contests such as the X-Prize (backed by BT) – designed to stimulate innovation, particularly in the fields of environment, science and technology.

Crowdsourced marketing

Firstly, marketers can outsource the promotion of their brands to volunteer brand enthusiasts.

Crowdsourcing rocket science is one thing, but can we crowdsource complex tasks, like marketing? Well, if we take the learning from the world's biggest marketer, Procter & Gamble, then yes we can. And we can do it in three ways.



WALKERS CRISPS / DO US A FLAVOUR /

For example, P&G uses vocalpoint.com, a nationwide virtual crowd of 240,000 female consumers in the US to promote its own and partner brands. The Vocalpoint crowd gets to hear about and try new products before the masses – and if it likes what it sees, it tells others, if it doesn't, it tells P&G. It's a simple mechanism, and according to Steve Knox, who heads up Vocalpoint,



LEGO / MINDSTORMS /

a very cost-efficient and effective marketing vehicle – recently doubling trial rates across the US, for instance, of a new line of Venus Breeze razors.

Crowd-powered marketing has given rise to a number of rent-a-crowd marketing outfits such as Bzzagent in the US and UK, TRND in Germany, and Buzzador across Scandinavia. All use a variation on a simple but effective free-stuff-for-feedback model to drive word of mouth promotion for brands. Dave Balter, CEO of Bzzagent.com, is careful to point out that his crowdsourcing solution only works because it sources and directs honest opinion; his crowd of 500,000+ Bzzagents only talk positively about products they like. But when they do, results are impressive – a recent carefully validated test of the crowd-powered promotion of Philips electric toothbrushes directly boosted sales by 40,000 units.

The second crowdsourcing opportunity for marketers is to outsource content creation to the crowd.

Rather than pay agencies to create content, brands can reduce costs and often increase marketing effectiveness by curating user content. P&G, for example, promotes its Always and Tampax brands through BeingGirl.com, a discretely branded forum-based Q&A site for teen girls, by teen girls. P&G has found BeingGirl to be four times as effective as comparably priced television advertising. Hyatt Hotels employs a similar approach to power its Yatt'it site, a virtual concierge for hotel guests comprising tips, ratings and reviews volunteered by other guests. Likewise, Honda curates crowd content to populate its InterNavi GPS system, aggregating drivers' ratings, reviews and tips on travel services and destinations. It's Zagat for the GPS generation. Similarly, beer brand San Miguel curates rather than creates content for its promotional events by handing over the creative keys to the celebrity DJs and artists it invites to run them. Event quality is assured, as is attendance because artists leverage their valuable social networks.

Some brands are taking the outsourcing of content creation a step further and crowdsourcing advertising content. We're not talking about promotional stunts here, where the contest rather than the content is the hero (e.g. the high profile Doritos home-made crashthesuperbowl.com ad campaigns), but genuine attempts to source advertising content by outsourcing the creative task to distributed crowd of experts. For example, OpenAd.net is a platform that allows advertising buyers and agencies to tap into a distributed network of 12,000+ creatives from 125 countries. Think of it as Pop Idol for creatives – a contest-based crowdsourcing platform where contestants pitch their best ideas to crack tough advertising briefs posted by contest-sponsoring brands.

Winning contestants receive a cash prize of \$3,000 (€2,340) upwards for their campaign idea and contest sponsors – ranging from Mercedes Benz to Sony, MTV and lastminute.com – get smart campaign ideas fast and cost-effectively with a license to implement.

Eyeka.com is a similar contest site for crowdsourcing advertising content, but with a focus on production. Eyeka.com offers clients – L'Oreal, Canon, Vodafone, and Vivendi to name but a few – the opportunity to tap the creative talents of a virtual crowd of 15,000+ semi-pros from the fields of videography, photography and graphic design.

In a world where brands want to embrace and be seen to embrace participatory media, but are wary of quality control and the risk of 'crowdslapping' (where the unruly crowd bites back and instead of producing promotional content subverts it into anti-brand propaganda, as was the case for a 2006 Chevrolet Tahoe campaign) carefully managed crowdsourcing contests with gated creative communities such as OpenAd and Eyeka provide a safe managed solution for harnessing user-generated content.

The third crowdsourcing opportunity for marketers is to outsource innovation ideas and solutions to the crowd.

For example, though InnoCentive.com, P&G taps into a global crowd of 140,000+ freelance scientists and engineers from 170 countries to source solutions to R&D conundrums. This time it's Pop Idol for scientists – contestants to find the best solution – and win a prize from \$10,000 to \$100,000 (€8,000-€80,000). A solution for getting red wine stains out of shirts? Check. A new solar-powered torch concept? Check. Washing up liquid that changes dishwasher colour at the right concentration? Check. Geek heaven. Through InnoCentive and other innovation platforms such as Yet2.com and pgconnectdevelop.com, P&G now outsources over 50% of its innovation needs to the crowd.

Other notable examples of outsourcing innovation solutions include the Goldcorp Challenge and the Netflix Prize. Goldcorp Mining Company solved the vexing problem of where to find gold on its land in Red Lake, Ontario by engaging a crowd of 1,400 virtual gold prospectors in a crowdsourcing contest and offering \$575,000 in prize money for identifying the site where the most gold would be found. By downloading and analyzing 400MB of geological data, contestants identified \$3bn of gold deposits for Goldcorp. In a similar vein, video rental company Netflix has been running a crowdsourcing contest since 2006, offering \$1m to anyone who can come up with a successful solution for improving by 10% the accuracy of recommendations



IBM / INNOVATION JAM /

made by its 'Cinematch' movie recommendation service. As of early 2009, the latest contestants are within a whisper of winning the prize, with the leading entry improving Cinematch by 9.63%.

Other brands are running 'softer' crowdsourced innovation initiatives. For example, Starbucks, Dell, Asus (with Intel), Google, and even the White House run online open suggestion boards to capture ideas for how to improve. Using a familiar Digg.com styled social news interface, participants are invited to post and tag their own ideas, or vote or comment on others. In principle, the real time voting and tagging allows the best ideas to bubble to the top, ready to be implemented. Back-lit keyboards, iced coffee made from coffee ice, and open government coming to a town near you. Other brands have taken more of an online community approach, either through open communities such as those run by Local Motors, Ecars_now! or Caterham Cars Project Splitwheel, or through closed innovation communities such those run by LEGO, Philips and Intuit. Finally, a number of brands have opted for an online prize contest approach to crowdsourcing new ideas – such as Walkers Crisps (Do Us a Flavour) and Mountain Dew (Dewmocracy).

Whilst cynics dismiss these as marketing stunts, big brands are putting serious money behind them. IBM, on the back of a global 'ideajam' – an online brainstorming challenge involving 150,000 participants from 104 countries – is funding 10 new businesses to the tune of \$100m. In Japan, lifestyle brand Muji has launched a number of product innovation ideas from crowdsourcing design contests – from innovative shelving solutions to space-saving beanbag sofas, washing-up powder and portable lamps. Site visitors get to vote on submitted designs, and can even pre-order entries should they win. Only top scoring entries with a minimum number of pre-orders are put into production. What's particularly interesting is that Muji's crowdsourced innovations typically outperform category averages in terms of sales. For example, the beanbag sofa generated ¥1.3bn (€11.08m) vs. ¥24m (€205,000) for the category average.



MOUNTAIN DEW / DEWMOCRACY /



MUJI / DESIGN AWARD /

Getting started with crowdsourcing

Whether you're crowdsourcing promotional activity, content or ideas, here's a quick set of generally applicable guidelines for getting started – sourced for this article in early 2009 from businesses that crowdsource (see below for acknowledgements).

1 / Start Small: Recruit internal champions and nurture small crowdsourcing experiments first. Crowdsourcing veteran and Intuit co-founder Scott Cook suggests seeking organisational buy-in only after you've had some success. Otherwise, the countercultural jump of crowdsourcing may be too big for many brands

2 / Remember the 90:9:1 Rule: Temper participation level expectations; only up to 1% of any online community ever contributes actively to anything. 9% may deign to vote, rate or comment, whilst the overwhelming 90% only ever consume content.

3 / Get the Motivational Mix Right: Participation in crowdsourcing is motivated by a number of factors but they boil down to the 4Fs – Fame, Fortune, Fun and Fulfilment. Good crowdsourcing initiatives should offer participants a mix of all four Fs.

4 / Deal with Sturgeon's Law: A complex law to understand, science fiction writer Theodore Sturgeon's maxim is that '90% of everything is crap' – and it applies to crowdsourcing contributions. So you'll need a system in place, like user voting, to filter out the rubbish.

5 / Harness Joy's Law: The counterpoint to Sturgeon's Law, 'No matter who you are, most of the smartest people work for someone else,' attributed to Sun Microsystems co-founder Bill Joy. The key to smart crowdsourcing is to identify and coalesce expert talent pools that lie outside your company.

6 / KISS: Keep it Simple, Stupid: Crowdsourcing only works when the task is simple for contributors. Lengthy forms, obtuse IT and arduous tasks are crowd dispersers. 1-click participation should be your goal.

7 / Community Rules: Community is the social glue of crowdsourcing, so allow contributors to connect with each other, as well as with the sponsoring brand. Where possible, build on existing communities rather than build new communities, and keep the focus on communities of practice (based on what people do rather than what they think (designers, creatives, coaches etc))

8 / Manage the Process: Crowdsourcing initiatives need to be actively managed. Starbucks has a team of 48 specially trained employees who act as discussion hosts, encouraging participation and feeding back on ideas. Jeff Bruzzo who heads up Starbucks's crowdsourcing initiative says: 'These are the people at a dinner party who make sure everyone is having a good time.'

9 / Get Legal Involved: Crowdsourcing often involves the transfer of some kind of an intellectual property, which is not a problem in itself, but you'll need a cast iron 'terms and conditions' clause for contributors

10 / Promote the Platform: Whether you're using a crowdsourcing community or contest, you'll need to enthusiastically attract contributors. Promote your initiative with online banner advertising, Google ads, and email campaigns, and even traditional media advertising and PR

Conclusion: crowdsourcing brand futures

Taking marketing tasks once performed by employees or contractors – promotion, content creation and ideation – and outsourcing them online to distributed crowds of experts or enthusiasts is a radical strategy for leading brands out of recession. Crowdsourcing has its problems and critics, but for a number of brands, it is proving to be an effective solution for doing smarter marketing faster and more cost-effectively.

But crowdsourcing is more than just an effective marketing strategy; it also represents a future-proof vision for marketing itself – where marketing does its solving-peoples-problems-at-a-profit job by becoming an open platform linking creative talent with customers.

In this future world of what could be called 'Open Marketing' brands make money not by inventing stuff,



THREADLESS /

but by spotting and commercialising creative work. The added value the brand offers is the quality assurance of a curated marketplace linking creative talent to the market. Sound fanciful? Well three successful brands are pioneering this vision of Open Marketing right now; hipster t-shirt brand Threadless, B2B stock photography brand iStockphoto, and Apple – through its game changing software Application Store. All three brands have evolved into effective crowdsourcing platforms that link creative talent with customers, making money by spotting and commercialising the work of talented graphic designers, photographers or software designers respectively. So whilst the future of marketing may or may not be crowdsourced, I'll leave you with a simple recommendation – take a look at these three brands and ask yourself: 'If my brand was a platform linking creative talent with customers, what would it do?' You might just be looking into the future of your brand. ☘

Paul Marsden is a market researcher, author and speaker. He runs clickadvisor.com, a listings site for crowdsourcing initiatives.

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