eMarketing

The essential guide to digital marketing

4th Edition

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and the Minds of Quirk
What's inside: This chapter begins with an introduction to crowdsourcing as well as a brief history of its origins. We break down some key terms and concepts and look at the different types of crowdsourcing. We take a look at the bigger picture, discussing some crucial aspects of crowdsourcing followed by its pros and cons. Lastly, we conclude the chapter with a brief summary and a great example of crowdsourcing in the communications industry.
3.1 Introduction

What is crowdsourcing? Well, we turn to the crowdsourced online encyclopedia for a definition: Wikipedia defines Crowdsourcing as “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.’” In its simplest terms, crowdsourcing is a distributed problem-solving and production model one which often relies on an active community in order to be successful. Wikipedia is an example of what Clay Shirky calls Cognitive Surplus. Crowdsourcing, as we are discussing it in this chapter, relies heavily on the tools and communication forms made possible by the Internet.

Given that the Internet connects people all over the world through different publishing tools and technologies, the information and ideas that can be published through these channels has become a commodity in itself. Crowdsourcing takes advantage of this by asking and enabling people to share their ideas or creations in exchange for either an emotional or monetary reward.

In the past we had to gather physically to create crowds. Now with technology, crowds can be well-connected while being geographically distant. A savvy organisation can tap a wider range of talent and knowledge than that present within its own resources.

We can consider the creative agency and client environment. For clients, solutions to problems can be explored at a relatively low-cost and often very quickly. Unlike traditional creative agency models where an individual is paid per hour, crowdsourcing permits a client to pay a once-off cost for an exponential number of solutions. Ultimately a client only pays for the solutions they make use of, while those in the community who are not paid usually retain their intellectual property (IP).

By listening to the crowd and requesting their contributions, organisations can gain first-hand insight into their customers’ needs and desires, and build products and services that meet those needs and desires. With an earned sense of ownership, communities may feel a brand-building kinship with the community through collaboration and contribution. Less experienced individuals can demonstrate and hone their skills, and more established practitioners can earn money without long-term commitment.

One of the more widely known and non-commercial examples of crowdsourcing in the online world is Wikipedia (http://www.wikipedia.org), an online encyclopaedia offering more than three million articles in the English language version alone. Created and maintained by volunteers, thousands of articles are added weekly and edited by a global community of students, professors, and everyday experts around the world. This is not just an example of a crowd creating a pool of information, but also a community taking ownership of a project by ensuring information is accurate and within the code of conduct required.

Figure 3.1 Wikipedia is one of the most well-known examples of Crowdsourcing.

While Wikipedia is an example of volunteer-based crowdsourcing, crowdsourcing in its commercial sense has emerged in the last few years as a practice with many proponents and detractors. Larger businesses are turning to crowdsourcing for anything from communications executions to research and development.

Of course such a dramatic shift from traditional commercial models raises some questions in terms of ownership and compensation. Crowdsourced solutions are often owned by the entity that broadcast the problem in the first place, and the individuals responsible for the solution are rewarded, in any number of ways.

We’ll be covering a number of these issues in this chapter, and will delve into some practical advice to consider if you are interested in utilising crowdsourcing for your own brand.

3.2 Key terms and concepts

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Amateur</td>
<td>A person without formal training or professional credentials in a specific field.</td>
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<tr>
<td>Brief</td>
<td>A document giving essential information concerning the problem that needs solving.</td>
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Another early example of crowdsourcing is the Longitude Prize, an open contest run by the British government in 1714. The aim was to find a simple and practical method for the precise determination of a ship's longitude, something that had up to that point, stumped experts. A clockmaker named John Harrison made the most significant contribution to the solution with his work on chronometers, and is generally considered the winner.

Widespread use of the Internet has made launching a crowdsourcing project much easier. The Internet has enabled us to communicate a problem to crowds of diverse people from all over the world, who in turn are able to communicate with the problem owner and each other. Of course, focusing on the problem from a variety of perspectives increases the likelihood of a workable solution coming to light.

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 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 website. The project was discontinued by Leidschendam councillors because uncensored messages began reaching the Tunnel Journal's electronic message board.

After revamping the website in July 2000, a new feature was added – a dynamic
filter allowing 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 [http://bit.ly/i3zk5G], web-based crowdsourcing has slowly gained momentum. Crowdsourcing projects of massive scale have been launched in recent years. This has been possible because of the tools internet connectivity offers for forming and managing large and diverse crowds, often in short time frames.

Early adopters to the crowdsourcing platform include Threadless (www.threadless.com) a crowdsourced online t-shirt store, iStockphoto (www.istockphoto.com) for crowdsourced stock photography and InnoCentive (www.innocentive.com). Since then, the number of crowdsourcing platforms has skyrocketed. Today anything can be crowdsourced, from tattoo designs to films, medical problems, music and even engineering problems.

Crowdsourcing has emerged as an execution of a far larger trend influenced by the mass adoption of the Internet.

The Internet acts as a global distribution channel, making it possible to publish information at a faster pace than ever on a global scale. But what matters far more is the quality and ability of an idea to stand out and spread. Ideas, and the subsequent materialisations, are no longer regulated by money or time, but rather by the value of what’s on offer. An idea that took 10 minutes to come up with may be just as good, if not better, than an idea that took 10 hours of ruminating.

3.3.1 The “Rise of the Amateur”

When it comes to crowdsourcing, amateurs are competing with professionals in fields ranging from computer programming to the sciences. These people are hobbyists and enthusiasts who may not have the relevant professional qualifications, but can possess talent and passion in any given field. This 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. 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, for example, relatively easy to learn.

In a 2007 article, Josh Catone identified four types of crowdsourcing:

**Invention:**
Crowdsourcing is used to source ideas, often for new or existing product development. This means the community is tasked with creating ideas from scratch while also improving on and ranking ideas.

Examples of invention include Dell’s Idea Storm (www.dellideastorm.com) and My Starbucks Idea (www.mystarbucksidea.com).

**Creation:**
New content is created, owned and maintained by a community on an already existing platform. The crowd can also contribute finished work or just an idea, allowing other members to flesh out concepts.

Examples of creation include Threadless (www.threadless.com), Wikipedia (www.wikipedia.org) and Idea Bounty (www.idea bounty.com).

On My Starbucks Idea the community is asked to share, vote for and discuss ideas to improve Starbucks’ products and services.
Idea Bounty works via a system through which a client may post a brief which is then distributed amongst 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.

**Organisation:**
Through this method crowdsourcing is used to create new content by organising already existing content. The community is charged with ranking information in terms of relevance and popularity.

Examples here include Digg [www.digg.com](http://www.digg.com) and StumbleUpon [www.stumbleupon.com](http://www.stumbleupon.com).

StumbleUpon is an online community where users discover and rate web pages, websites, images and video content. It acts as a personalised recommendation engine using peer-voting and social networking principles.

**Prediction:**
Prediction aims to predict trends by asking the community to submit ideas and vote for them.


On Media Predict, users bet on media trends such as TV viewership and books that are likely to sell well. Media Predict can generate predictions as to what will and what won’t succeed; essentially helping media companies understand what consumers really want.

### 3.5 how it works in business

When applied in a commercial sense 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 provides a valuable branding effect.

Examples include Dell’s Idea Storm and GM’s FastLane blog [http://fastlane.gmblogs.com](http://fastlane.gmblogs.com).

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.

In 2009 Fiat Brazil asked Internet users to send in suggestions as to how the Fiat Mio (www.fiatmio.cc) could be improved. The company kept the brief wide, and eventually received more than 10 000 suggestions through social networking sites. These suggestions ranged from giving new car owners manuals on USB flash drives to more outlandish ideas such as funnelling garbage through the engine in an effort to recycle.

**Figure 3.4** The crowdsourcing campaign built around the Fiat Mio garnered more than 10 000 suggestions on how to improve the car.

3. **Communications ideas:**
Crowdsourcing in a communication sense is used 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. This could include the crowdsourcing of logo designs, televisions advertisement scripts or new marketing concepts in any shape or form.

A well-known example is Dorito’s crowdsourcing of their Super Bowl advertisement [www.crashthesuperbowl.com](http://www.crashthesuperbowl.com). In a much publicised open call to the public, Doritos tasked the community with creating an original, once-off spot – and received hundreds of advertisements.
As mentioned previously, a possible perk of crowdsourcing is an increase in brand exposure. Dorito’s – and the Super Bowl - benefitted from an increase in attention because of this unusual method of ad creation.

**Example: Threadless** – Users create original t-shirt designs which other users rank in terms of popularity via a voting system. The most popular designs are printed onto shirts which are then sold by the site.

3.6.1 The Importance of the Community and Motivations to Participate

The idea of a community is the chief motivator behind crowdsourcing. The community should be viewed as a crowdsourcing platform’s most important asset – they are essentially an economically productive unit. Without a community, a crowdsourcing project could never flourish. Put simply, no work could actually be done.

Understanding why communities exist and what motivates individuals to participate is essential to achieving success. Unfortunately, the needs of a community, how it should be managed, and rewarded, are often overlooked.

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

Individuals should be rewarded for their contributions with awards for outstanding ideas. Idea Bounty, like iStockphoto, offers keen hobbyists a platform to meaningfully contribute to a cause, and, importantly, be rewarded for their contributions.

3.7 the pros and cons of crowdsourcing

A well-implemented crowdsourcing strategy has the potential to be incredibly rewarding for a brand, but that doesn’t mean that things can’t go wrong. As with many marketing tactics, there are several well-defined pros and cons. Some of the opportunities and challenges of crowdsourcing when it comes to brands and agencies are:

**PROS**

- Handing over the ownership of your brand encourages consumer involvement.
- Inter-disciplinary 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.

**CONS**

- Clarity of objectives can be difficult to define.
- Marketing campaigns can be time consuming.
- Risk of creative plagiarism.
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 amongst 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, PR is generated and direct interaction with a consumer base can provide unexpected insights. It also helps that crowdsourcing offers a very fast and often inexpensive way to source solutions to creative problems. This also gives the brand an opportunity to spend more money on the execution of the solution as a direct result of saving money on the ideation phase.

However, there are still many aspects of marketing that a crowdsourcing campaign could never replace. A marketing agency will still be needed for brand strategy development and the execution of multifaceted campaigns.

### 3.9 summary

Crowdsourcing is “the act of taking tasks traditionally performed by an employee or contractor, and outsourcing them to a group of people or community, through an “open call” to a large group of people (a crowd) asking for contributions”.

Crowdsourcing platforms give their communities a way to contribute meaningfully to a cause that they are passionate about and to be rewarded for their solutions. Community members may also feel a brand-building kinship with the crowdsourcing organisation through collaboration and contribution, while amateur community members may benefit from interacting with industry professionals.

For clients, solutions to problems can be explored at a relatively low-cost and often very quickly, and clients can gain first-hand insight into their customers’ needs and desires.

In a non-commercial sense, crowdsourcing is used to maintain websites through multilevel input. Together, community members edit, alter or upload information to websites, sticking to rules or guidelines depending on specific models.

However, without proper planning, negative effects can be encountered during a crowdsourcing campaign. Crowdsourcing a campaign does not guarantee a workable idea. Brands should take particular care to avoid creating a negative PR backlash by not remunerating a community adequately.
Peperami, one of the largest UK consumer brands, is a pork sausage snack manufactured by Unilever in Germany and Britain. Launched over 15 years ago, the brand communications had been handled by one creative agency from its launch until August 2009. Unilever decided to work with Idea Bounty (www.ideabounty.com) to crowdsource the concept for their new Peperami campaign.

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 behaviour. For the last 15 years, he has been a central part of every Peperami campaign.

Unilever felt that after 15 years with the same agency, the Peperami brand and The Animal character needed an injection of fresh ideas for the next print and television adverts.

Idea Bounty wrote a brief that was very requirement specific and stipulated that the winning idea had to be able to support the future 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 advert promoting the brief, which was published in Campaign and Marketing Magazine as well as online banners.

That said; both commercial and non-commercial projects can benefit from crowdsourcing as large groups of people are often able to approach problems from multiple angles, thus increasing the chances of finding the best solution. The Internet provides a way to tap into the collective knowledge of more than one billion people.

Netflix & The Crowdsourced Algorithm.

Netflix is a DVD and Blu-ray rental-by-mail and video streaming company operating in the United States. As of 2009 Netflix offered over 100 000 DVD titles and has a subscriber base of over 10 million customers. Apart from being able to offer a simple and easy-to-use service to its customers Netflix also prided itself on being able to recommend movies and content to its users in order to increase the overall value of the service.

In October 2006 Netflix launched a crowdsourcing project which would award $100 000 to the person or team that could create an algorithm to increase the accuracy of their movie recommendations system by a factor of 10%. Each team was given massive amounts of anonymous user data on movie ratings to work with. On top of the grand prize, there was a yearly progression prize of $50 000 to the team that made the biggest improvement from year to year.

The competition ran for three years and received a total of 44 014 entries from 5 169 teams in 186 countries. On September 21, 2009 the grand prize was awarded to the team: “Bellkor’s Pragmatic Chaos”. Their algorithm produced a 10% improvement in the movie recommendation system - a task that had stumped the Netflix technical team up to that point. As one of the first big crowdsourcing projects aiming to solve a major challenge Netflix demonstrated the successful use of crowdsourcing when it comes to solving tough technical problems as well as proving there is a willing and capable crowd ready take these challenges on (Iyer 2009).
displayed on various international marketing and advertising related sites.

Furthermore, the brief attracted a considerable amount of PR with extensive coverage both online and offline due to the nature – both positive and negative – of crowdsourcing at the time. In fact, Unilever received close to a million dollars return on investment off the press coverage alone (Splendid Communications, 2010).

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 on offer that encouraged people to invest their time and energy in their submission.

After much deliberation due to the quality of submissions, Idea Bounty and Unilever announced two outstanding winning ideas paying out a total Bounty of $15,000.

The end result of the crowdsourced campaign is viewable at the Idea Bounty blog [http://www.ideabounty.com/blog/post/2624/peperami-launch-their-crowdsourced-television-ad].

**case study questions**

1. How does Idea Bounty fit into the New Agency Model?
2. What possible risks were posed by moving the Peperami account from the creative agency 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?

**chapter questions**

1. What is the definition of crowdsourcing?
2. What is the difference between the wisdom of the crowd and crowdsourcing?
3. Find some examples of online crowdsourcing platforms not mentioned in the chapter. How can you tell whether or not they are successful?
4. What are the main reasons for crowdsourcing taking off in the last few years?
5. What are the benefits of crowdsourcing for both consumers and brands?
http://socialcomputingjournal.com/viewcolumn.cfm?colid=654
[Accessed 9 July 2010]

[Accessed 9 July 2009]

further reading

- http://crowdsourcing.typepad.com/ - Jeff Howe’s blog
- http://www.openinnovators.net/ - a blog on open innovators and Crowdsourcing
- http://crowdsourcingexamples.pbworks.com/individual-businesses%2C-sites-or-forums-that-channel-the-power-of-online-crowds - an extensive list of web-based Crowdsourcing platforms
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“The first thing you should do is obsess about the terms in this book. Vocabulary is the first step to understanding, and if you don’t know what something means, figure it out. Don’t turn the page until you do.”

*Seth Godin: Author Purple Cow, Permission Marketing and Linchpin*

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*Jaco Meiring: Digital - Investec*

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