

AN e-BURST OF INSPIRATION FROM THE BEST BOOKS

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Foreword by Don Tapscott

CROWDSOURCING MARKETS

Birds of a Feather Buy Together



Press Delivers *elements*

FINANCIAL TIMES

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“Snowflakes are a fragile thing, but look at what they can do when they stick together.”

—Fernando Bonaventura

There was a time—just a few years ago, really—when thousands of highly skilled, professional photographers counted on the licensing of their work by stock photo houses to pay a big chunk of their rent. Not anymore. A lethal combination of new technology and crowdsourcing is doing them in.

This is the way it used to work: To illustrate their wares, magazines, ad agencies, corporate publications, and film companies routinely turned to photo agencies that stored collections of shots by professionals. Customers might have to pay fees of \$100 or more for the one-time use of a photo, but that was still a lot cheaper than assigning a photographer to do the job. As magazine circulations declined and ad budgets were cut, the fees fell, too, but they still provided a safety net for the pros in an increasingly unstable business.

Enter the digital camera. Suddenly, anyone with a semblance of skill was able to produce accurate, attractive images. If the first shot didn't work, you could always keep trying until it did. And when you

learned how to use Photoshop, you could make your image even better. If you had enough friends with digital cameras, you didn't need to hire a professional photographer to record your wedding, birthday, or family reunion.

Enter crowdsourcing. With all those millions of people clicking away on their digital cameras, millions of images were sitting around on computers. Most of the photos weren't professional quality, but there were an awful lot of good shots just taking up space. So it wasn't long before microstock houses, as they're known, began to appear on the Internet to tap that huge supply of digital images. The newcomers charged customers as little as \$1 for a royalty-free license.

The pioneer was Calgary-based iStockphoto, which giant Getty Images bought in 2006 for \$50 million. The iStock library holds more than 1.7 million images from 36,000 members, and it has been blessed with Getty's advanced search and index technology, which makes it much easier for customers around the world to find just what they're looking for. The photos might not be up to the quality you'll find at Getty Images itself, but they have been selected by the company's editors, so they're apt to be just fine if you're putting together an office newsletter or even a magazine spread. And the price will be right.

iStock introduced a payment system that has become the industry standard. The minimum purchase is \$12, which gives you 10 credits; images cost between 1 and 15 credits per download. The prices rise with the image size and resolution. iStock photos are downloaded at the rate of one every 2.5 seconds.

One reason for the site's success has been its welcoming content from contributors. The images are accompanied by symbols indicating how many of their photos have been sold through iStock and whether the work has been chosen for special attention on the site. Articles on

the site offer photographic and design advice, and forums enable contributors to exchange news and speak their minds. The royalties many receive are impressive—exclusive contributors earn, on average, \$1,000 a month. Also, they're happy about having other people see their work.

Our focus here is on the role of communities in manufacturing companies' products or, as in the case of iStock, content. The advantages over traditional business models are huge. At iStock, for instance, contributors not only create the product being sold, but they also deliver it in a market-ready format and list it in the appropriate keyword category. With little or no product inventory expense or traditional overhead, the company can price the product far below that of old-model competitors.

Here is one example of crowdsourcing at work providing a company with its content. And notice we haven't chosen the obvious example of Wikipedia.

Zebo.com

Joanna Z's fondest hopes and dreams, she tells her friends on Zebo.com, include owning a pair of thousand-dollar Lanvin pumps. When she sees something else she covets, she drools—and types, “Look at that conical black heel. Sigh.”

Zebo, one of a growing number of so-called social shopping sites, is home to more than five million young and some not-so-young materialists. They travel from one member's page to another, taking in each other's photographs, profiles, blogs, and lists of products desired and products possessed. By and large, they are not searching out people for their character traits or even their looks; it's their belongings that count. And if by chance all that window-shopping brings on a buying

urge, it can be satisfied at ZeboShops, an e-commerce page just a click away.

Launched in 2006 by Roy de Souza, a veteran marketing strategist, Zebo bills itself as “the world’s largest repository of what people own.” It reflects de Souza’s conviction that young people today are what they own. “They list things because it defines them,” he says.

Most members range between the ages of 16 and 25, although there are kids as young as 13 and some five times that age. Take “Sircharlie M, 63, divorced,” who says he owns a house, a 2004 Chevy truck, and eight remote-controlled aircraft that he built himself. Now Sircharlie is hoping to find “a nice lady to date.”

There are all sorts of other things to find. Under “Celebrity Profiles,” you can see “what the stars own and want, as reported by them!”

Mike James, for one, a point guard who in 2007 signed a four-year, \$23-million contract with the NBA’s Minnesota Timberwolves, listed a plasma television, a Playstation, soul food, Mexican food, chicken noodle soup, two pit bulls, tattoos, a Lincoln Navigator, and a Maserati among his possessions. His wish list includes “lots of video games,” a Nissan Quest, and a Ford F-250 truck.

At the ZEBuzz forum, you can have real-time conversations “with other people who are bored, too!” You can start a group of your own about anything you want.

Product information of sorts can be found on ZE’Answers, where members pose and respond to shopping- and product-related questions. One day, Taylor asked about the most popular cell phone color. Eighty-six people replied to Taylor, including one who didn’t actually

own a cell phone but offered this comment: “Who cares what color it is, as long as it works good? A nonworking phone isn’t worth having.”

Zebo.com does not enable e-mail blocking, a red flag for some parent groups worried about cyberstalkers or cyberbullies pursuing young members. Other critics say that boasting online about owning expensive cars, audio and visual equipment, jewelry, and the like is like giving a burglar your house keys and leaving the light on for him.

But it seems more likely that Zebo members will become the targets of marketers rather than burglars. Regular visitors to the site willingly provide reams of information about their product preferences and buying habits, marketable data that is easily accessible to everyone. That has not escaped the notice of de Souza, who is also the CEO and cofounder of Zedo Inc., a Silicon Valley Internet ad serving business.

Under the heading “See New Stuff,” which pitches “cool new products from many stores,” members and visitors are linked to thousands of items that they are encouraged to rate, blog about, add to their wish lists, or buy outright. A foray into this section turned up everything from a \$3 “Scotty Greeting Card from Coi” to a \$425 ruby. Clicking on a picture of a product brings up a rating bar and the question “Is this [item] in or out?” The viewer then has the option of ranking the item on a scale of 1 to 10.

There are unofficial merchants as well. Brenda, a self-identified 52-year-old divorcee, lists 19 items she owns and lusts for more, particularly from French fashion designer Louis Vuitton. But if you scroll down to “Brenda’s Zebo blog,” you discover that she is, in fact, a reseller of trendy designer merchandise, “straight from the factory floor,” which she’s selling for “even less than wholesale!!!!” Her business Web sites and a phone number are provided.

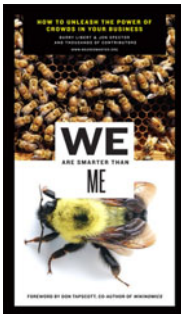
Whatever you may think of connecting people via their materialistic yearnings, you have to admit that de Souza has found an ingenious means of getting a huge community of mainly young people to supply him with content that draws ever more of them to his site. That's what crowdsourcing is all about.

Get Emotional

What makes Zebo.com and so many other community-driven sites successful is its basic premise: Young people are passionate about possessions, those they own and those they want. That's an important message for anyone thinking about using crowdsourcing as a manufacturing process. The crowd will not come to you unless you touch them where they live. No one wants to devote time and dollars to a site about your new brand of aspirin; a site dedicated to exchanging news and views about pain control is more likely to succeed.

Get the Crowd Involved

As the Zebo site suggests, the more ways you can provide visitors with a chance to express themselves, the more likely they will hang around and identify with your operation. Forums, targeted question-and-answer pages, ratings systems—they're all calculated to keep members busy and involved and eager to keep delivering up more content. It's a virtuous circle.



If you liked this Element, you might like the book
by Barry Libert and Jon Spector, *We Are Smarter Than Me:
How to Unleash the Power of Crowds in Your Business*

(Wharton School Publishing, ISBN: 978-0-13-224479-4).

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