



# UNIT-12

## Kick Start Your Business with Crowd Sourcing

### Learning Outcomes

**By the end of this unit the learner will be able to:**

- ✓ Define what crowdsourcing is and its value to businesses
- ✓ Determine when crowdsourcing makes sense for a project
- ✓ Describe the crowdsourcing process
- ✓ Identify platforms and social media tools that can support your crowdsourcing campaigns
- ✓ Describe the major types of crowdsourcing, including microwork, macrowork, crowdvoting, crowdcontests, crowdwisdom, and crowdfunding
- ✓ Attract and engage your crowd

## Unit 12

# Kick Start Your Business with Crowd Sourcing

## What Is Crowdsourcing?

### What crowdsourcing is and where it came from

#### Defining Crowdsourcing

Wikipedia, one of the best examples of a successful crowdsourcing project, provides this definition of crowdsourcing: “Crowdsourcing is the practice of obtaining needed services, ideas, or content by soliciting contributions from a large group of people, and especially from an online community, rather than from traditional employees or suppliers.” (Source: <http://en.wikipedia.org/wiki/Crowdsourcing>)

Jeff Howe coined the term “crowdsourcing” in a 2006 Wired Magazine article and later defined it in his blog as this: “Crowdsourcing represents the act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call. This can take the form of peer-production (when the job is performed collaboratively), but is also often undertaken by sole individuals. The crucial prerequisite is the use of the open call format and the large network of potential laborers.” (Source: [http://crowdsourcing.typepad.com/cs/2006/06/crowdsourcing\\_a.html](http://crowdsourcing.typepad.com/cs/2006/06/crowdsourcing_a.html))

#### A Brief History

Although the term “crowdsourcing” has become more popular over the past decade, the concept itself is not new. Consider these case studies:

- In the 18<sup>th</sup> century, France started using crowdsourcing to create an encyclopedia. British and American versions followed over the next several centuries.
- In 1916, Planters Peanuts held a contest to choose a new logo. A 14-year-old boy won the contest and his design still appears on Planters products today.
- Procter and Gamble’s crowdsourcing efforts have resulted in several flagship products, including the Swiffer™.
- Pebble, one of the first widely available smartwatches, was financed through crowdfunding.

However, with the rise of the Internet, the growth of entrepreneurial businesses, and a knowledge-driven economy, crowdsourcing is more beneficial than ever.

## Pre-Assignment Review

**As a pre-assignment, you were asked to define some terms related to crowdsourcing. In the space below, record your group's final answers.**

### Crowdsourcing Terms

#### **Crowdsourcer**

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#### **Crowdsourcing Platform**

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#### **Crowdworker**

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## Types of Crowdsourcing

### **Crowdvoting**

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### **Crowdcontests**

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### **Microwork and Macrowork**

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### **Crowdwisdom**

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### **Crowdfunding**

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## Debrief

### Crowdsourcing Terms

Crowdsourcing has its own unique language. Here are some of the terms that you might hear in relation to it.

**Crowdsourcer**

Someone who manages crowdsourcing campaigns.

**Crowdsourcing Platform**

A tool used to organize crowdsourcing campaigns. Also known as a *crowdmarket*.

**Crowdworker**

Someone who works on crowdsourced projects.

### Types of Crowdsourcing

Crowdsourcing continues to evolve, as do its many forms. Here is an overview of some of the most popular ways that crowdsourcing can be used. (We'll explore each type in more detail in Session Five.)

**Crowdvoting and Crowdcontests**

Crowdsourcers ask the crowd to vote on or create a solution. The popular television show "American Idol" is one example of crowdvoting. The Planters Peanuts logo redesign contest that we discussed earlier was a crowdcontest.

**Microwork and Macrowork**

With macrowork, crowdsourcers assign large tasks to individuals. For example, a crowdsourcer managing a large research project might hire a freelance researcher, editor, and layout person.

Microwork is similar but the tasks are smaller. For example, a crowdsourcer trying to identify the location in thousands of photos might assign a few photos each to several hundred crowdworkers. The University of California's SETI@home program is another example of microwork.

**Crowdwisdom**

Crowdsourcers seek experts to give their opinion on a particular topic, usually via a survey or poll. (Think of pre-election polls and scientific surveys.) Websites such as Reddit and Wikipedia that focus on specific crowd-created content also fall into this category of crowdsourcing.

**Crowdfunding**

Crowdsourcers seek financial help from the crowd for their project or business. In return, the crowd gets some kind of reward, such as money, a stake in the company, pre-order products, or even just a sense of gratification.

## Identifying the Business Value

### The Business Value of Crowdsourcing

When implemented properly, crowdsourcing can offer your business great value. Here are just a few benefits that businesses have realized from crowdsourcing.

#### Larger Talent Pool

Crowdsourcing can expand your talent pool far beyond your geographic region. It can also give you access to people that you might not normally have access to.

#### Better Use of Resources

Crowdsourcing allows you to choose the best person for each job. It can also offer you opportunities at a lower cost than traditional hiring methods.

#### More Flexibility

Crowdsourcing is all about being fast and flexible. Less red tape and more streamlined processes will allow your business to be more competitive and innovative.

#### A Bigger Perspective

Seeking help from outside your organization can generate solutions and ideas that you never thought of. When Colgate was having trouble getting fluoride into their toothpaste, they crowdsourced solutions. An electrical engineer came up with a quick, easy solution. He attributed his success to his background in physics, which gave him a different perspective than the scientists in the laboratory.

#### Building Brand Loyalty

Imagine that you are re-branding your company and you have ten million customers helping you via crowdcontests and crowdvoting. There is nothing that builds brand loyalty like giving customers a voice and making them feel like they are part of the organization.

#### Built-In Marketing Campaign

As people vote, submit ideas, and create content via crowdsourcing, it generates buzz about what they're working on. LEGO's CUUSOO program, for example, has helped revive interest in the brand and jumpstart the business back to success.

# Is Crowdsourcing Right For You?

## When Crowdsourcing Is Right

Crowdsourcing can help your business if:

- You do work that is easily understandable to others.
- You require workers that have fairly general knowledge.
- Your business can operate without geographical limitations.
- Your business can be adapted for remote workers.
- The benefits outweigh the investment.

## When Crowdsourcing Isn't Right

Crowdsourcing isn't the perfect solution for every business. In particular, crowdsourcing might not be right when:

- You require extremely specialized workers (such as software developers that can code in multiple obscure languages and are fluent in Mandarin, English, and Russian).
- Your product maintains a high standard of quality or consistency that requires a high level of monitoring and maintenance.
- You spend more time with a crowdsourced project than you would by leading a conventional project.
- Your business has geographical limitations and is not suitable for remote workers. (For example, if you run a tire factory, it probably doesn't make sense to crowdsource assembly line workers.)

## The Reliability Problem

One of the major drawbacks of crowdsourcing is reliability. Let's say, for example, that you write and sell e-books on building hobby trains. You want to translate all your books into different languages, but you're only fluent in English, so you crowdsource the translation work. How do you know that the translation is accurate? What do you do if it's not accurate?

To help with this, you need to find a way to evaluate the reliability of the crowdworkers who will be doing the translation. You also need to design a process that will ensure accuracy without significantly increasing the workload. In this example, you might find a trusted friend who speaks one of the languages that you want to translate your work into. You could hire this person to conduct a short test for the crowdworkers who want to take on the translation job and spot-check their work. Once you've successfully translated your books into one language, you can tackle the next language with more confidence and a higher probability of success.

## The Crowdsourcing Process

### Process Overview

There are typically six stages in a crowdsourcing project or campaign.



### Looking at the Stages

#### Stage One: Define the Project

The first stage is to define what your project is all about. Traditional project planning documents, like a statement of work and network diagram, can help here (although they may not be required for small projects). Make sure you have a clear goal for the project and clear outcomes.

#### Stage Two: Define Your Crowdsourcing Approach

Next, define how you will use crowdsourcing to get the project done. You should identify:

- What crowdworker skills you will need (if appropriate)
- What platform you will use
- How you will engage the crowd
- How work will be assigned, monitored, and evaluated (if appropriate)

#### Stage Three: Post Your Project

Now it's time to put your project out onto your chosen crowdsourcing platform. Make sure that you follow the guidelines of the site. You may want to check out their user forum for tips and advice.

#### Stage Four: Recruit the Crowd

Next, you will recruit your workers. Most crowdsourcing platforms will do the work for you and have crowdworkers submit applications, bids, proposals, or whatever else is appropriate for your project. If you're using a crowdcontest, crowdvoting, or crowdfunding, you will need to engage people into your project and get them involved.

#### Stage Five: Manage the Project

Your project is set up and your workers are chosen, so it's time to get down to business. In this stage, you implement your

project plan, make necessary adjustments, and ensure that the work gets done on time and on budget. When the project is finished, you close it out by making sure all tasks are completed and making sure that everyone gets compensated. (If your project doesn't include monetary compensation, a simple "thank you" might be appropriate.)

### Stage Six: Gather Lessons Learned

The final stage of the crowdsourcing process is to evaluate how things went. What went well? What could you do better the next time? Be sure to incorporate feedback from the crowd and from your management team, too.

## Choosing Your Crowdsourcing Platform

### Identifying the Options

#### What is a Crowdsourcing Platform?

A crowdsourcing platform is a website that supports your crowdsourcing efforts. For example, if you are seeking crowdworkers to perform microwork or macrowork, a crowdsourcing platform might manage crowdworkers' profiles, organize payment, and coordinate project postings. Crowdsourcing platforms can also help you promote your projects and recruit the crowd.

#### Do I Need to Use a Platform?

For most crowdsourcing projects, a platform will make your job far easier, especially in terms of payroll and taxes. They may add a cost to your project but in most cases it will be worth it. Just do your research to make sure that the platform will deliver what you need. Most platforms have user forums so that you can speak to current users to get an idea of what the site offers.

#### Popular Platforms

Like everything on the Internet, crowdsourcing platforms are constantly changing and evolving. Here are some of the most popular platforms at the time of publication. Velssoft is not affiliated with any of these websites, and does not endorse or accept any responsibility for their contents.

Platform Name	Website	Crowdsourcing Focus
oDesk	<a href="http://www.odesk.com">http://www.odesk.com</a>	Macrowork (all types)
Elance	<a href="http://www.elance.com">http://www.elance.com</a>	Macrowork (all types)
Guru	<a href="http://www.guru.com">http://www.guru.com</a>	Macrowork (all types)
uTest	<a href="http://www.utest.com">http://www.utest.com</a>	Macrowork (software testing)
TopCoder	<a href="http://www.topcoder.com">http://www.topcoder.com</a>	Macrowork (software development)

Platform Name	Website	Crowdsourcing Focus
99designs	<a href="http://www.99designs.co.uk">http://www.99designs.co.uk</a>	Crowdcontests and macrowork (graphic design)
crowdSPRING	<a href="http://www.crowdspring.com">http://www.crowdspring.com</a>	Crowdcontests and macrowork (graphic design)
NameThis	<a href="http://namethis.net/">http://namethis.net/</a>	Crowdvoting
Popularise	<a href="https://popularise.com/">https://popularise.com/</a>	Crowdvoting and crowdwisdom
Kaggle	<a href="http://www.kaggle.com">http://www.kaggle.com</a>	Crowdwisdom and crowdcontests
AHHHA	<a href="http://ahhha.com/">http://ahhha.com/</a>	Crowdwisdom
Mechanical Turk	<a href="https://www.mturk.com">https://www.mturk.com</a>	Microwork (all types)
microWorkers	<a href="http://microworkers.com/">http://microworkers.com/</a>	Microwork (all types)
Microtask	<a href="http://www.microtask.com/">http://www.microtask.com/</a>	Microwork (document processing)
CrowdFlower	<a href="http://crowdfower.com/">http://crowdfower.com/</a>	Microwork and macrowork (all types)
Tagasauris	<a href="http://www.tagasauris.com/">http://www.tagasauris.com/</a>	Microwork (image tagging)
Kickstarter	<a href="http://www.kickstarter.com/">http://www.kickstarter.com/</a>	Crowdfunding (business)
IndieGoGo	<a href="http://www.indiegogo.com/">http://www.indiegogo.com/</a>	Crowdfunding (all types)
RocketHub	<a href="http://www.rockethub.com/">http://www.rockethub.com/</a>	Crowdfunding (all types)
Sellaband	<a href="https://www.sellaband.com/">https://www.sellaband.com/</a>	Crowdfunding (music)
Fundrazr	<a href="https://fundrazr.com/">https://fundrazr.com/</a>	Crowdfunding (charitable)

## Checking Out the Sites

Site One

**Site Name**

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**Possible Uses for My Organization**

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**Notes**

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Site Two

**Site Name**

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**Possible Uses for My Organization**

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Site Three

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## Types of Crowdsourcing

### Crowdvoting and Crowdcontests

#### About Crowdvoting and Crowdcontests

Crowdvoting and crowdcontests are some of the simplest kinds of crowdsourcing. You create a contest, ask people to vote or submit ideas, and choose the winner (or have the crowd choose the winner).

The benefits of crowdvoting and crowdcontests include:

- They give you access to more talent than you might normally have.
- They are usually easy to set up and manage.
- They don't require a lot of staff management: no resume screening, portfolio evaluation, or checking credentials.
- They are usually cheap to do.
- They can tell you more about your market and your customers.

However, the downsides are:

- You must advertise to the right crowd and get enough participation to make the contest work.
- Complex ideas are usually not suitable for crowdvoting and crowdcontests.
- There are no guarantees that you will get any suitable entries.

#### Case Studies

##### **LEGO CUUSOO**

This Japanese partnership with LEGO (<http://lego.cuusoo.com/>) started in 2008, with a global launch coming three years later in 2011. Users submit ideas for LEGO sets and other users vote on which item they would like to see turned into a product. Once an idea gets 10,000 votes the LEGO team reviews it and decides whether or not to produce it. This project has resulted in some huge hits for LEGO (such as the Minecraft-themed sets) and helped revitalize their brand.

##### **McDonald's**

Over the years, McDonald's has held contests in various countries and continents across the globe so that people can design a hamburger that reflects their culture.

##### **Threadless.com**

This website (<http://www.threadless.com/>) combines elements of crowdcontests and crowdvoting. Users submit T-shirt designs, other users vote on their favorite design, and then the top designs each week are produced for sale. The designers of winning shirts receive a cash prize, a Threadless.com gift certificate, and reprint royalties. In 2009 (the last year that the company released sales figures), the company brought in \$30 million in revenue – not bad for a hobby started by two college dropouts.

##### **Toyota Prius**

What's the plural of the word "Prius?" That was the question Toyota asked two million people. Their campaign included a catchy music video, appearances at car shows with polling stations, a webisode series, multiple social media and website campaigns, and even a game. (If you're curious, the answer is "Prii." You can read more about this project at

## Microwork and Macrowork

### What is Macrowork?

Macrowork is a form of freelancing, where workers complete large tasks (called macrotasks) assigned to them through a crowdsourcing platform. A macrotask might be writing a blog article, translating a recipe, taking photographs, or coding a software program. Workers are usually paid either by the hour or per task.

Macrotasks should meet the following criteria:

- One specific, single task
- Easy to describe
- Can be completed independently
- Can be completed in a fixed amount of time

### What is Microwork?

Microwork is similar to macrowork, but tasks are smaller. A microtask might be finding the number of likes for a particular Facebook page, tagging photographs, or finding contact information for particular people. Workers are usually paid a very small amount (such as five cents) for each microtask that they complete.

Microtasks should meet the following criteria:

- Large volume of very small tasks
- Easy to describe
- Can be completed independently
- Requires human judgment

## Advantages and Disadvantages

The benefits of microwork and macrowork include:

- Access to a large volume of people with a variety of talents
- Ability to complete large tasks more quickly
- Outsourcing menial, labor-intensive tasks frees up the time of other people

However, the downsides are:

- Not all work is suitable for microtasking or macrotasking
- Not all crowdworkers are reliable
- The time and resources spent managing the process might outweigh the time saved

## Crowdsearching

Crowdsearching is another form of microwork and macrowork. As you might guess from the name, crowdsearching means asking the crowd to help find something, such as a long-lost relative or a missing pet.

One excellent example of crowdsearching is Internet-based lost pet search groups. These groups often use a combination of social media tools (such as Facebook and Twitter) to share information about pets that have been lost and found. People join these groups and share the information to help pets reunite with their owners.

## Case Studies

### **Crowdfynd**

This website (<https://www.crowdfynd.com/>), social media presence, and mobile app is designed to help people find things, pets, or other people that they have lost. Users can also report suspicious activities or crimes.

### **iStockphoto**

This website (<http://www.istockphoto.com>) collects, aggregates, and resells images taken by amateur and professional photographers. They were one of the earliest Internet businesses to leverage crowdsourcing and have changed the professional photography industry dramatically.

### **Mechanical Turk**

Mechanical Turk (<https://www.mturk.com>) is currently one of the largest microtasking platforms. Crowdsourcers submit small tasks and workers complete them for a small fee. These tasks might include finding information on a website, captioning images, completing spreadsheets, and almost anything else you can think of.

### **Freelancer.com**

With over 9 million people using this site (<http://www.freelancer.com>) since February 2004, Freelancer.com is one of the biggest macrotasking platforms. Crowdsourcers submit macrotasks and workers complete them for a per-project or hourly fee.

## Microwork and Macrowork as a Hobby

Not all microtasks or macrotasks are paid. Crowdsearching, for example, is usually done by volunteers. Here are some other examples of volunteer-based microwork and macrowork.

### **Zooniverse**

This website (<https://www.zooniverse.org/>) uses volunteers to complete research projects from many scientific disciplines. As of August 2013, 860,000 people were participating in Zooniverse projects. Their work has resulted in new moon mappings, retroactive weather models, and improved storm prediction techniques.

### **Wikipedia**

Wikipedia (<http://www.wikipedia.org>) is the Internet's largest web-based, free encyclopedia. Although they have 65 paid staff, the majority of encyclopedia entries are completed by volunteers. Anyone can register as a worker, choose and complete a task, and submit it for evaluation (which is also done by volunteers).

# Crowdwisdom

## About Crowdwisdom

Crowdwisdom approaches allow you to collect information and combine it. This idea is based on the concept that two heads are better than one (also known as collective intelligence). This is the main advantage of this approach: drawing on expertise from a group of people. However, this can be the downside, too, since the crowd is not always accurate or reliable.

## Case Studies

You can see elements of crowdwisdom in a lot of crowdsourcing projects and platforms, but here are two projects that focus specifically on what crowdwisdom is all about.

### **Reddit**

This social media site (<http://www.reddit.com/>) allows users to post in thousands of topic-specific forums (called subreddits). Users can share information, ask questions, and seek advice. Each reply and comment can be voted up or down by users, improving the accuracy of the results.

One of Reddit's most popular subreddits is "I Am A," where users can create an "Ask Me Anything." This allows famous people, subject matter experts, and politicians to host an interactive question and answer session. Some of the most popular AMA's have been done by Barack Obama, Chris Hadfield (hosted from the International Space Station), Bill Gates, Louis CK, and David Copperfield.

As of May 2013, the service had about 70 million monthly users.

### **StumbleUpon**

This browser plugin (available at <http://www.stumbleupon.com>) allows users to like or dislike pages, and recommends additional pages to users based on their feedback and others' votes. As of 2012, the service had over 25 million registered users.

# Crowdfunding

## About Crowdfunding

Crowdfunding has become extremely popular over the last decade. Businesses are using crowdfunding to raise money without going into debt or using banks. There are three main types of crowdfunding as of this writing.

### **Charitable Crowdfunding**

This type of crowdfunding is like traditional fundraising, where people give money or other donations to charitable groups without expecting anything in return.

### **Reward-Based Crowdfunding**

This type of crowdfunding gives crowdfunders a reward in return for their contribution to the funding campaign. This might include a signed movie poster, a pre-sale copy of a video game, or gift certificates for a three-course meal.

### **Equity Crowdfunding**

This type of crowdfunding is usually used for startup businesses. Crowdfunders give an entrepreneur money to start a business in return for a stake in the company. Equity crowdfunding is quite new, and the rules surrounding it differ for each jurisdiction.

## Case Studies

### **Restaurant Expansion**

The Farmer's Garage, a small restaurant that focuses on local food and sustainability, has become quite popular. They want to expand their seating and improve sustainability by adding a year-round solarium onto their building. They estimate that this project will cost about \$100,000. They ask customers for donations. In return, the customer will receive an appropriate reward. Donations under \$20 receive a gift certificate for a free meal, while larger donations will receive free meals for a year, a plaque on the wall, or even a dish named after them.

### **Pebble Smartwatch**

Crowdfunding platform Kickstarter (<http://www.kickstarter.com/>) helped entrepreneur Eric Migicovsky turn his vision of a smartwatch into reality. In just over a month, crowdfunders raised over \$10 million. In return, they received different watch packages. The Pebble smartwatch (<http://getpebble.com/>) hit the market in early 2013 and has been extremely successful.

### **Power2Give**

This project (<http://power2give.org>) was the brainchild of the United States Arts & Science Council. It allows non-profit organizations to set up local art, history, and science projects that users can contribute to.



## Social Media and Crowdsourcing

### Using Social Media to Crowdfund

Social media plays a huge role in most crowdsourcing campaigns. In fact, if your crowdsourcing campaign is small, you might be able to do the entire thing using just social media and your website.

Here is an overview of some popular social media channels (as of this writing) and their uses for crowdsourcing campaigns.

#### Facebook

Facebook can be used to promote your campaign. It can also be used for contests, voting, and fundraising. You can use the tools built into Facebook or one of the thousands of add-on apps available.

#### Twitter

Twitter is also a great way to promote your campaign. Simple contests can be held over Twitter, too. You might ask a simple question, ask people to tweet the answer at you, and then choose a winner from the correct answers. You can also leverage crowdwisdom through Twitter by asking for suggestions about a product or soliciting feedback.

#### YouTube

Videos are very effective for attracting people to your project and keeping them engaged. They're especially essential for crowdfunding projects. Don't tell people what something does or how you want something done; show them!

Make your video count. Ensure that it is of good quality with good graphics and well-spoken people. This is going to be your statement to the crowd, so make sure you're sending the right message.

#### LinkedIn

LinkedIn contains a number of tools to help you find macroworkers and post macrotasks. This platform can be especially useful if you require specialized skills. Its system of connections can also help you find the right person for a particular job.

## Engaging the Crowd

### It's All About the Crowd

Crowdsourcing simply doesn't work without the crowd. Whether you're trying to recruit macrotaskers to translate lengthy documents, crowdfunders to support your latest business idea, or large families to participate in a video contest, you need to know how to get people interested and keep them motivated. It's not as hard as it sounds! Just remember the five C's.

#### Be Clear

Tell people what you're looking for in simple, concise terms. Include the five w's (who, what, when, where, and why) and the how in all of your messages.

#### Be Candid

Always be yourself and be genuine. The Internet is a very small place and people will see right through you. For example, if you're trying to raise money for an animal welfare organization, but your personal Facebook page has links to dogfighting groups, you won't gain anyone's support.

#### Communicate

Maintain focus on your message. Tell people who you are, where you're going, and what results they can expect. Remember that communication is a two-way street, too: listen to what your crowd is (and isn't) saying. You should also reply to people, share stories, and work on building relationships.

#### Connect

Know where your crowd is and how to connect with them. If you're looking for teenagers to participate in an image contest, LinkedIn probably isn't the best choice, but Instagram or Vine might be a hit. Frequent updates are important for helping people feel connected to you.

#### Compensate

Give your audience something in return for their support, whether it's gratitude, in-kind rewards, prizes, or monetary payment. Always give people what you have promised when you have promised it.

