

Lost In The Crowd

Carolyn Hsu, 2006

Published in SoD 06, New York: k629 Press, 2007.

According to Monster's online salary counter, the average graphic designer in an urban setting such as New York City, earns an annual salary of approximately \$40,000 (www.monster.com). Before taxes, that comes out to about \$3,334 per month or \$834 per week. In an online crowdsourcing community like Threadless (www.threadless.com), a company that has created something to the effect of their very own public community of freelance designers and artists, a designer has the ability to earn a minimum of \$1500 per week. Compared to the average graphic designer, the payoff is considerable, but to the average hobbyist also included in the mix, it is a generous amount of cold hard cash.

Crowdsourcing: A Definition

A term dubbed recently by Jeff Howe of *Wired*, crowdsourcing refers to obtaining feedback or ideas from the masses and actually employing the feedback and/or ideas for commerce (Howe, "Rise"). "Companies have been outsourcing to India and China for years. Now they are taking it to another level by using social networks...a multitude of virtual communities to solve their most gnarly business problems (Hempel)."

Building Crowdsourcing into a Business Model

An example of a business implementing crowdsourcing is the aforementioned Threadless, a T-shirt company whose community of members, coming from anywhere in the world, act as their designers, their art directors, their product developers, as well as their largest customers. Further examples range from stock photography collected from the masses for sale at iStockphoto (www.iStockphoto.com), to the solving of scientific research problems at Innocentive (www.innocentive.com).



How Threadless builds their design bank: Themed contests in conjunction with upcoming film releases.
Image Credit: skinnyCorp



Naked and Angry: Consumers design, share, and purchase numbered products and may even select the number they wish to purchase.
Image Credit: skinnyCorp

Taking a closer look at the design of the Threadless business model, one can see that crowdsourcing provides for reliable sales. Threadless is headed by three twentysomethings who have created a community of "designers" out of over 300,000 actively participating online members. This following includes non-designers, amateur designers, and professional designers alike. The structure of the business is as follows: members sign up for an account that allows them to submit T-shirt designs as well as score other members' submissions; each week Threadless chooses seven designs from the highest rated submissions and awards the winning members with \$1500 cash, \$500 worth of Threadless credit, and a limited edition run of the T-shirt design which will be printed and sold at a price of \$15-\$25 depending on T-shirt quality. Threadless averages about 150 submissions everyday, which are joined with an infinite amount of member feedback (Pillar, "Threadless"). With this business model, Threadless guarantees sales through a system similar to mass customization—it is, simply put, taking in a certain amount of orders before actually paying the costs of assembly. In 2005, Threadless grossed \$6.2 million in sales, its fourth year of quadrupling its earnings, and is set to gross about \$20 million in revenue for 2006 (McConnell and Huba). Today, with a staff of 20, it ships close to 1,500 shirts per day, and over 60,000 per month when the holidays draw near (Johnson). With the success of Threadless, the company has branched off into other crowdsourcing companies such as Naked and Angry (www.nakedandangry.com) which manufactures a product at random using winning themed submissions—previous products have included limited edition, numbered neckties priced at \$90-\$125, as well as high-end wallpaper.

Crowdsourcing also plays a part in the increase of annual design contests posted in cyberspace, which many large-scale businesses such as Nokia and Peugeot have been exploring in the past decade. Such online design contests, such as Muji's International Design Competition (http://www.muji.net/award/eng_essentials.html), or Ikea's Fiffigafolket (<http://www.fiffigafolket.se/>) contest, are considered crowdsourcing because they tap into the global community. It differs from typical design contests in the way that these consumer-produced items are actually put into production and will be made available to the market (trendwatching.com). Such design contests conjure up enthusiasm in designers and appear to be reaching out to designers across the world to display the global community of designers and their next big ideas. However, since these types of design contests place amateurs and designers at the same level, and are not necessarily directed specifically at designers, the motives of Ikea and other like companies, are a bit ambiguous. Mirroring the Threadless business model, which is disguised by a design contest as well, Ikea may have simply been in search of fresh new ideas. In addition, Ikea is rewarded with the ability to promote the new products as created "by the people, for the people."

Employing the Masses

So how does it feel to own a company overseeing millions of "employees?" In a recent article, Jake Nickell, co-founder of Threadless, feels slightly threatened, "our community could destroy us if they wanted to (McConnell and Huba)." Once, Nickell had made the mistake of deleting a large part of the Threadless community's content, "Jake feared the worst: a community so angry that it would harm the company (McConnell and Huba)." No angry mobs took stabs at the company. In fact, "based on the company's elaborate efforts to encourage the community's participation and ownership in decision-making (McConnell and Huba)," community members treated Threadless as their own and wholeheartedly aided in the recovering of the data by submitting scripts to help. Together the Threadless community was rebuilt. Nickell was safe, however he feels that, "if [Threadless] made major decisions without the community's input, it could backfire in unpleasantly powerful ways (McConnell and Huba)."

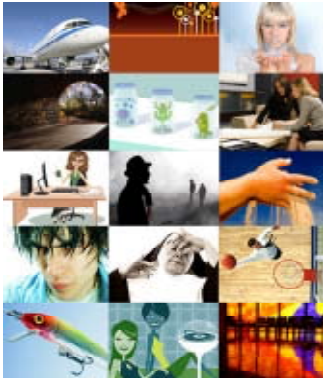
This same article also pulls up an interesting example from Facebook. Although Facebook is not a crowdsourcing company, it does serve as an example of an online community. "The social networking site is facing nothing short of a community revolt for introducing new features that made keeping track of friends much easier. Angry members flooded the company with several hundred thousand protest e-mails. That's not an unhappy few, even among 9 million members (McConnell and Huba)." The problem was not the community's dislike of the new features, but rather, the problem was the community's disapproval of not having any control over the new features or control over the actual approval of the features. "Based on the flood of e-mail, protest petitions and bad press (which makes advertisers skittish), Facebook is paying the price for hubris (McConnell and Huba)." Mark Zuckerberg, founder of Facebook, posted a public apology to the community, which was analyzed as "an awesome demonstration of organizational power. The community claimed ownership of Facebook. It was a Holy Grail moment (McConnell and Huba)."

The Professional as Button Pusher

The role of the consumer has drastically changed with the advent of crowdsourcing companies. The past relationship between businesses and consumers is still similar to today: give consumers what they want. However, today, we see a shift between the management of what actually gets produced. With crowdsourcing, consumers are the creators as well as the decision makers of what gets manufactured; crowdsourcing companies of today are asking consumers to tell them what they want and they will merely serve to build it. Take Japanese company Muji for example, "Through its community site, Muji.net, the company solicits novel and radical product ideas from a member base of roughly half a million people. Muji then asks members to pre-evaluate the designs. The short list of highest-ranked ideas is given to professional designers, who develop the production-grade specifications (Boutin)." One way to look at this would be to see Muji as conducting a preliminary survey on their products, much like what is currently being done with the

use of marketing firms today. However, the key thing to note here is that even though Muji's design team creates the initial designs, they are not collecting surveys with specific questions and answers, they are collecting suggestions which can be turned into design solutions. Because of this, Muji can also be seen as using crowdsourcing to display an initial design that actually serves to prompt a larger design problem, and then uses its online members to find solutions to their design problems with members' needs and wants.

The Amateur Turned Professional



iStockphoto is not limited to photography submissions, it includes graphic artwork and illustrations. Image Credit: iStockphoto

Chicago Designer Patric King states, “on the Web a 16-year-old wannabe designer from Tokyo is on equal footing with a disenchanted ad-agency artist from New York City. Either one has an equal chance to win. Either one gets the \$2,000 Threadless is currently paying its winners, \$1,500 of it in cash (a fair price for freelance work, especially for the younger designers who gravitate to Threadless) (Johnson).” One thing driving amateurs and professionals alike in submitting ideas for such sites, is also connected to the recognition that comes along with getting chosen. Take iStockphoto for instance, at an average of \$0.20 per image sold, the rewards are nominal, so why submit? Amateurs being placed at the same level of professionals is a big driving factor. Photography enthusiasts get to be part of a group of stock “photographers,” and why not collect the \$0.20? With its wide audience, it adds up—but the bottom line is, it’s more than nothing.

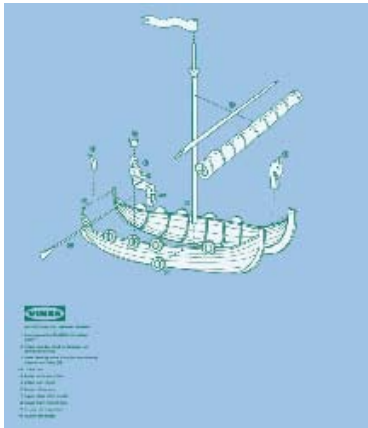
What effect does this reliance on amateur submissions have on professionals? From about 100 stock photographs alone, professional stock photographer Mark Harmel earned about \$69,000 in the year 2000. In 2005, Harmel was only able to bring in \$59,000 from a collection of close to 1,000 images (Howe, “Crowd out”). Harmel discovered iStockphoto by having familiar clients turn down his work for \$1 images from the site. Lee Foster, a professional writer and photographer for Lonely Planet, had similar experiences. Foster states, “I wrote to the publisher last month and congratulated him on another successful year for the National Parks books...I added the gratuitous comment that I hoped his advertising revenue from the books was increasing so he could perhaps increase his rate of pay to me (Jerney).” “Deeply offended, the publisher shot back an e-mail to Foster asking if he was kidding. The publisher added that instead of rising, the rates would almost certainly be going down (Jerney).” “The editor added, ‘Maybe next year I’ll get all of my photos at 3 dollars per photo from iStockphoto (Jerney),’” said Foster.

The Potential Decline of Professional Design

Crowdsourcing allows for “a level-playing field on which amateurs and professionals compete on the basis of their merits, not pedigrees (Howe, “Rent”),” but how are consumers reacting? Companies often report that consumers are reacting quite well to the work produced by crowdsourcing communities. Clint Witchalls, writer for London’s newspaper The Independent, went to Rent-a-Coder (www.rentacoder.com), a site he used to find someone to create a web site for him—the web site would cost him \$60. Witchalls then went to a design firm to obtain a quote for a web site similar to the one Rent-a-Coder had to offer. The design firm quoted the project to be anywhere between \$2,000 to \$10,000 and added a comment on the design proposed by Rent-a-Coder, stating that “The simplicity of the site’s design and functionality suggests that it was delivered on a very small budget (Howe, “Rent”).” In the end, “Witchalls spent about \$150 for the development and hosting of his site, which is a little less than 2 percent of the larger figure quoted by the London firm. His site won’t win any Webbies, he concedes, but it suits his purposes just fine (Howe, “Rent”).” Today’s consumers are reportedly more knowledgeable than they were in the past and are now experienced enough to know what they want and need in a product; they now realize that “they don’t need, or want to pay for premium brands and unnecessary features (Anderson).”



Dark Side of the Garden, a winning Threadless submission by Glenn Jones.



Vikings are Just Swedish Pirates, a winning Threadless submission by Oliver Moss.

Another sentiment on the rise is that “the amateur often outperforms the professional (Howe, “Unadulterated”).” By taking a look at designer interviews and profiles on Threadless as suggested by Jeff Howe of *Wired*, one can begin to see that the amount of professional designers and artists that win contests, are equal to, if not less than the amount of hobbyists, and amateur designers and artists that win contests. At first sight this may appear to be due to less submissions coming from professional designers in general; however, this can be disputed by noting the substantial amount of submissions by members listed as professional graphic designers.

Are companies like Threadless aiming at promoting the amateur designer? Threadless makes it a point to ask the question of whether professional schooling has been completed and whether or not they think it’s important to their design career. Some answers have included, “There’s definitely a lot to be gained from formal design education but I guess there will always be mixed opinions from an employer’s point of view whether someone who has studied design is better than someone who hasn’t,” says Glenn Jones, an 11 time winner from New Zealand, and “I never really took any serious art classes because I always preferred design as a hobby,” states Oliver Moss, a 7 time winner from England. Do such interviews contribute to the concept of anyone being able to design or create art? If so, how does this affect the world of professional design and its integrity? If Threadless and other companies are promoting the growth of the amateur through crowdsourcing, it could cause a major change in the common knowledge of design and what it means to society.

In addition to the “rise of the amateur,” as Howe refers to the current situation, the idea of self-service is becoming more and more prominent in consumer culture. “Control is power, and the person who wants the work done is the one most motivated in seeing that it’s done properly (Anderson, “Scaling”).”

Changes in Business Infrastructure

Things have been rapidly changing in the commercial world. With the increase in internet use, businesses are now seen heading towards “scaling down” their scope of customers (Anderson, “Scaling”). Instigator of “the long tail” theory, Chris Anderson makes the claim that, “In traditional business, small customers are all too often a barely-tolerated distraction on the road to getting big customers. They can cost as much to serve as their richer counterparts but generate less revenue. But digital businesses can be efficient enough to serve people who generate no revenue at all. Even if only a tiny fraction of them convert into paying customers, a small percentage of a very large number can still be a big number (Anderson, “Scaling”).” He sees small niche markets as a source of “untapped potential (Anderson, “Scaling”).” To feed this mentality, crowdsourcing enters the scene to create a large pool where consumers can express their personal ideas to companies seeking this “untapped potential.” This also allows consumers to have more say in what they want, and serves as an ideal marketing tool for businesses as they explicitly advertise the importance of the consumer, or the general public, in a time when the general public desires to be in the forefront. With consumers opinions readily available, businesses can now have a clearer picture of what people want. One thing to keep in mind, is that these businesses that tap into small scale markets, almost always have to remain small scale. Because their business structure relies on the opinions of a community of consumers, and are catered specifically towards the community they’ve created, it may be impossible for a company like this to become large scale. Going back to Threadless, an article from the *Chicago Tribune* questions “how much growth a community can endure before it stops feeling like a community...already, some longtime site users grumble that as the group has grown, the designs have moved away from their artsy roots and become too cutesy, too clever or too pop (Johnson).”

Please Submit Your Questions and Comments Here

Where does this leave professional designers and artists who are now competing with non-professionals? How are businesses dealing with this change in business models? As noted before by Anderson, “control is power;” is giving more control to the consumer taking away control from businesses, or giving businesses even more control? Does all this affect company needs for branding and marketing, of which professional designers play a large role in? The answers to these questions are probably easier to find if posed in a global community, however the answers really lie in the future and how far we take this newfound application of cyberspace.

And the Winners Are...

There are many directions the idea of crowdsourcing can lead the world in. In a business sense, it seems to be helping smaller companies emerge, meeting consumers needs more and more as consumers congregate towards the personal and the individual. However, as more companies keep their ears open for the voice of the consumer, this could possibly decrease the attention towards professionals. Professional designers are in a sense, the middleman: company has something to communicate to the general public, designer helps communicate it to the masses. Now that the general public is directly speaking with the company, the need for designers could decrease.

On the other hand, crowdsourcing also has the potential to backfire. In a previous example, it showed that companies that take on “the crowd,” are in the mercy of their consumers. When consumers have a reason to go against a company, the company’s popularity may seemingly drop overnight, but the effects may be repairable. Similarly, companies that take on communities of members, will also be prone to this type of failure. However, with the speed at which information travels through online communities, one wrong move could do serious damage, and not seemingly overnight, but literally. These online community members are similar to a tight-knit neighborhood where everyone knows everyone else; they rely on each other for feedback and questions. This differs from company branding and identity in the real world, because users of a certain product around the world, are not bound to each other in the same sense that members of an online community are. With this in mind, companies may want to search for a middle ground. Although companies may think they are employing thousands or millions for a price close to nothing, they should take into consideration that with the way a “community” works, especially one specifically geared towards the exchange of information, they are actually just employing one.

Keywords

Crowdsourcing, Mass Customization, Self-Service, Customization, Online Community, Global Community, Outsourcing, Open Source, Cyberspace, Consumerism, Mass Confusion, Collaborative Customer Co-Design, Co-Design, Co-Creation.

Crowdsourcing Examples

Creative Commons. <<http://creativecommons.org/>>.
Fiffigafolket Contest. 2005. Ikea. 2006 <<http://www.fiffigafolket.se/>>.
Innocentive. <<http://innocentive.com/>>.
iStockphoto. 2006. Stock International Inc. <<http://istockphoto.com/index.php>>.
Muji International Design Competition. 2005. Muji. 2006. <<http://www.muji.net/award/>>.
Nokia Concept Lounge. 2005. Nokia. 2006. <<http://www.designawards.nl/>>.
Peugeot Concours Design Contest. Peugeot. 2006. <<http://www.peugeot-concours-design.com/>>.
Threadless. 2002. skinnyCorp. 23 October 2006. <<http://threadless.com/>>.

References

- Anderson, Chris. *The Long Tail: Why the Future of Business Is Selling Less of More*. New York: Hyperion, 2006.
- Anderson, Chris. "Scaling up is good. Scaling *down* is even better." *The Long Tail Web site*. 14 June 2006. <http://www.thelongtail.com/the_long_tail/2006/06/forget_scaling_.html>.
- Boutin, Paul. "Crowdsourcing: Consumers as Creators." The Ripple Effect. *BusinessWeek Online*. 13 July 2006. <http://www.businessweek.com/innovate/content/jul2006/id20060713_755844.htm>.
- Callahan, Renee Hopkins. "What does 'crowdsourcing' mean for business innovation?" Idea Flow. *Corante*. 5 June 2006. <http://ideaflow.corante.com/archives/2006/06/05/what_does_crowdsourcing_mean_for_business_innovation.php>.
- Hempel, Jesse. "Crowdsourcing: Milk the masses for inspiration." Inside Innovation. *BusinessWeek Online*. 25 September 2006. <http://www.businessweek.com/magazine/content/06_39/b4002422.htm>.
- Howe, Jeff. "Pure, Unadulterated (and Scalable) Crowdsourcing." *Crowdsourcing: Tracking the Rise of the Amateur*. 15 June 2006. <<http://crowdsourcing.com/>>.
- Howe, Jeff. "Rent A Coder." *Crowdsourcing: Tracking the Rise of the Amateur*. 24 May 2006. <<http://crowdsourcing.com/>>
- Howe, Jeff. "The Rise of Crowdsourcing." *Wired*. 14.06 (June 2006). <<http://www.wired.com/wired/archive/14.06/crowds.html>>.
- Jerney, John. "Crowdsourcing starting to crowd out professionals." Culture. *Daily Yomiuri Online*. 17 October 2006. <<http://www.yomiuri.co.jp/dy/features/culture/20061017TDY18001.htm>>.
- Johnson, Steve. "Printing Money." Technology. *Chicago Tribune*. 10 September 2006. <<http://www.chicagotribune.com/technology/chi-0609100319sep10,1,7956070.story?ctrack=1&cset=true>>.
- McConnell, Ben and Jackie Huba. "The Facebook Lesson." Church of the Customer. *Bnet*. 7 September 2006. <<http://blogs.bnet.com/church/?p=550>>.

Pillar, Frank. "Crowdsourcing is the new outsourcing: WIRED on value co-creation." *Mass Customization and Open Innovation News*. 29 May 2006. <http://mass-customization.blogs.com/mass_customization_open_i/2006/05/crowdsourcing_i.html>.

Pillar, Frank. "Threadless.com: When mass customization meets user innovation meets online communities." *Mass Customization and Open Innovation News*. 30 January 2006. <http://mass-customization.blogs.com/mass_customization_open_i/2006/01/threadlesscom_w.html>.

Pillar, Frank et al. "Overcoming Mass Confusion: Collaborative Customer Co-Design in Online Communities." *Journal of Computer-Mediated Communication*. 10.4 (2005). <<http://jcmc.indiana.edu/vol10/issue4/pillar.html>>.

Trendwatching. "Customer-Made." Trend Database. 2002. *Trendwatching*. 2006. <<http://www.trendwatching.com/trends/customer-made.htm>>.