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**THE USE OF CROWDSOURCING IN MARKETING**

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## **AUTHORSHIP STATEMENT**

The undersigned Neja Bizjak, a student at the University of Ljubljana, Faculty of Economics, (hereafter: FELU), declare that I am the author of the master's thesis entitled The use of Crowdsourcing in Marketing, written under supervision of prof. dr. Vesna Žabkar.

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## INTRODUCTION

In times of economic crisis economies are becoming even more competitive, thus new, innovative practices are very important for the success of a company. Crowdsourcing, as the name indicates, gives us an advantage through the use of crowd knowledge and skills, which are used as a basic business resource (Howe, 2006a, p. 2). This new business model is widely used abroad. However, as different legal frameworks and people's characteristic exist, its potential among countries differs (Felstiner, 2011, p. 56, 57; Root, 2012). This model is not only good for businesses but it might be also an inexpensive way of promoting entrepreneurial practices, which can partially contribute to the growing unemployment problem. It allows initiatives to raise earnings and helps with job creation (Schenk & Guittard, 2009, p. 23; Thies, Ratan & Davis, 2011, p. 1, 3).

Certainly it is a model, which has adapted to markets' needs and to new working environments. In the past decade the working environment has changed dramatically. It has gone from bridge and mortar to a virtual, online space. Many businesses only have its place on the Web and the number of Internet users has risen intensely. Almost one third of the World has Internet connection (Internet World Stats, 2014). Furthermore, not only has technology improved but also people have changed their perceptions and have become active users and participants of social networks (Patterson, 2012, p. 527). The online world creates its own culture, which is already highly developed and as such creates a close connection between the offline and online world. Nevertheless, networked age and social changes shape our day-to-day life and create the basis for new business practices.

Crowdsourcing can be used for many different purposes. As stated by initiator Jeff Howe (2008, p. ix) "Crowdsourcing's limits are determined by people's passion and imagination, which is to say, there aren't any limits at all." Furthermore, the power of the crowd is in many cases overlooked as observed by Luis Von Ahn, who tested prototypes of Duolingo on the Amazon Mechanical Turk and predicts that one million people can translate all the English language pages of Wikipedia into Spanish in just 80 hours (Savage, 2012, p. 13).

Nevertheless, it is customers' wish to become important co-creators and active participants in the product and brand building. Crowdsourcing enables all this with the level of contribution that each individual desires and in many different fields. At the same time, crowdsourcing is very valuable for companies as well. As such, it is also shown as a good practice for marketing uses, which has risen sharply in its creativity and competitiveness (Premnath & Nateson, 2012, p. 27).

This master thesis, will examine crowdsourcing as a business model for increasing competitiveness and bringing better solutions to marketing orientated activities. The research is based on exploring what is needed for successful crowdsourcing practices.

**The purpose** of the master thesis is to present insights into crowdsourcing practices for marketing purposes, because in today's economic instability when companies are exposed to numerous challenges crowdsourcing presents a different, innovative business strategy and option to be successful with little resources. Crowdsourcing provides knowledge, skills, and ideas which are otherwise expensive and/or time consuming. Furthermore, it is also great option for additional earnings for the general public (i.e. crowd), which is again one of the most sensitive problems lately. In addition, crowdsourcing goes hand in hand with new trends in consumer behaviour.

**The goal** is to present crowdsourcing as a business model, which can be used in the field of marketing. Additionally, the intent is to raise awareness and show the positive effects crowdsourcing might bring to Slovenian managers and citizens. The goal of the qualitative empirical study is to illustrate an existing successful practice in Slovenia through the Mercator Koraki crowdsourcing campaign and present their main challenges through the analysis. The goal of the quantitative empirical research is to identify which factors are crucial for crowdsourcing to be successfully realized. Since crowdsourcing is not broadly used and it is not a widely known practice in Slovenia the empirical study will focus on this particular area.

**Methodology.** Research will take place on cyberspace since it presents an appealing medium for social and marketing research (Hookway, 2012, p. 92). The research question is as follows: **Which factors influence the success of crowdsourcing when it is used for marketing purposes?** The research question will be analysed through different research methods – **qualitative** (netnography with members' interviews; in-depth interviews with creators of crowdsourcing contest in Slovenia) **and quantitative techniques** (survey) will be used. The work methods comply with triangulation criteria (Denzin, 1978).

The master thesis is separated into the theoretical and empirical part. It starts with a basic definition of crowdsourcing and its variations, the development of the specific environment, which make this business practice so perspective, and the explanation of the new business model itself. Within the subchapter of the crowdsourcing model, crowdsourcing process, crowdsourcing platforms and the crowd, which are some of the most important elements of new business practice, are explained. Later analysis goes deeper into crowdsourcing, focusing separately on efficiency of crowdsourcing, different uses, motivation and crowdsourcing industry.

The second chapter focuses on crowdsourcing practices in marketing and starts with its uses in the marketing field. The chapter continues with an explanation of three basic premises for crowdsourcing in marketing: collective consumer creativity, user generated content and consumer generated advertising. Additionally, the crowdsourcing approach is presented from the marketing field perspective and the motivation for crowdsourcing in marketing is analysed. The second chapter finishes with an analysis of the changed nature of marketing agencies.

The empirical element follows, which starts with a description of the methodology, research model and hypothesis. Further, it separately focuses on qualitative and quantitative research methods. In both parts the results of empirical tests are presented and described. The empirical part concludes with discussion and recommendations, following by research limitations and research propositions. In the last section concluding remarks are captured.

# 1 CROWDSOURCING

## 1.1 Crowdsourcing Definition

Crowdsourcing has many variations of the general definition. Looking specifically at the word itself, “crowd” refers to a mass of people who participate in the initiatives and “sourcing” “meaning finding, evaluating and engaging suppliers of goods or services” (Estellés-Arolas & González-Landrón-de-Guevara, 2012, p. 189; Schenk & Guittard, 2009, p. 4). The idea of crowdsourcing originates from many years ago, however it was only established as a successful business practice a few years ago (Premnath & Nateson, 2012, p. 27).

Jeff Howe (2008c, p. 1) the initiator, of the new business practice gives the most widely used definition: “Crowdsourcing is the act of taking a task traditionally performed by a designated agent (such as employee or contractor) and outsourcing it by making an open call to an undefined, generally large group of people”. Crowdsourcing was first termed in June 2006 in Wired magazine and since its importance and use has increased (Howe, 2008a, p. 6). On its own crowdsourcing is a simple concept, working on egalitarian principle: “Every individual possesses some knowledge or talent that some other individual will find valuable” (Howe, 2008a, p. 134).

Howe (2008c, p. 8) sees crowdsourcing as an umbrella of approaches for four different possibilities of contribution from the crowd which has proved even more successful when used in combination – knowledge; selection of best choices, voting; collecting information what crowd needs and wants and finally, collective financial resources. Since crowdsourcing is an umbrella approach the numerous definitions are used based on different aspects of the crowdsourcing concept – as types of communities, potential tasks, process itself, stakeholders (Geiger, Schulze, Schaader, Seedorf & Nickerson, 2011, p. 2).

Howe (2008a), Brabham (2008), Kleeman et al. (2008), Grier (2011), Vukovic (2009) and Whitla (2009) use multiple definitions of the term. With a deficiency of uniform definitions Estellés-Arolas and González-Landrón-de-Guevara (2012, p. 191) extract three common elements of forty original definitions of crowdsourcing: **identification of crowd** (who forms it, what it has to do, what it gets in return), **initiator** (who it is, what it gets in return from the work of the crowd) and **process** (the type of the process, the type of call used, the medium used). The integrated crowdsourcing definition that Estellés-Arolas and González-Landrón-de-Guevara (2012, p. 197) defined is as follows “Crowdsourcing is a type of participative online activity in which an individual, an institution, a non-profit organization, or company proposes

to a group of individuals of varying knowledge, heterogeneity, and number, via a flexible open call, the voluntary undertaking of a task. The undertaking of the task, of variable complexity and modularity, and in which the crowd should participate bringing their work, money, knowledge and/or experience, always entails mutual benefit. The user will receive the satisfaction of a given type of need, be it economic, social recognition, self-esteem, or the development of individual skills, while the crowdsourcer will obtain and utilize to their advantage what the user has brought to the venture, whose form will depend on the type of activity undertaken”.

The five most important characteristic of crowdsourcing are: **online space**, which is a crucial pre-requirement for crowdsourcing due to speed, reach and anonymity, which it allows. The second characteristic is **distributed crowd**, in terms of different geographical locations, different thinking processes, and different approaches to problem solving. Diversity makes “crowd wisdom” or “collective intelligence” function. Another characteristic of crowdsourcing is to have some kind of **problem solving and production model** from different areas and fields of industry. So that such problems are successfully solved **collective intelligence**, which outperforms an individual, from the crowd that participates in crowdsourcing is needed. Finally, crowdsourcing tasks are determined by **specific management goals**, which could be described as “a mix of bottom-up, open creative process and top-down, hierarchical management” (Brabham, 2011).

Furthermore, crowdsourcing is sometimes understood under names as peer production, user-powered systems, user-generated content, collaborative systems, community systems, social systems, social search, social media, collective intelligence, wkinomics, crowd wisdom, smart mobs, mass collaboration and human computation (Doan, Ramakrishnan & Halevy, 2011, p. 86). In this master thesis the term crowdsourcing will be used.

## 1.2 The Development of the Crowdsourcing Environment

Many authors connect the development of crowdsourcing with India and its outsourcing activities (Premnath & Nateson, 2012, p. 27). The so-called “Indian Miracle”, which totally changed business practice created an industry worth 100 billion USD and several thousand new working positions (Esposti, 2012, p. 1). Just like outsourcing, crowdsourcing is a project based approach (Esposti, 2012, p. 7). As such, crowdsourcing dates far back in history, however it was not known under the term “crowdsourcing”, as that was formulated later, with broader use of the Internet (Afuah & Tucci, 2012, p. 355). The Internet era started with hypertext transfer protocol (hereinafter: HTTP) and Netscape, the first commercial browser that was also used by the broader crowd to interact on the Web. At the end of 1990s with the Internet bubble Web became a new channel for consumers interactions and e-business. Through the open source recognition of individual authorship, occurrence of search engines, first appearance of egalitarian communities and finally Web 2.0, which allows rich user content and communication. This brings us to the basis for crowdsourcing. As seen through history the collaboration and communication aspect developed to a level where Internet is so

closely connected with our daily lives (Albors, Ramos & Hervas, 2008, p. 195–200). Thus we could say, “crowdsourcing emerged organically” with coordination and co-creation of the crowd, which is willing to work together in different fields they feel passionate about (Howe, 2008a, p. 13, 14). Technological advantages allow the shift from outsourcing to crowdsourcing, by broader access to network and to cheaper technology, which was before only in possession of professionals (Howe, 2006a, p. 2). The Web allows companies to express their needs to the public and public have the option to respond (Schenk & Guittard, 2009, p. 8). It was remarkable success that companies such as Procter & Gamble, DuPont and Boeing made use of such practices by mid 2000s (Howe, 2006a, p. 3).

However, it is important to understand that technology by itself does not create a transformation in society but rather the way people use it, and in such a way add value (Christodoulides, Jevons & Blackshaw, 2011, p. 102). Due to technological and cultural changes we could say that we are living in a time of “clicks and hits community” which are a premise for success within crowdsourcing (Premnath & Nateson, 2012, p. 28). In Appendix A different contractual types which may be used in addition to crowdsourcing are presented.

Howe (2008a, p. 17, 18) defines four criteria, which are fundamental for the development of crowdsourcing:

### **1. A Renaissance of Amateurism**

Participants in crowdsourcing have very diverse skills and professional backgrounds. Mainly they are enthusiastic amateurs, very knowledgeable, open for ideas and innovations, which bring their work very close to professional (Howe, 2008a, p. 27–33). This phenomenon insists on the presence of non-expert, on amateurs, who are producing or problem-solving for companies (Brabham, 2008, p. 76).

### **2. The Emergence of the Open Source Software Movement**

An open source enables the option for a broader number of people to contribute and consequently to a quicker and better development of online space, which is the base of crowdsourcing (Howe, 2008a, p. 54).

### **3. The Increasing Availability of the Tools of Production**

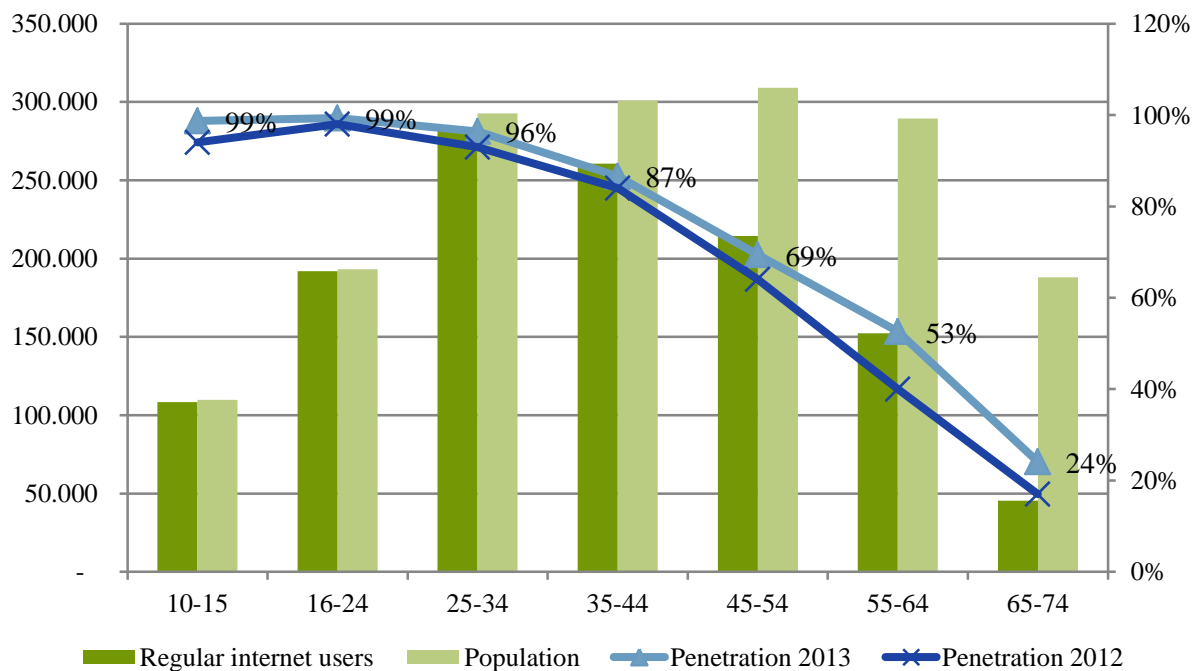
Such tools make the creation and distribution of content on a user-friendly basis faster, cheaper, smarter and easier. With these creative tools user-generated content (hereinafter: UGC) emerged and became widespread (Howe, 2008a, p. 71, 75). From Howe’s (2008a, p. 75) point of view “it’s a straightforward business strategy: give people the tools to make stuff, host it on your website, and capture a slice of the growing market for online advertising”. Additional factors that contribute to the success of crowdsourcing practices are affordable prices of high quality technical equipment and the possibility for fast and free distribution. Knowledge itself is also easily available (Howe, 2008a, p. 78, 82).

#### 4. The Rise of Vibrant Online Communities Organised According to Peoples' Interest

Such online communities “organize people into economically productive units”, which together with three changes mentioned above, change the traditional business practice. Traditional corporate structure is changing and the nature of the companies is changing as well. We could say, community is taking corporation's place. People participate in communities for their own benefits, which at the end shows to be jointly useful for innovations as well. Since they are built within the online community the transaction cost of innovations remain low. Furthermore, community works as a self-sufficient mechanism with the best possible outcome (Howe, 2008a, p. 99–114).

In Slovenia we can observe a growing trend of Internet users and users of social networks. In 2013 there were 1.255.363 Internet users in Slovenia between the ages of 10 and 74 and 780.000 Facebook users (Facebook Audience Statistic, 2014; Statistical Office of the Republic of Slovenia, 2014). This fact provides even more potential for crowdsourcing practices in Slovenia. Figure 1 shows the current Internet penetration for Slovenia by age group and compares the 2012 and 2013 usage.

*Figure 1: Slovenian Internet Penetration by Age Groups, 2012 versus 2013*



*Note.* \* Regular Internet users - users who have used the Internet in the last 3 months

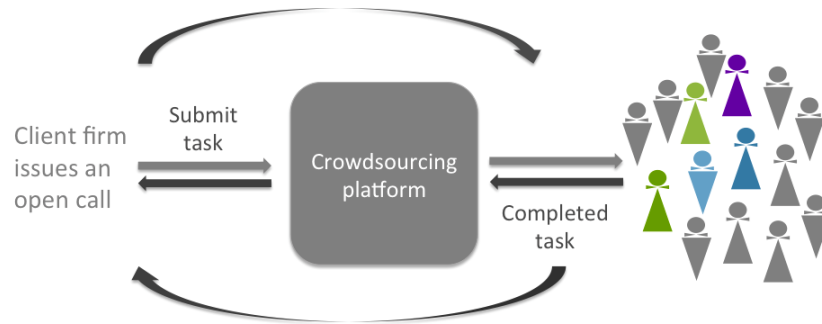
*Source:* Statistical Office of the Republic of Slovenia, *Uporaba informacijsko-komunikacijske tehnologije*, 2014.

Furthermore, the first improvements regarding legislation were made in America with the Jumpstart Our Business Startups Act (hereinafter: JOBS Act) for crowd financing enacted in April 2012, which legalised “peer-to-peer” lending (Shaking up crowdfunding, 2012, p. 40).

### 1.3 The Crowdsourcing Model

In comparison to the hierarchical model in companies, in crowdsourcing human resources allocate organically. That creates a community, which is best for solving specific tasks (Howe, 2008a, p. 217). Figure 2 below shows a standard crowdsourcing model.

Figure 2: Crowdsourcing Model



Source: based on D. Geiger, T. Schulze, M. Schaader, S. Seedorf & R.C. Nickerson, *Managing the Crowd: Towards a Taxonomy of Crowdsourcing Processes*, 2011, p. 2; M. Hirth, T. Hoffeld & P. Tran-Gia, *Analyzing costs and accuracy of validation mechanisms for crowdsourcing platforms*, 2012, p. 3; S. Marjanović, C. Fry & J. Chataway, *Crowdsourcing based business models: In search of evidence for innovation 2.0.*, 2012, p. 325; E. Schenk & C. Guittard, *Crowdsourcing: What can be Outsourced to the Crowd, and Why*, 2009, p. 6.

The company is looking to solve specific tasks through an open call. An open call is not intended for experts or a predefined group of people. It is intended for a broader crowd in which individuals could choose to contribute or not. Usually individuals create an input for the companies against some kind of reward, which varies greatly from task to task. The controlled environment of the process is ensured by the crowdsourcing platform, which acts as a mediator of a business (Geiger et al., 2011, p. 2; Hirth et al., 2012, p. 3; Marjanović et al., 2012, p. 325; Schenk & Guittard, 2009, p. 6). As a business model, crowdsourcing thus based its success on global pool of talent that is tapped very efficiently (Howe, 2008c, p.1). Important elements of the crowdsourcing model - crowdsourcing process, crowdsourcing platform and the crowd - will be described later in more detail.

In big companies such as Google and IBM internal “sourcing” has also emerged, which engages a crowd of employees for solving problems previously solved by experts (Stieger, Matzler, Chatterjee & Ladstaetter-Fussenegger, 2012, p. 45).

#### 1.3.1 The Crowdsourcing Process

To understand the crowdsourcing process four questions have to be answered (Doan et al., 2011, p. 88):

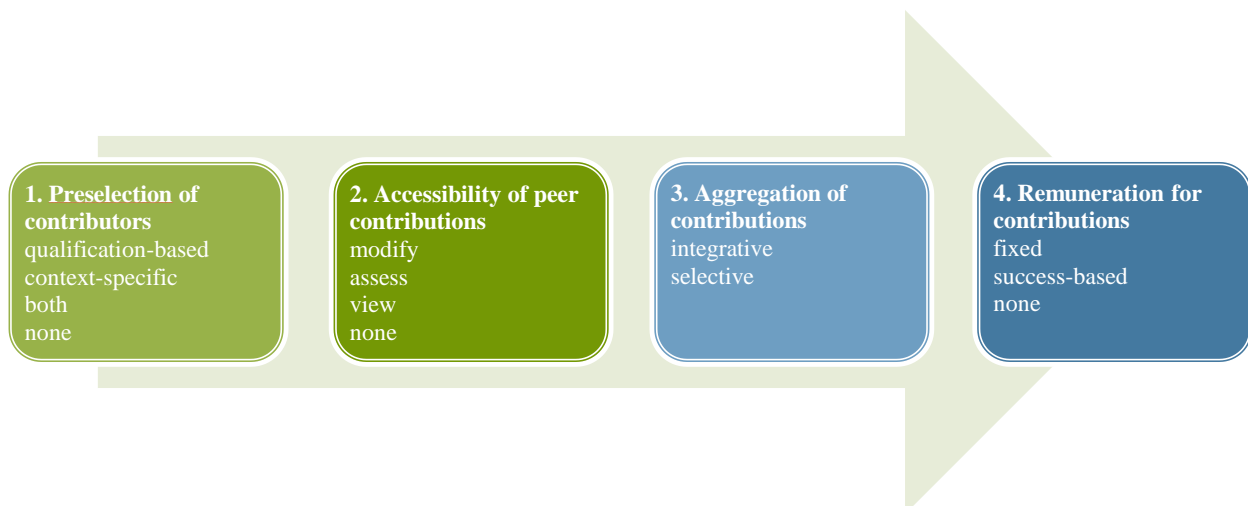
1. How to recruit and retain users?

2. What contribution can users make?
3. How to combine user contributions to solve the target problem?
4. How to evaluate users and their contribution?

The answers to those questions vary based on the problem that needs to be solved, which consequently constructs different types of crowdsourcing processes. At the same time the importance of crowdsourcing increases due to its high flexibility, which is crucial due to the unstable market conditions (Doan et al., 2011, p. 96).

By analysing the 46 most frequently cited crowdsourcing definitions Geiger et al. (2011, p. 5, 6) define four dimensions of crowdsourcing processes that differ among diverse crowdsourcing practices used by companies and organizations. The characteristics of crowdsourcing process are shown in Figure 3 below.

*Figure 3: Characteristics of Crowdsourcing Process*



*Source: D. Geiger, T. Schulze, M. Schaader, S. Seedorf & R.C. Nickerson, Managing the Crowd: Towards a Taxonomy of Crowdsourcing Processes, 2011, p. 6.*

In the first stage of the process contributors for the crowdsourcing task are selected on the basis of achieving the greatest possible diversity and scalability of participants. Based on the complexity of tasks qualification-based preselecting is carried out and in some cases a context-specific selection (e.g. not allowing the contribution of own employees or customers). In the second stage of the process, the dimension of “accessibility of peer contribution” comes to the fore, by enabling four levels of contribution by ascending ways of contribution: none, view (contribution of each is visible to others), assess (possibility of rating and commenting on others contributions), modify (allow to correct, update, improve others contributions) (Geiger et al., 2011, p. 6, 7). Additionally, Afuah and Tucci (2012, p. 355) divide this stage into “tournament-based crowdsourcing”, where individuals work on their own and the contrasting “collaboration-based crowdsourcing” where groups of people work together. When a project



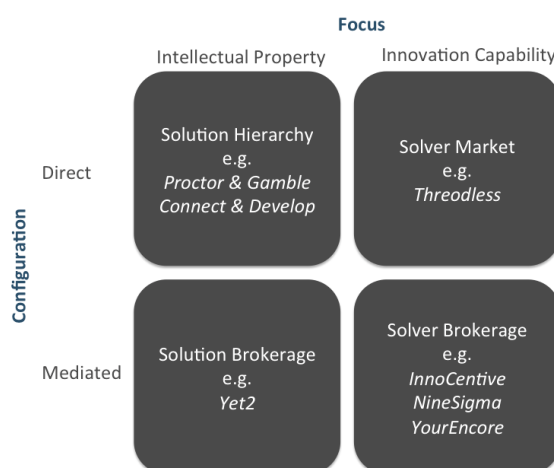
needs modular solutions both types of crowdsourcing can be used simultaneously (Afuah & Tucci, 2012, p. 371). The third process stage defines the way of selecting the best outcome for the company, where selective approach choose only one best alternative and oppositely integrative approach connect together multiple solutions into a greater whole. The final stage determines how the contributors will be compensated for their work. The described taxonomy applies 96 different possibilities of process characteristics however according to 46 analysed definitions only 19 process types were noticed (Geiger et al., 2011, p. 7, 8). Geiger et al. (2011, p. 8) call these characteristics process types.

### 1.3.2 The Crowdsourcing Platform

As mentioned, the crowdsourcing platform has a role of a business mediator. Its role is to present the problem to potential solvers, aggregate knowledge and reduce the participants' risk. It is a "value-added service provider that enable firms to leverage crowdsourcing techniques by providing access to an appropriate Virtual Innovation Community (hereinafter: VIC) i.e. to the group of people that can, individually or collectively, provide or generate the desired innovation solution". The main advantages of crowdsourcing platforms are that as a mediator it enables companies to gain knowledge advantages and innovative thinking from a broader spectrum of people. It also accelerates knowledge and information transfer with simultaneous simplification of crowdsourcing process (Feller, Finnegan, Hayes & O'Reilly, 2012, p. 218).

Companies could crowdsource their task through **specialized platforms** or **build and lead the challenge on their own** (Frey, Lüthje & Hagg, 2011, p. 400). Therefore not all crowdsourcing processes work on the basis of crowdsourcing platforms. In Figure 4 you can see other possibilities of direct and mediated crowdsourcing process.

Figure 4: Direct and Mediated Open Innovation Mechanisms



Source: J. Feller, P. Finnegan, J. Hayes & P. O'Reilly, *Institutionalising information asymmetry: governance structures for open innovation*, 2009, p. 305.

According to two dimensions, configuration (type of company structure) and focus (whether the structure enables the sale or purchase of existing intellectual property or of innovation capability), four possible structures that facilitate open innovation are presented. The Solution Hierarchy and Solution Brokerage derive from established relationships with partners and thus apply existing experiences. On the contrary Solver Market and Solver Brokerage focus on a pool of solution providers and are, according to the structure, examples of traditional crowdsourcing processes (Feller, Finnegan, Hayesm & O'Reilly, 2009, p. 306, 307).

### 1.3.3 *The Crowd*

For crowdsourcing success the crowd plays an important part. The crowd is becoming more and more effective and efficient due to lower costs of digital equipment, user-friendly software and affordable information on how to use a multitude of different technologies (Howe, 2008b, p. 3). Different crowdsourcing activities also need different types of crowd and thus it is very important how to choose the crowd and assign it appropriate tasks.

Many authors draw attention to the fact that the power and the value of the crowd should not be overstated (Muthukumaraswamy, 2010, p. 60). It is true that certain circumstances need to be met so that the crowd works intelligently. There are three main conditions under which the crowd works smartly (Howe, 2008a, p. 143; Stieger et al., 2012, p. 46, 47; Surowiecki, 2005, xviii):

1. **Diversity of the people** in terms of possessing different information, knowledge, thinking paths. To gain diversity the crowd should be big enough and simultaneously allow for individuality. By including a broader crowd crowdsourcing gains in participant diversity in terms of social statuses, age, disciplinary fields, interest and professions (Frey et al., 2011, p. 400).
2. **Correct summarization and aggregation of information** (suggestions, ideas) collected from the crowd.
3. **Independence (or decentralization)** of crowd members. Mentioned criteria can be fulfilled with the advance usage of Internet and crowdsourcing platforms' tools.

Furthermore, Erickson, Petrick and Trauth (2012, p. 5, 6) found that when an organisation is deciding on a type of the crowd additional crucial factors are: **crowd knowledge** (general or specific), **crowd value** (diversity of crowd, distributed knowledge) and **crowd location** (external or internal).

The crowd's joint success of work is known under the term **diversity trumps ability theorem**. The theorem was shown true in several academic studies and states that a randomly selected group of people outperforms experts in their field. This theorem is the basis of the collective intelligence concept, which is an important element of crowdsourcing (Howe, 2008c, p. 5). The reason why the market outperforms professionals in their areas is the simple fact that collectively people have and can access more information (Howe, 2008a, p. 166). Furthermore,

in scientific, complex cases, the crowd overlaps the efficiency of computers since it possesses intuition, superior visual processing, an understanding of the real world, ability to notice unusual things and ask questions which overcome specific tasks. However, in many cases in crowdsourcing, computer applications are used to a certain degree and are supplemented with human ideas (Savage, 2012, p. 13, 14).

Humans have different roles when participating in crowdsourcing activities. Doan et al. (2011, p. 89) define four: **slaves** – their activities are focused on minimizing the resources for someone who tasked them, **perspective providers** – their contribution is focused on added final value, **content providers** – contribute with self-generated content, **component providers** – they accompanied the crowdsourcing process and do not intensely engage in activities. Participants usually have more than one role in the crowdsourcing system (Doan et al., 2011, p. 89).

**Furthermore, the tragedy of commons** is an underlying dilemma with which crowdsourcing contributors are faced. It refers to work, which is done by the crowd (in forms of content, videos, photography, ideas etc.) to “provide common good without central authority” (Huberman, Romero & Wu, 2009, p. 2). A dilemma, which arises, due to digital commons is free riding. Huberman et al. (2009, p. 3) revealed that the tragedy of digital commons is partly resolved with the perception that uploaded content is a private good that is compensated by the fact that you have evidence of your work published online. That attention is a strong motivational factor is revealed by the fact that lack of attention leads to a decrease in productivity (less content produced) (Huberman et al., 2009, p. 5). Additionally, some authors argue that the crowd is not compensated enough for its intellectual contribution (Brabham, 2008, p. 83).

Looking from a different viewpoint, the crowd has an opportunity to be a creative, entrepreneurial and part of interesting challenges. The best crowdsourcing workers also inspire others to continue working (Brabham, 2008, p. 82, 83). Unfortunately, the crowd has still not reached the highest intellectual level due to poor access and connectivity in some parts of the world.

#### **1.4 Efficiency of Crowdsourcing - Advantages and Disadvantages**

Attitudes toward the usefulness and success of crowdsourcing are diverse (Could crowdsourcing be a useful way to generate advertising ideas, 2009, p. 26). Howe (2008a, p. 71) views crowdsourcing as faster, cheaper, smarter and easier and this view is also shared by many other authors (Hempel, 2006, p. 39; Premnath & Nateson, 2012, p. 27; Whitla, 2009, p. 25; William, 2009, p. 24; Winsor, 2010). Massolution (2013, p. 9), a research and advisory company in the field of crowdsourcing, lists the factors below as the main benefit of crowdsourcing with which Hempel (2006, p. 39), Hirth et al. (2012, p. 2), Morphy (2009, p. 3), Schenk and Guittard (2009, p. 5, 2011, p. 101–103) also agree:

- Higher productivity;
- Higher flexibility and scalability;
- Cost savings;
- Predictable costs;
- Shorter time to market.

Muñiz and Schau (2007, p. 45) see the added value in social interaction, which speeds up the whole process and makes it cheaper. Additionally, crowdsourcing benefits from numerous new ideas and creates a closer connection with the consumers (Hempel, 2006, p. 39). Usually it only takes a few months to create a new idea (Beale, 2009a, p. 19). Whitla (2009, p. 15) and Beale (2010, p. 15) see it as good financial compensation and argue that it could be up to 70 % cheaper. Additionally, it lowers the possibilities of failure and the companies only pay for the solutions that reach their expectations (Schenk & Guittard, 2009, p. 5). As a crowdsourcer you present yourself and your work to the broader public as a result of a crowdsourcing campaign, which essentially creates inexpensive advertising for both the crowdsourcer and the agency (Berthon, Pitt & Campbell, 2008, p. 24). The main benefit when using crowdsourcing for marketing is the wide scope and diversity of idea generated (Hempel, 2006, p. 39; Whitla, 2009, p. 23; William, 2009, p. 24; Winsor, 2010).

Furthermore, **the crowd is an important advantage** of crowdsourcing since it is independent of the company and includes a variety of people with broad and diverse experiences and different perspective and views into the brand (Whitla, 2009, p. 25). As such, customers' diverse understanding of the brand is valuable information for marketers (Campbell, Leyland, Parent & Berthon, 2011a, p. 88; Muñiz & Schau, 2007, p. 46). With consumers' participation higher brand loyalty is as well created (Howe, 2008a, p. xii). Moreover, within the crowd different profiles of individuals are reached and there is potential to reach a field of experts, who do not exist within the company (Whitla, 2009, p. 23). Solutions of mental tasks are collected which cannot be solved by computers (Whitla, 2009, p. 25). Finally, often the crowd is skilled enough to produce highly valuable or even professional results (Muñiz & Schau, 2007, p. 45). The crowd is also dedicated to the given task, which is on average usually not the case in a majority of companies (Howe, 2008a, p. 181). Additionally, Poetz and Schreier's (2014, p. 17) research reveals that the crowd outperformed professionals when seeking ideas for new products in terms of novelty and consumer benefit, and scored lower in terms of ease of production.

A disadvantage of crowdsourcing is its inappropriateness to use it for all kinds of problem solving activities. Diffused and ambiguous problems are hard to be solved by the crowd and in such examples crowdsourcing can lead away from the real problem. Social networks could be problematic when privacy is affected and could lead to antisocial activities or legal treatment (Premnath & Nateson, 2012, p. 28). It also creates the possibility for negative word of mouth (hereinafter: WOM) (Lawrence, Fournier & Brunel, 2012a, p. 4). Furthermore, sometimes the crowd provides many solutions or ideas, however the majority may not even be relevant (Whitla, 2009, p. 26). Another disadvantage are ethical issues. The first is seen when

crowdsourcing is used for promotional activities by “**click-fraud**”, which appears when companies want to increase their website revenue or to increase the cost of the placing the ad by paying the crowd for clicking specific content (Whitla, 2009, p. 22). The second is by gathering competitive intelligence for a cheap price, however, then the question of worker exploitation arises (Whitla, 2009, p. 26). Moreover, the individuals’ creative work is exposed on the Internet as it is unprotected and creates the possibility of idea stealing (Woodard, 2010). Consumers also create anti-propaganda ads for companies, which they do not like, however marketers can sometimes use it for their own benefit (Berthon et al., 2008, p. 23). Finally, using such an approach in the long run is questionable for the brand equity (William, 2009, p. 24). As well, while the number of participant is a great advantage in the majority of cases, on more complex and uninteresting tasks too much participation could be a disadvantage (Schenk & Guittard, 2011, p. 103).

**From a social point of view** crowdsourcing could contribute to unemployment as a low salaries solution across Europe, as it is a great option for the youth and woman, who are the most threatened at the moment (European Commission, 2013). Nevertheless, crowdsourcing is intended as an additional source of an individuals’ income, where payments vary for cents to millions (Schenk & Guittard, 2009, p. 23). However, the problem which crowdsourcing might create from that perspective is redundancies or loss of specific tasks of one employee (Morphy, 2009, p. 2).

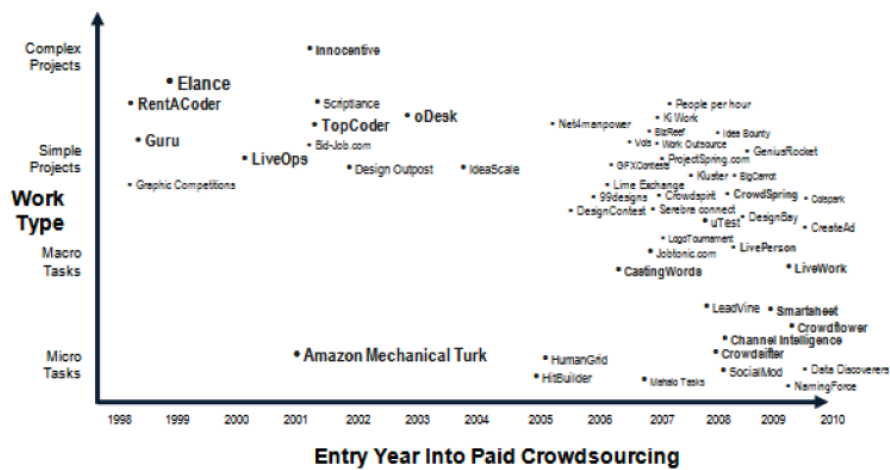
## 1.5 Different Uses of Crowdsourcing

Crowdsourcing could be applied to numerous industries, from basic to highly complex tasks (Brabham, 2008, p. 79; Erickson et al., 2012, p. 2; Schenk & Guittard, 2009, p. 11). Schenk and Guittard (2009, p. 14–21; 2011, p. 99–101) define three forms of crowdsourcing tasks: **routine/simple task** where the main advantage is low cost realization on a large scale, **complex task** which requires specific knowledge from the crowd, **creative tasks** which access the creativity of individuals with focus on novelty and uniqueness.

Within the tasks described above diversity of crowdsourcing practices are applied from product design, community reporting, product rating (Kleemann, Voß & Rieder, 2008, p. 12), human subject researches (Schmidt, 2010, p. 1, 2), journalism (Muthukumaraswamy, 2010, p. 48), digital journalism with blogging, video reporting (Howe, 2008b, p. 47) to decision-making process about sales, inventory (Howe, 2008a, p. 165) and knowledge sharing (Yang, Adamic & Ackerman, 2008, p. 246). In addition it could be used for idea gathering, where it is proven that online idea contest provides more and better results and lowers costs per idea compared to traditionally used focus groups (Schweitzer, Buchinger, Gassmann & Obrist, 2013, p. 37).

Figure 5 shows the market development dynamic based on project type. It shows that majority of crowdsourcing platforms entered the market after 2006 and mainly focus on simple projects.

Figure 5: Crowdsourcing Vendor Market Entrance



Source: B. Frei, *Paid Crowdsourcing. Current State & Progress toward Mainstream Business Use*, 2009, p. 4.

The Crowdsourcing organization constructed Crowdsourcing Industry Taxonomy Definitions (2013), which is presented in Table 1. Crowdsourcing is divided into seven categories: Open Innovation, Community Building, Collective Creativity, Civic Engagement, Collective Knowledge, Crowdfunding and Cloud Labor.

*Table 1: Crowdsourcing Industry Taxonomy*

Category	Open Innovation	Community Building	Collective Creativity	Civic Engagement	Collective Knowledge	Crowdfunding	Cloud Labor
Description	Use of sources outside of the entity or group to generate, develop and implement ideas.	Development of communities through active engagement of individuals who share common passions, beliefs or interests.	Tapping creative talent pools to design and develop original art, media or content.	Collective actions that address issues of public concern.	Development of knowledge assets or information resources from a distributed pool of contributors.	Financial contributions from online investors, sponsors or donors to fund for-profit or non-profit initiatives or enterprises.	Leveraging a distributed virtual labor pool, available on-demand to fulfil a range of tasks from simple to complex.
Subcategory	Design Idea Generation Optimization R&D	Brand Engagement Consumer Engagement Employee Engagement Fans and Followers	Advertising Apparel Art Audio/Video Branding Consumer Goods Design Film Music and Music Videos Photography Writing	Charity and Non profits Education Emergency Response Environment (Green) Global Issues  Government & Politics Humanitarian Local Community Religion Volunteer Computing Volunteering	Citizen Journalism Citizen Science Directories Film Forecasting and Prediction Health and Wellbeing Help (inc. Customer Support) History Maps Market Intelligence Opinion Polling Q&A Reference Reviews Social (or Peer) Production Translation Travel	Donations, Philanthropy and Sponsorship Investing (Equity, Profit and Resource sharing) Lending	Expert-tasks Freelance Platforms Micro-tasks

*Source: Crowdsourcing Industry Taxonomy Definitions, 2013.*

This master's thesis particularly focuses on crowd creativity, specifically on advertising and branding. In crowdsourcing for creative tasks the main roles are novelty and uniqueness (Schenk & Guittard, 2009, p. 19). Creative industries avail themselves of crowdsourcing practices, which are team based, multi-disciplinary and globally distributed (Brabham, 2008, p. 75).

### *1.5.1 Crowdsourcing in Comparison to Other Traditional Business Practices*

There is variety of opinions as to whether crowdsourcing is an appropriate approach to be used in the marketing field or not. Recently, there have been successful practices, where companies gained all the advantages of crowdsourcing, however, on the other hand some experts from the marketing field are fairly critical to this approach. It is important to outsource tasks, which the crowd is able to solve. Usually the tasks companies outsource are the ones, which are time-consuming and labour-intensive (Whitla, 2009, p. 22).

The crowd can solve many problems from image labelling to idea generating (Yu, Nickerson & Sakamoto, 2012, p. 1). However, complex creative works gain less valuable results (Yu et al., 2012, p. 1). Thus in order to gain the indented results and for crowdsourcing success it is crucial that the required tasks are detailed and clearly presented. Finally, critical interpretation of ideas is needed to sufficiently fit the concept of the company (Whitla, 2009, p. 25; Yu et al., 2012, p. 1). However, there were also cases where the crowd turned against the company with creation of outcomes (Brabham, 2008, p. 79). This is known as **crowdslapping** (Howe, 2006b). Overall, the main point of crowdsourcing and the ability to overcome traditional practices is in ability that resources are allocated organically, which adds value to the whole process (Howe, 2008a, p. 217).

### *1.5.2 The Success of Crowdsourcing Usage*

As a business model crowdsourcing is very adaptive and flexible to many applications (Howe, 2008b, p. 5). It could be used for existing or future problems (Howe, 2008a, p. 158). The success of crowdsourcing is based on the following five factors (Afuah & Tucci, 2012, p. 361–370):

1. **Characteristics of the problem** – the problem should be easily understood and broadcasted to the public. They should have appropriate weight and should be challenging enough. Additionally, problems, which could be solved with a modular approach, are more appropriate. When providing the crowd with novel topics or tasks it is harder for them to provide good solutions (Howe, 2008a, p. 143, 214).
2. **Knowledge characteristics required for the solution** – it is reasonable to crowdsource the problem that could not be solved internally. Furthermore, the crowd should have specific knowledge to solve the problem.



3. **Characteristics of the crowd** – the crowd should be large enough and should include participants who have sufficient knowledge to solve the problem by themselves.
4. **Characteristics of the solutions to be evaluated and of evaluators** – the ones who have crowdsourced the problem should choose the solution according to their own need.
5. **Information technology characteristics** – that create low cost solutions to enable crowdsourcing processes and ease of usage.

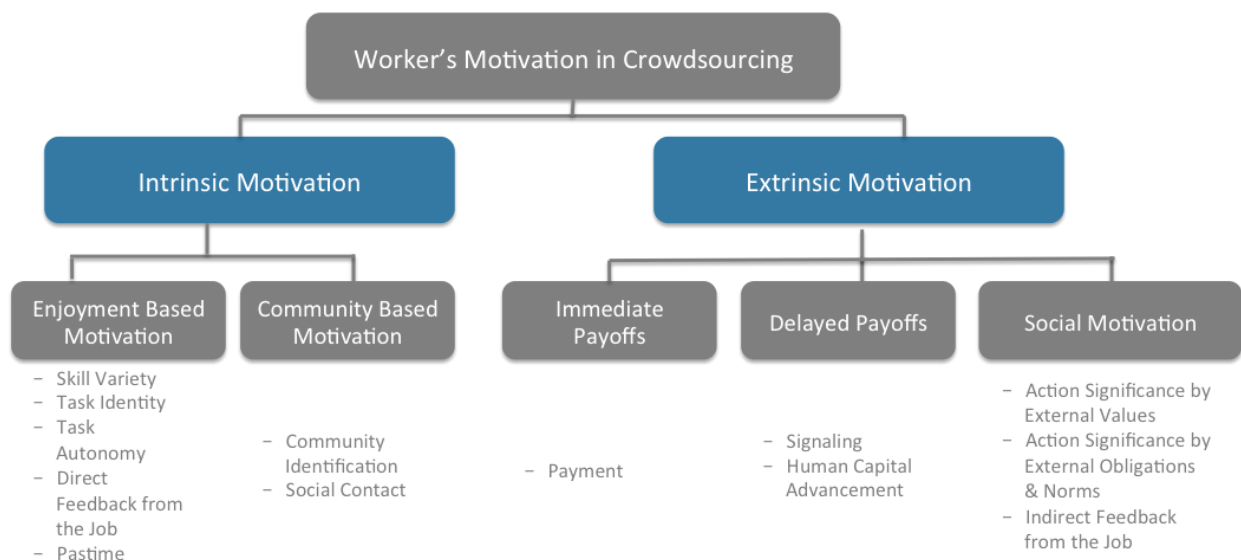
Afuah and Tucci (2012, p. 356) argue that crowdsourcing is often performed within a local proximity, which means that it is done by local crowdsourcers and as a result the costs are also lower. However, crowdsourcing practices are needed even more when distant search is inevitable (Afuah & Tucci, 2012, p. 370).

## 1.6 Motivation for Crowdsourcing

For crowdsourcing strong motivational strategies are needed (Premnath & Nateson, 2012, p. 27). “Successful crowdsourcing involves satisfying the uppermost tier on Maslow’s hierarchy of needs. People are drawn to participate because some psychological, social, or emotional need is being met” (Howe, 2008c, p. 8).

The crowdsourcing participation is encouraged by **intrinsic and extrinsic motivation**. Kaufmann, Veit and Schulze (2011, p. 4) create a theoretical classification of workers’ motivation in crowdsourcing, which is presented in Figure 6 below.

*Figure 6: Classification of Workers’ Motivation in Crowdsourcing*



*Source: N. Kaufmann, D. Veit & T. Schulze, More than fun and money. Worker Motivation in Crowdsourcing – A Study on Mechanical Turk, 2011, p. 4.*

Intrinsic and extrinsic motivation have many subfactors. Intrinsic motivation is divided to employment based motivation and community based motivation. The first is focused on participant perception of the pleasure of co-operation, where enjoyment is measured by skill variety (higher variety of appropriate skills higher motivation), task identity (more tangible results higher motivation), task autonomy (more independence allowed when completing the task higher motivation), direct feedback (motivation to get constructive criticism on your work) and pastime (high motivation due to boredom). Community based motivation has social connotation and is divided into community identification (high motivation due to personal identification with norms and values of the platform) and social contact (motivation to connect with new people) (Kaufmann et al., 2011, p. 4, 5).

Extrinsic motivation is divided into three categories: immediate payoffs, delayed payoffs and social motivation. Participants are motivated by immediate payoffs when they receive the payment for their work immediately after completing the task. Delayed payoffs refer to all sorts of material advantages that completed tasks can ensure participants in the future. These are measured by signaling (motivation to be seen by people important to you) and human capital advancement (motivation to improve skills which might bring a material advantage in the future). The social motivation category is divided into three motivational aspects: action significance by external values (motivated by compliance with the values of other participants), actions significance by external obligations and norms (motivation because you are obligated to something) and indirect feedback from the job (motivation to get commendation from others) (Kaufmann et al., 2011, p. 5).

Research shows that extrinsic motivation leads to non-substantial contribution, and contrastingly intrinsic motivation leads to the application of deeper knowledge and effort. Intrinsically motivated individuals give more valuable solutions to the specified problems. However, extrinsic, monetary motivation, increases the frequency of ideas. There is also the possibility that with a higher amount of monetary reward extrinsic motivation rises (Frey et al., 2011, p. 397, 413). Frey et al. (2011, p. 414) also revealed that participants' diversity of knowledge contributes to substantial solutions with novel and numerous ideas and to frequent contributions. Additionally, Kaufmann et al.'s (2011, p. 1, 7–9) and Füller's (2010, p. 117) survey results implicate that intrinsic motivation is the main driver in a majority of cases. Nevertheless, extrinsic motivations extend the duration of individuals solving the problem. People are usually motivated by more than one factor of instincts and extrinsic motivation and these factors are quite heterogeneous (Füller, 2010, p. 103). However, **sustained participation** also depends on task level and self-efficacy view. Extrinsic motivation promotes sustained participation when tasks are easily solved. With the increase of the complexity of tasks intrinsic motivation has greater impact, however it promotes sustained participation only to a limited level of task complexity. High levels of perception of self-efficacy also have positive effects on sustained participation (Sun, Fang & Lim, 2011, p. 18–20).

According to different motivational factors behaviour of individuals differ (Füller, 2010, p. 106). The proposed impact of motives on extrinsically and intrinsically motivated individuals is presented in Table 2.

*Table 2: Proposed Impact of Motives on Expectations*

	<b>Extrinsically Motivated</b>	<b>Intrinsically Motivated</b>
<b>Preferred Behaviour</b>	Goal-Oriented Looking for Valued Outcomes	Experiential-Oriented Looking for Enjoyable Experiences
<b>Interest in Co-Creation Project</b>	Situational/Selective Depending on Offered Outcome	Enduring/Non-Selective Depending on Process
<b>Product Category</b>	Directed Certain Product Categories Only	Non-Directed Wide Range of Product Categories
<b>Task</b>	Specific Certain Co-Creation Tasks Only	Broad Various Co-Creation Activities
<b>Incentives/Rewards</b>	Monetary Benefits Financial Compensations Participation in Product Success	Rewarding Experience Feedback Recognition
<b>Context/Support</b>	Supporting Task Completion Facilitates/Reduces Work	Experience Enriching Provide Recreation
<b>Interaction Partner</b>	Instrumental/Pragmatic Serving Needs Offering Solution/Compensation	Ritualized Well-Known/Prestigious

*Source: J. Füller, Refining Virtual Co-Creation from a Consumer Perspective, 2010, p. 106.*

Motivation also depends on gender, age, income, social status and employment status (Kaufmann et al., 2011, p. 8, 9). Additionally, personal characteristics and personality traits affect individuals' motivation. Creativity and web-exploration behaviour are important characteristic for quality of contribution (Füller, 2010, p. 104, 106). However, different crowdsourcing platforms encourage different kind of participatory motivations (Kaufmann et al., 2011, p. 2). In chapter 2.6 we will focus on the motivation for participating in creative tasks.

## **1.7 The Crowdsourcing Industry**

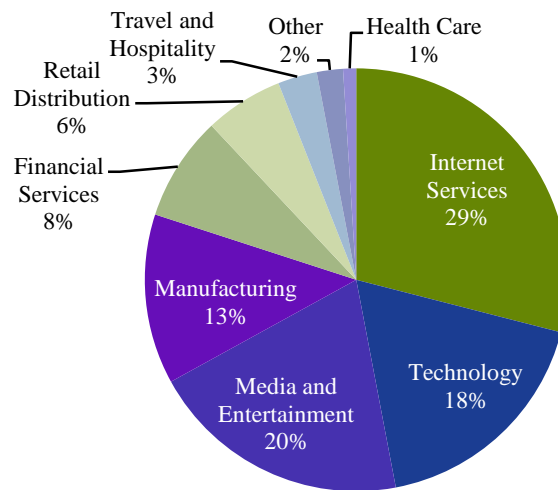
In 2010 the crowdsourcing industry grew by approximately 50 %, with an increasing trend in 2011 when a 75 % growth was observed (Massolution, 2012a<sup>1</sup>). Nearly 300 million USD were invested in crowdsourcing by venture capital in 2011 (Markowitz, 2013).

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<sup>1</sup> Research is based on in-depth interviews with 32 Crowdsourcing Service Providers (hereinafter: CSPs). CSP respondents represent all key categories of the crowdsourcing marketplace, including expertise-based tasks, ideation tasks, micro-tasks, freelance platforms, and software services.

Small companies are the major driver of demand in the crowdsourcing industry, followed by big companies with over one billion revenue. The later apply more to the category of ideation-based tasks and software service (Massolutions, 2012a). Revenue has also grown from 141 million USD in 2009 to 376 million in 2011 (Markowitz, 2013). Crowdfunding platforms<sup>2</sup>, as one of the most spread categories of crowdsourcing raised almost 1,5 billion USD and successfully funded more than one million campaigns in 2011 (Massolution, 2012b<sup>3</sup>). Moreover, lately there were a few successful crowdfunding campaigns in Slovenia (Kickstarter projects from Ljubljana, Slovenia, 2013). The numbers are optimistic and show huge potential for crowdsourcing practices in the future. Figure 7 shows crowdsourcing revenue by industry sector in 2011. The biggest industries are internet services followed by media and entertainment and technology (Esposti, 2012, p. 7).

*Figure 7: Crowdsourcing Revenue Composition by Industry Sector in 2011 in Percentage*



*Note.* \*Percentage based on the sample of 15 Crowdsourcing Service Providers

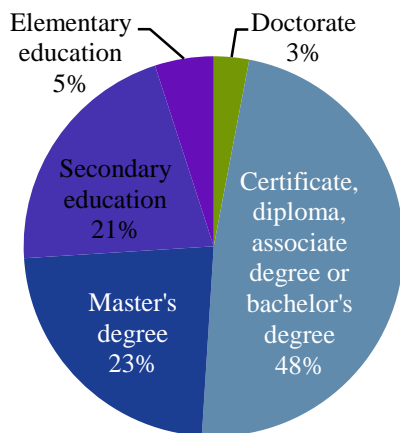
*Source:* C. Esposti, *Learning from the pioneers of offshore outsourcing*, 2012, p. 7.

The research reveals that nearly 60 % of all crowdworkers live in North America and Europe and 35 % in Asia-Pacific region. They are highly educated and an ascending trend in the number of workers is also observed, which is growing in excess of 100 % a year. The majority of workers (nearly 77 %) do crowdsourcing in addition to their primary jobs and crowdsourced at least once a month. About half of participants work almost every day. Additionally, 90 % of crowdsourcing clients are from North America and Europe (Massolution, 2012a). Figure 8 and 9 below show workers composition by education level and geography.

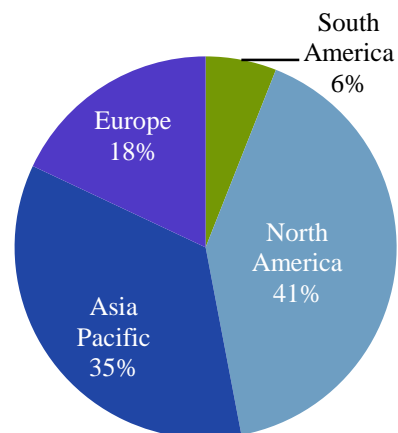
<sup>2</sup> An operator of a funding platform that facilitates monetary exchange between funders and fundraisers.

<sup>3</sup> Basis for the analyses were 135 submissions from Crowdfunding Platforms (hereinafter: CFPs), that were determined as comprehensive and of high-integrity.

*Figure 8: Workers Breakdown by Education Level in Percentage*



*Figure 9: Workers Breakdown by Geography in Percentage*

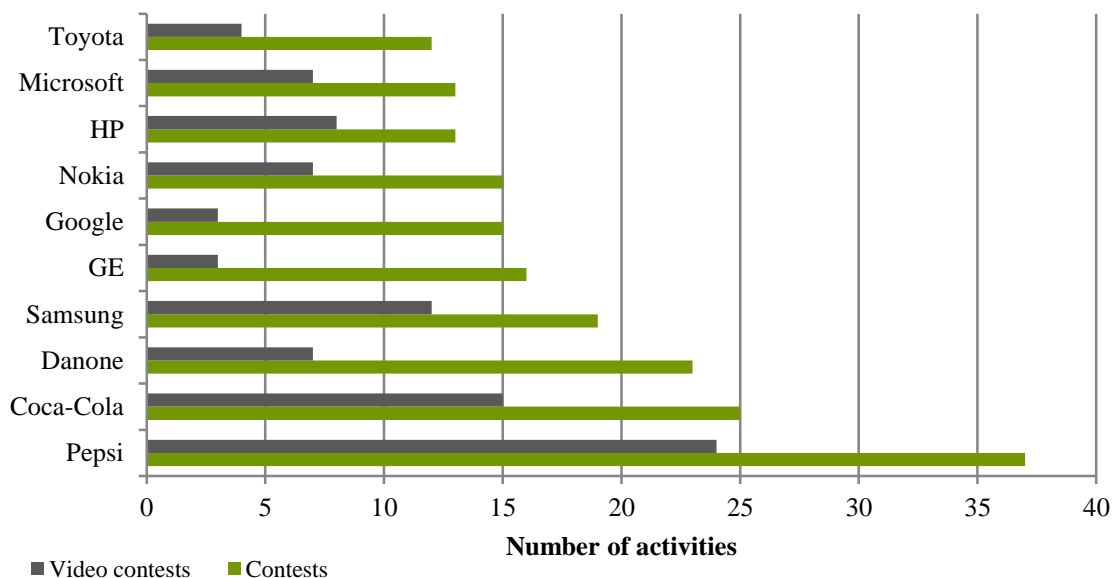


*Note.* \*Data applies for year 2011.

*Source: Massolution, The crowd in the Cloud: Exploring the Future of Outsourcing, 2013, p. 5.*

When looking specifically at the marketing field, brands with the most advertising contest and video contest in recent years are presented in Figure 10.

*Figure 10: The Number of Crowdsourcing Activities in the Marketing Field for Ten International Brands*



*Source: Y. Roth, Which Global Brands Most Use Video Crowdsourcing, 2013.*

More detailed information on crowdsourcing in marketing is presented in the following chapter.

## 2 CROWDSOURCING IN MARKETING

The 2009 economic downturn put the marketing field into a challenging position. The need for innovative approaches is increasing with the accelerating effect of developing technologies and social networks (Kozinets, Hemetsberger & Schau, 2008, p. 339). They allow for personal communication and increasing customer participation (Muñiz & Schau, 2007, p. 35). Traditional marketing requires high inputs for campaign successes, however recently little money is allocated for advertising and brand building, especially in small companies (Whitla, 2009, p. 25). Furthermore, marketing techniques are becoming progressively diverse, multidimensional and dynamic (Berthon et al., 2008, p. 26). Modern marketing rose sharply in creativity and competitiveness (Premnath & Nateson, 2012, p. 27). The mentioned factors increase the need to shift to new approaches in generally accepted traditional practices (Muñiz & Schau, 2007, p. 35). One of the newly applied concepts in marketing with observed intensity growth is the discussed approach of crowdsourcing.

UGC<sup>4</sup>, which is a premise for crowdsourcing in marketing, started with promoting brands by individuals as unpaid (e.g. WOM) advertising and it was mainly preformed by brand loyalists (Muñiz & Schau, 2007, p. 35). The first traditional advertising crowdsourcing campaign was seen a few years back in Crash the Super Bowl. Super Bowl is the most expensive and the broadest-reaching marketing medium where crowdsourcing for advertising reached a high importance – it presented the communication strategy for Frito-Lay several times (started in 2007), continuing with Nike, Unilever, Heinz, Microsoft, Google, General Mills, National Broadcasting Company, Converse, Mini Cooper, Folgers, Yum Brands, Amazon, Procter & Gamble and many others (Lawrence, Fournier & Brunel, 2012b, p. 2). Crowd Creativity (2014) indicates that out of 2596 crowdsourcing sites, 24 platforms are focused on advertising and 13 on branding, which presents only 1,4 %, which is very little. However, we can expect growth in the future (Trendwatching.com, 2012).

### 2.1 Different Uses of Crowdsourcing in Marketing

Crowdsourcing could be used for different marketing activities. Mainly it is used for **advertising and promotional activities** (Whitla, 2009, p. 19). In the advertising field crowdsourcing enables high levels of idea generating and development of advertising strategies from the crowd (Premnath & Nateson, 2012, p. 27). The traditional advertising is one way and non personal, however this new approach creates a very personal two-way communication, due to the constant social interactions (Berthon et al., 2008, p. 24). Research by Muñiz and Schau (2007, p. 45, 46) revealed that customers are quite good in generating advertising content and brand-relevant communications. Such practices are applicable for small and big companies. Broad usage of crowdsourcing for advertising gives credibility to such practices, and also motivates smaller companies, which could benefit from this approach

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<sup>4</sup> In master thesis term user generated content will be used for variety of content generated by users. It should be understand as synonym for consumer generated content.

greatly since they do not have sufficient funding or expertise (Whitla, 2009, p. 25). Furthermore, consumer generated advertising (hereinafter: CGA) could be seen as WOM communication, defined as one of the best marketing tools to attract customers (Berthon et al., 2008, p. 25; Ertimur & Gilly, 2012, p. 116; Li & Zhan, 2011, p. 239).

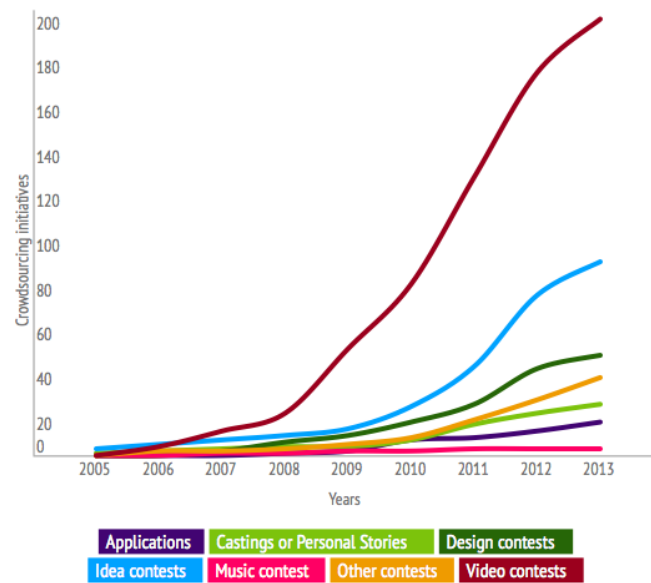
**A rise of crowdsourcing approach is also observed within video advertising.** Trends in marketing are turned towards video advertising, which has proven to be the most effective way of advertising at the moment (Thales, 2013, p. 39). This trend provides an excellent opportunity to new field of crowdsourcing for marketing purposes due to the high cost of video production.

Crowdsourcing is also used for **market research where companies are collecting feedback** on their products (Premnath & Nateson, 2012, p. 28). The main advantage of such usage is access to a wider flow of information from the crowd, which is instant and direct. Such information is extremely valuable since it is gathered from potential and most demanding customers. Participants usually fill in a questioner for a small remuneration. Such usage is being criticized as not being a real crowdsourcing method since it does not replace the work of employees and also claims paid research may bring biased results. Moreover, it is more difficult to cover the target market since everybody does not take part in crowdsourcing activities or is not familiar with it, which creates sampling issues. To avoid the crowdsourcing limitations in that field, open-end questionnaires are generally used or for example to receive the payment certain number of words is needed. It is also used for collecting “expert” information. With a slightly negative connotation such marketing research is also used for collecting competitors’ information and paying for other’s companies’ plans and strategies. Some **other marketing research engages customers** in the designing and actual developing of the concept or product (Whitla, 2009, p. 20–24).

Within **branding** crowdsourcing is used for new brand names and logos. Marketing campaigns that are on-going through branding contest advertise themselves to some degree (William, 2009, p. 24). Creation and participation in the contest brings crowd participants even closer to the brand and gets deeper in their minds (Perčič & Piškorič, 2012). Furthermore, customers want to be active participants and give meaning to the brand (Muñiz & Schau, 2007, p. 45).

As indicated in Figure 11 below and mention in text above, crowdsourcing is used for a variety of marketing activities. As can be observed, initiatives for video activities have risen exponentially in last years and as such present the most desired type of crowdsourcing at the moment (Roth, 2013).

Figure 11: Uses of Crowdsourcing in Marketing by Category



Source: Y. Roth, *Which Global Brands Most Use Video Crowdsourcing*, 2013.

## 2.2 Consumer Creativity in the Age of Social Networks

Consumer creativity was introduced by Hirschman (1980, p. 286), who defined it as problem-solving activity for consumption related problems. It is affected by personal and contextual characteristics and can occur in a variety of levels and situations (Perry-Smith & Shalley, 2003, p. 91; Shalley, Zhou & Oldham, 2004, p. 936–941).

With the invention of online communities, online creativity also developed. Online communities are recognized as a source of ideas and inspiration generating instruments and the platform, which enables WOM marketing and valuable feedback information (Kozinets et al., 2008, p. 339, 340). Muñiz and Schau's (2011, p. 212–216) research reveals that the most important factor for marketers is to take advantage of the changing nature of their work and to create an online environment where consumers feel comfortable, which encourages consumers' co-creation and enable collaboration. The results of Perry-Smith and Shalley's (2003, p. 92–95) social network theory indicate that weaker ties in communications could have a positive effect on increasing creativity in comparison to stronger ties. Consequently, social networks connected with weaker ties are mediums where creative individuals could be reached to generate ideas and solutions. Additionally, comments on CGA as WOM are most powerful when they are created through weaker social ties from less loyal consumers (Campbell et al., 2011a, p. 98).

Consumers' online behaviour is changing and it depends on the tasks they have or want to perform. Kozinets et al. (2012, p. 344, 345) presented a Typology of Online Creative Consumer Communities specified according to collective innovation orientation, which



determined community as goal oriented or not and collective innovation concentration, which specifies how many innovative individuals are in the community. The two-dimensional model constructs four types of online communities: Swarms, Mobs, Crowd and Hives presented in Figure 12 below. The crowdsourcing approach for marketing purposes falls under the Crowd dimension. The Crowd is defined as group of people who are gathered together to plan or manage a specific problem, where the concentration of collective innovation is lower, which means that crowdsourcing platform combining high number of innovative individuals and at the same time low collective innovation orientation is expressed, meaning that activities within the platform are goal oriented. The Crowd is very organized and broad (Kozinets et al., 2012, p. 344, 345).

*Figure 12: Typology of Online Creative Customer Communities*

<p>Communo-ludic</p> <p><b>COLLECTIVE INNOVATION ORIENTATION</b></p> <p>Telo-specific (goal oriented)</p>	<p><b>Swarms</b></p> <p>e.g. Amazon, Flickr, Napster, Wikipedia, Google</p>	<p><b>Mobs</b></p> <p>e.g. Slave to Target, The Huffington Post, &lt;alt.coffee&gt;</p>
	<p><b>Crowd</b></p> <p>e.g. Crash the Superbowl, FreeBeer, Threadless</p>	<p><b>Hives</b></p> <p>e.g. Skibuilders, Casemodders, Niketalk, New Voyages</p>
	Low (many)	High (few)
	<p><b>COLLECTIVE INNOVATION CONCENTRATION</b></p>	

*Source: R.V. Kozinets, A. Hemetsberger & H.J. Schau, The Wisdom of Consumer Crowds: Collective Innovation in the Age of Networked Marketing, 2008, p. 345.*

**The influence of social interaction transforms focus of research from individual to collective creativity**, which creates new conclusions and views. Online creativity is thus recognized as more intense and has a wider span (Reinhardt & Hemementsberger, 2007, in Kozinets et al., 2008, p. 341). Consumers have strong power and might behave as marketers when acting collectively. Their collective outcome is seen as highly professional and thus a beneficial practice in the marketing field in the future (Muñiz & Schau, 2011, p. 211, 216). The reason to gain such high level of intensity of consumer collective creativity lies in diversity of participants – diversity of backgrounds, experiences, cultures, ideas and solution proposals. Furthermore, the self-motivated mechanism of the group striving to do their best is created (Kozinets et al., 2008, p. 341). The creation of online, collective consumer creativity has been a premise for UGC.

### 2.3 User Generated Content

UGC is a basis for crowdsourcing. The phenomenon is known under many different expressions as homebrew ads (Kahney, 2004), open source movement (Garfield, 2005), vigilante marketing (Ives, 2004; Muñiz & Schau, 2007, p. 35), creative consumers (Berthon,

Pitt, McCarthy, Kates, 2006, p. 39; Kozinets et al., 2008, p. 343). The nature of the tasks is very diverse from written forms, photography, audio, video to posts on other knowledge areas (OECD, 2007, p. 16–18). To consider the work to be UGC three premises have to be met (OECD, 2007, p. 8, 9):

1. **Publication requirement** – content has to be publically available;
2. **Creative effort** – creative contribution of individual or group should be added to final solution;
3. **Creation outside of professional routines and practices** – work is done by amateurs in specific areas.

The last premise has changed over time since more and more professionals contribute in their spare time (OECD, 2007, p. 9).

The high percent of traffic on sites such as You Tube, Flickr, Wikipedia and others indicates that UGC is valued highly (Huberman et al., 2009, p. 2). The brands that encourage UGC have the possibility to build a stronger and better relationship with customers (Christodoulides et al., 2012, p. 56). Additionally, it gains consumer insight, boosts brand loyalty, builds brand awareness, increases sales and reduces costs (Shea, 2008, p. 16, 17). Furthermore, consumers are prone to create UGC for brands they can identify with and give them options to be creative (Christodoulides et al., 2012, p. 57, 61). Both UGC and crowdsourcing are premised on the basis of Internet user content, however within crowdsourcing the users work against some kind of payment.

## **2.4 Consumer Generated Advertising**

Online creative tools encourage consumers to communicate through ads (Ertimur & Gilly, 2012, p. 115). Part of UGC is CGA, which is used quite broadly in crowdsourcing. The following subchapters focus on comparing CGA with company made advertising, unsolicited CGA and responses to it.

### *2.4.1 Consumer versus Company Generated Advertising*

Consumer generated ads (hereinafter: CGAs) differ from company created ads especially in terms of communication, which is less persuasive and since in a way considered as WOM - more credible and not as commercially orientated (Berthon et al., 2008, p. 25; Christodoulides et al., 2011, p. 103; Ertimur & Gilly, 2012, p. 117). Consequently consumers trust it more (Berthon et al., 2008, p. 25; Ertimur & Gilly, 2012, p. 117). However, CGAs are still made for the purpose of influencing customers buying decision and “look and feel like ads”. In some cases consumers do not notice the difference between CGAs and ads on behalf of companies (Ertimur & Gilly, 2012, p. 117, 118). CGAs have strong power in comparison to company ads since, such ads are the most watched, the most memorable and most often talked about.

Furthermore CGAs on Super Bowl also ranked among the best ads in general (Lawrence et al., 2012b, p. 3).

Ertimur and Gilly's (2012, p. 127) research revealed that CGA is more appropriate to use for a product in the beginning and end of the product-life cycle (hereinafter: PLC)<sup>5</sup> – in the **introductory stage** where the main purpose is to build awareness and in the **mature stage** where the main purpose is to remind consumers about the existence of particular product. CGA is appropriate to raise awareness about the brand, when the company strategy and philosophy are generally known and understood. Additionally, the use of CGA in marketing campaigns can create a different, more positive view of a company as more creative and innovative (Ertimur & Gilly, 2012, p. 227).

CGA attracts professionals who are trying to build their careers in advertising industries (Ertimur & Gilly, 2012, p. 228). As Lawrence et al. (2012a, p. 2) stated "CGA involve people as creators, brand ambassadors, participants, and communicators in way that advertising was incapable of before". CGA is not important just from the perspective of engaging the one who created the ad, however, also from the ones who watched it, comment on it and shared it (Ertimur & Gilly, 2012, p. 227).

Ertimur and Gilly's (2012, p. 120) findings show that CGAs on behalf of a company are very similar since they are directed by marketers and company desires. What is surprising is that despite similarities, **customers have different responses to CGAs than to the company's created ads**, which will be discussed in sub-chapter 2.4.3 (Ertimur and Gilly, 2012, p. 120, 121).

#### 2.4.2 *Unsolicited versus Solicited Consumer Generated Advertising*

CGAs exist in two forms as solicited, on behalf of companies or unsolicited CGAs (Ertimur & Gilly, 2012, p. 116). For the success of solicited CGAs it is important to engage consumer to the right level (Campbell et al., 2011a, p. 89). Therefore, it is also important that managers know about unsolicited CGAs to appropriately determine their strategies (Berthon et al., 2008, p. 21). Unsolicited CGAs are usually funny and memorable with less professional connotations in terms of ad outlook and consumer reach (Ertimur & Gilly, 2012, p. 125). However, despite possible negative images of the brand, unsolicited CGAs appeal to fans, bloggers and marketers (Huba & McConnell, 2012).

People who create solicited and unsolicited CGAs are different. The later are much more knowledgeable about the brands and on the contrary the people who create solicited CGAs often build their career path in ad or film production and thus mainly use persuasive techniques, with a lack of advertising and market insights (Ertimur & Gilly, 2012, p. 125).

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<sup>5</sup> The stages in product life cycle (PLC) are: introduction, growth, maturity and decline (Kotler, 1991, p. 328).

### *2.4.3 Responses to Consumer Generated Advertising*

When comparing comments on company generated ads and CGAs it can be observed that the first are more focused on product description, while the later are more focused on the ad description (Pehlivan, Sarican & Berthon, 2011, p. 319, 320). This is also confirmed by different responses on CGAs according to different type of engagement: engagement with advertisement, engagement with the brand, engagement with the brand community, engagement with the community at large. Research reveals that most responses are focused on the ad itself, the brand community and community at large and less on the brand itself. Responses are cognitive, personal, emotional and also social. A further important WOM creator is the author of the ad itself (Lawrence et al., 2012a, p. 8–19).

Lawrence et al.'s (2012b, p. 23) research reveals that CGAs and their creators are seen as more trustworthy and credible than company ads. Additionally, people engage more with CGAs than company ads at a cognitive, emotional, personal and behavioural level. Due to the mentioned characteristics, CGAs are more persuasive than company ads. People are less critical to CGAs and thus have a more positive attitude towards such ads. They show higher brand interest and have stronger purchase intent (Lawrence et al., 2012b, p. 9, 23–28).

Creativity and authenticity are found to be the most important factor when evaluating the quality of CGAs. CGAs are recognized as lower quality and less style, however the biggest problem is seen in the lack of a company story, philosophy and product-benefit relationship. Both CGAs and company ads are seen as authentic and persuasive from the consumers' point of view, however responses to CGAs are more critical and accurately observed (Lawrence et al., 2012b, p. 31–34). CGAs are seen as work in progress and many more comments about recommendations of possible improvements are given when the ads are commented on (Ertimur & Gilly, 2012, p. 121–124). Ertimur and Gilly's (2012, p. 123) observation further reveals that when consumers evaluate the ad, they mainly comment on the persuasiveness as a main element, and it might be that authenticity is taken for granted when consumers create the ads.

When looking solely at unsolicited ads they get more negative, sarcastic critics and they largely cheer on the ads' entertainment site and they do not review authenticity (Ertimur & Gilly, 2012, p. 122). Berthon et al.'s (2008, p. 27) research has revealed that about 10 % of ads are "spoof ads", meaning "parody ads".

## **2.5 The Crowdsourcing Approach and its Application to Marketing**

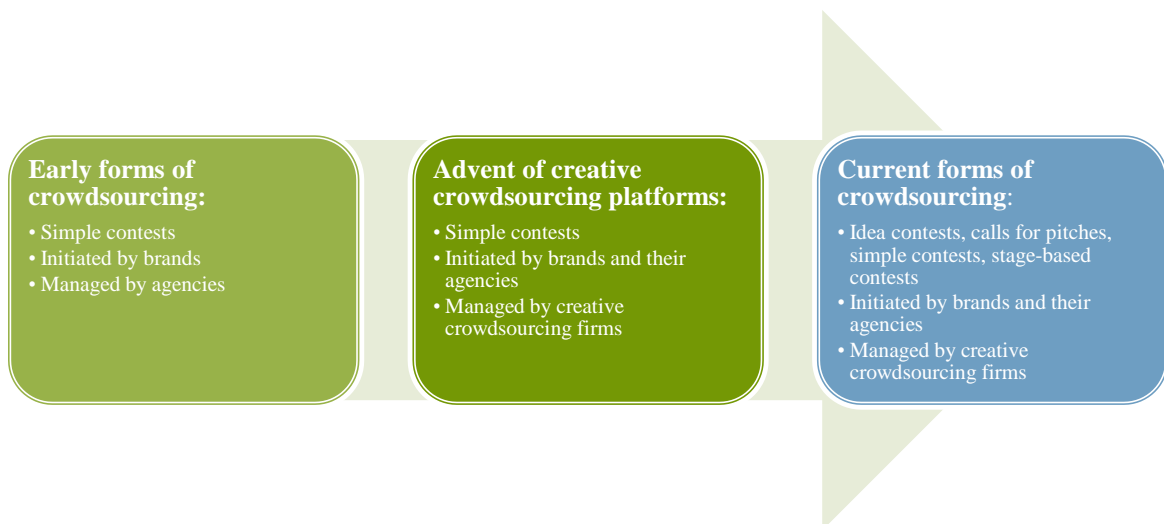
There are two type of approaches used when crowdsourcing for marketing purposes. Firstly, the approach where the general public can contribute as a whole and secondly, where tasks are intended for experts and/or closed communities (Whitla, 2009, p. 19).

When looking specifically at creative projects in crowdsourcing, Roth and Kimani (2013, p. 19–27), classify four types of crowdsourcing activities:

1. **Idea contests** – basic contribution which is focused on idea generating;
2. **Call for pitches** – advanced contribution with required plan for actual execution;
3. **Simple contests** – advanced contribution with required execution of proposed ideas;
4. **Stage-based contests** – a hybrid model where the contest is divided in few production stages, as idea gathering, pitches collection and actual production. The main benefit is in the increased number of participant, since each stage requires specific knowledge. This model could better meet the needs of brands and agencies.

Types of crowdsourcing model has changed and modernized over time from simple contests in the beginning to a multitude of different approaches as presented in Figure 13 (Kimani, 2013).

*Figure 13: Evolution of Crowdsourcing Approaches over Time*



*Source: R., Kimani, The Rise of Crowdsourcing in Video Advertising, 2013.*

## 2.6 Motivation for Crowdsourcing in Marketing

Motivation for crowdsourcing in marketing is fairly specific yet still very diverse. Moreau and Dahl (2005, p. 359) term seven basic motivations for undertaking creative tasks:

1. **Competence** – anticipated satisfaction derived from completing a creative project successfully;
2. **Autonomy** – enjoyment derived from the freedom to choose the process and/or design of the creative task;
3. **Learning** – desire to attain or improve the skills necessary for completing creative projects;
4. **Engagement and relaxation** – anticipated satisfaction derived from immersion in the

creative process itself;

5. **Self-identity** – desire to reinforce or enhance self-perceptions of creativity;
6. **Public sense of accomplishment** – anticipated satisfaction derived from others' recognition of one's own creative accomplishments;
7. **Community** – desire to share creative experiences with others who are similarly motivated.

Berthon et al. (2008, p. 10) present another view with three main factors for motivation: **intrinsic enjoyment** – to present oneself creativity skills, **self-promotion** – specific goal of self promotion or to present skills to the broader public and **change perceptions** – when the author of the ad wants to change perception of the target market. The seven motivation factors from Moreau and Dahl (2005, p. 359) coincide with Berthon et al. (2008, p. 12) dimension of intrinsic enjoyment. An exception in motivation was revealed by Muñiz and Schau (2007, p. 42, 43) when the crowd solely wanted to increase the advertising for the brand.

People are often motivated by more than one factors driving their creative action, however the intrinsic motivation is frequently the basis for other motivational factors (Berthon et al., 2008, p. 12; Ertimur & Gilly, 2012, p. 124). The motivation could also rise from brand loyalty, and in such cases a lot of effort is put in the creation of an ad (Ertimur & Gilly, 2012, p. 124). Table 3 illustrates the connections between motivation to co-create the content and type of the ad and the brand.

*Table 3: Connections between Motivation, Type of Ad and Brand Target*

Consumer Motivation	Type of Ad Relationship to Brand Focus and Style of Ad	Type(s) of Brand Targeted
<b>Intrinsic Enjoyment</b>	<i>The Hobbyist Ad Relationship:</i> the consumer wants to explore the brand/product <i>Focus:</i> on content – that is interesting, insightful, creative <i>Style:</i> not necessarily humorous, but typically informative	<i>Enthusiast Brands</i> Brands which people feel passionate about or are highly involved with e.g., Linux Ubuntu Operating System
<b>Self-Promotion</b>	<i>The Me Ad Relationship:</i> the consumer wants to piggyback on the brand <i>Focus:</i> on the creator rather than on the brand or message (do not want the brand or the message to overshadow the creator) <i>Style:</i> often uses humor and/or parody but not necessarily at the expense of the brand	<i>High-Profile Brands</i> Target high-profile brands and products that are in the news, on which to piggyback brands which dominate the media, generally ones which have positive connotations e.g., Apple

*Table continues*

*Continued*

<b>Consumer Motivation</b>	<b>Type of Ad Relationship to Brand Focus and Style of Ad</b>	<b>Type(s) of Brand Targeted</b>
<b>Change Perception</b>	<i>The Activist Ad Relationship:</i> the consumer wants to either promote or disrupt the brand <i>Focus:</i> on the message. No interest in promoting the creator of the ad <i>Style:</i> often sharp humor/parody – at the expense of the brand (disrupt); at the benefit of the brand (promote)	<i>Issue Brands</i> Brands that people view as either disingenuous or in need of support <i>In need of support:</i> e.g., organizations such as Green Peace or Free Tibet <i>Disingenuous:</i> e.g., oil companies claiming to be environmentally friendly, such as Exxon Mobile

*Source: P. Berthon, L. Pitt & C. Campbell, Ad Lib: When Customers Create the Ad, 2008, p. 22.*

Due to variety in motivational factors, despite similar instructions, very different ads could be created, which increases the possibility of the ad not being aligned with the “official brand communication” (Campbell, Pitt, Parent & Berthon, 2011b, p. 226). Thus it is important to know what is consumers’ motivation to engage when constructing crowdsourcing campaigns (Christodoulides et al., 2011, p. 108). As specific participants characteristic and motivation are important it is also relevant to provide them with feedback on their creative work, which might present strong motivational factors in future (Winsor, 2010).

## **2.7 Changing Nature of Marketing Agencies**

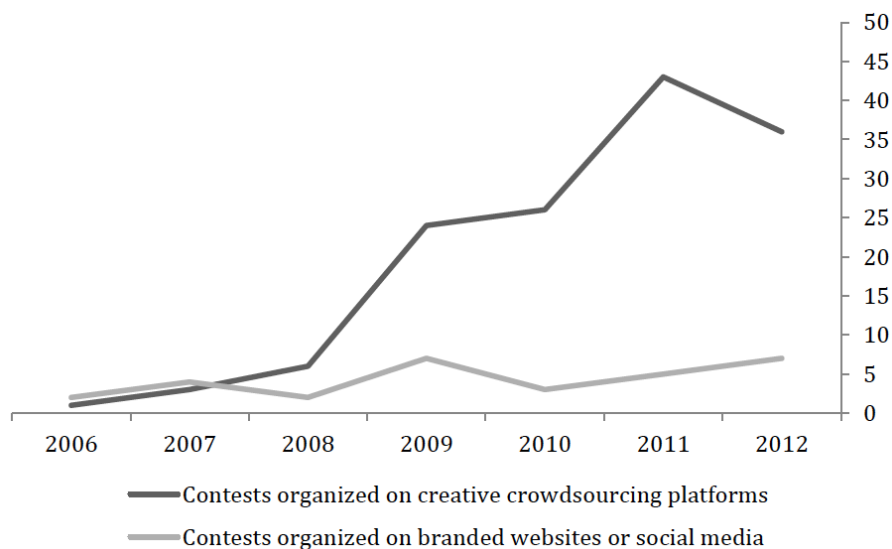
Marketing communication has adapted with changes in society, business and technology. Its origins date back to Second World War when the majority of printed media was prohibited, following with great power of marketing agencies through one way communication of printed media, radio and television (Christodoulides et al., 2011, p. 102). In the beginning of the 1990s, newly widespread technology and empowerment of consumers change the working nature of marketers and marketing agencies as well the relationship between advertisers and customers as it is seen today (Campbell et al., 2011b, p. 224; Christodoulides et al., 2011, p. 102; Pehlivan et al., 2011, p. 313). Two-way and open-end cyberspace communication is a trend that is followed by marketers (Campbell et al., 2011b, p. 225; Muñiz & Schau, 2011, p. 209, 210; Uzunoğlu, 2010, p. 140). The ultimate control over brand communication of marketing agencies has vanished and opened the possibility of new uses of crowdsourcing (Campbell et al., 2011b, p. 225). Crowdsourcing contests give consumers the possibility to enhance their creativity and become engaged in broader brand philosophy (Christodoulides et al., 2011, p. 105).

As John Winsor (2012), co-founder of Victors & Spoils said: “You can call it crowdsourcing, co-creation or open source innovation. The point is, the reality is, advertising will continue to be democratized. With this radical democratization, the structures of advertising organizations are being transformed. Radically.”

Empowered consumers are definitely a threat for marketers (Uzunoğlu, 2010, p. 140). In Web 2.0 brand-focused video creation become a widely used practices among consumers (Campbell et al., 2011a, p. 87). They have stepped in the shoes of advertisers and build on the principle of “informing, persuading, or reminding others” (Berthon et al., 2008, p. 24).

Early adopters of crowdsourcing for advertising purposes were Heinz, Doritos and Chevrolet followed by numerous successful practices such as Peperami, Pepsi, General Motors, Starbucks and others (Woodard, 2010). Such practices elevate crowdsourcing to be used by other huge advertising clients and gain reputation (Dawson, 2011; Woodard, 2010). The low cost feature of crowdsourcing provides the competitive advantage of its usage that overcomes the hiring of an ad agency (Beale, 2009b, p. 17). Marketing agencies detected the risk of increasing importance of crowdsourcing in marketing already in 2006, when they introduce “the big what adventure” where crowd could comment and give ideas on the projects they were working on. As in crowdsourcing, the used ideas were rewarded (Whitla, 2009, p. 23). In the beginning crowdsourcing practises took place with the cooperation of ad agencies, however the situation later changed and moved to creative crowdsourcing platforms as shown in Figure 14 (Roth & Kimani, 2013, p. 10, 11).

*Figure 14: The Number of Video Contests Held by the 100 Best Global Brands according to Interbrand’s ranking, since 2006*



*Source: Y. Roth & R. Kimani, Crowdsourcing in the production of video advertising: the emerging roles of crowdsourcing platforms, 2013, p. 11.*

Traditional agencies try to stay in the market by promoting activities that are lacked in traditional crowdsourcing – loyalty, relationships and knowledge about a particular company strategy and concept (Woodard, 2010). In addition agencies are trying to adapt to the constantly evolving market situation and thus the new concept of crowdsourcing was introduced (Winsor, 2010). Victor and Spoils is alleged to be “the world's first creative (ad) agency built on crowdsourcing principles”. Its developer John Winsor suggested that it works



as normal ad agency, but as the crowdsourcing platform (Dawson, 2012; Knutson, n.d.). Another such agency is also Genius Rocket. Such type of crowdsourcing is not focused on inexpensive labour, but on the composition of a group of talented people who are competing for high rewards (Dawson, 2011; Dawson, 2012). Compared to traditional marketing agencies, creative agencies build in crowdsourcing principal grow in their power and potential. Furthermore, they are spreading their offering to various different industries (Winsor, 2010). However, we can also observe that the biggest advertising agencies are connecting with crowdsourcing platforms and buying stakes in it or making strategic alliance (Roth, 2013).

The main disadvantage when comparing crowd-agency practices is relationship focus. With crowdsourcing the long relationship, long established benefits and expert knowledge vanishes (Beale, 2009a, p. 19; William, 2009, p. 24). Editing and collaboration are crucial for long-term consistent brand identity and are missed when crowdsourcing (William, 2009, p. 24; Woodard, 2010). However, in some cases the success of crowdsourcing campaign overcomes the importance of agency-client relationship (Woodard, 2010). An additional questions arises in relation to the expertise of the crowd and quality of the outcome in the competitive market that we are facing (Could crowd-sourcing be a useful way to generate advertising ideas?, 2009, p. 26; William, 2009, p. 24). Critics suggest that such creation of advertising is possible when building on strong roots of the brand created by ad agencies (Beale, 2010, p. 15).

### **3 AN EXPLORATORY STUDY OF CROWDSOURCING FOR MARKETING PURPOSES**

#### **3.1 Methodology**

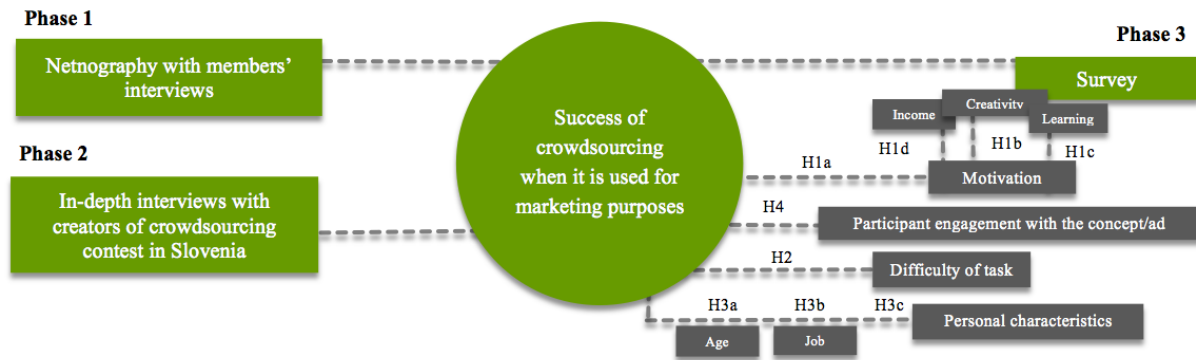
The main propose of the study is to provide an insight into crowdsourcing practices when used for marketing purposes. Crowdsourcing for marketing tasks is a widely accepted practice abroad, however in Slovenia it is infrequently used. The goal of the study is to identify which factors are crucial for crowdsourcing to be successful – to bring to the companies the expected and valuable results. Since to date, no study has been conducted in Slovenia, the focuses is on this particular area. Research took place on cyberspace as a medium because it presents an appealing medium for social research (Hookway, 2012, p. 92).

The research question is as follows:

**Which factors influence the success of crowdsourcing when it is used for marketing purposes?**

The research question was analysed through different research methods - **qualitative and quantitative techniques** were used. The research followed the phases presented in Figure 15 below.

Figure 15: Research Model



The qualitative techniques focus on researching one of the initial broadly covered uses of crowdsourcing in Slovenia – Mercator’s crowdsourcing campaign Mercator Koraki (eng. *Mercator steps*). The research started with a relatively new marketing technique **netnography**, to better understand the culture where crowdsourcing is developing and deeper understanding was gained with **online interviews with the participants in the ad creation** (Kozinets, 2010a, p. 96). Netnography was chosen due to the increasing importance of social media, where ad hoc comments and discussions regarding ads take place (Campbell et al., 2011b, p. 224). The qualitative research continues with **in-depth, semi-structured interviews** with a representative of the client Mrs. Andreja Zadnik Andoljšek and with Mr. Matevž Šmalc, a consultant at the digital marketing agency Renderspace, who co-constructed the Mercator Koraki campaign with the marketing agency Pristop. Saunders et al.’s (2012, p. 384–400) advice was followed. With the in-depth interviews the different aspects of crowdsourcing from the client and marketing agencies perspective were presented.

The second part of the study was conducted through an **online survey**. A convenience sampling method based on snowball effect was used (Churchill, 1999, p. 502–504; Goodman, 2011, p. 347–352). The snowball sampling/respondent-driven sampling was first defined by Goodman in 1961 and allows spreading of sample size through connections and relations in the initial sample (Goodman, 1961, p. 148). The survey was constructed with the online Internet survey tool 1KA. To ensure general readability and adequacy of the questionnaire, the survey was examined on ten randomly selected people prior to launching (Churchill, 1999, p. 364–365; Saunders et al., 2012, p. 451, 452). The hyperlink to the online questionnaire was spread through Facebook in the form of a “public event” which was created for purpose of the survey. Since the event was public, everyone was able to see it and everyone was able to invite their friends to join. The survey was also shared via email and forwarded further. The survey was conducted in Slovenian language. The Statistical Product and Service Solutions (hereinafter: SPSS) statistics software package was used for statistical analysis of data gathered. Univariate and bivariate analysis methods was used – for descriptive statistical analysis, to analyse the relationship between variables, to test the research hypotheses and for cluster analysis (Argyrous, 2011; Field, 2009; Kropivnik, Kogovšek & Gnidovec, 2006).

The work methods were complied with the **triangulation** criteria. This concept was introduced in social sciences by Campbell and Fiske (1959), when they used several measurement procedures independently in order to increase the validity of the results. According to Denzin (1978) the methodological triangulation method was used, with combined qualitative and quantitative research methods. Triangulation has lately been recognized and respected as a valid research design (Lobe, 2006, p. 56).

Based on theoretical concept and qualitative research the hypotheses outlined below were tested (also see Figure 15).

- **First Hypothesis Set**

One of the main issues for the success of marketing campaign for crowdsourcing of a certain activity are motivational strategies (Premnath & Nateson, 2012, p. 27). Different platforms offer different incentives according to the performed task (Massolution, 2012). Furthermore, there are suggestions that people have different motivation incentives, since some people are more reward orientated and others want to be famous or recognized (Kaufmann et al., 2011, p. 4). Nevertheless, people are often motivated by more than one factor driving their creative action, however the intrinsic motivation is in many cases the basis for other motivational factors (Berthon et al., 2008, p. 12; Ertimur & Gilly, 2012, p. 124). Intrinsic motivation is defined as a desire to expand effort because of an interest in something and enjoyment of the work that has been performed. Furthermore, intrinsic motivation results in high-quality learning and creativity (Ryan & Deci, 2000, p. 55, 56). Based on this motivational theory the next hypothesis follows:

**H1a: When crowdsourcing for marketing purposes people are motivated more by intrinsic motivation than extrinsic motivation.**

**H1b: People who are motivated more by intrinsic motivation when crowdsourcing for marketing purposes are more creative.**

**H1c: People who are motivated more by intrinsic motivation when crowdsourcing for marketing purposes like to learn new things.**

As mentioned, one intent of crowdsourcing is also an additional source of an individuals' income (Schenk & Guittard, 2009, p. 23). Accordingly, crowdsourcing could contribute to employment problems and offer an additional financial mean. In connection to motivational theories the following hypothesis is set:

**H1d: People with lower income are more motivated for crowdsourcing for marketing purposes by extrinsic motivation than people with higher income.**

- **Second Hypothesis Set**

A disadvantage of crowdsourcing is the criticism that it cannot fulfil more difficult, complex tasks sufficiently (Yu et al., 2012, p. 1). Whitla (2009, p. 25) exposes that for successful crowdsourcing and gained intended results it is crucial that the required tasks are detailed and

clearly presented. To research the possible impact of task difficulty on the success of crowdsourcing the following hypothesis is set:

**H2: A crowd is more prone to participate in less difficult tasks than more difficult ones.**

- **Third Hypothesis Set**

There are certain profiles of people who have a desire to participate in crowdsourcing. Whitla (2009, p. 23) believes that because a younger crowd generates the content, it is also most meaningful and persuasive, for them and their peers. Additionally, motivation to participate further depends on gender, age, income, social status and employment status (Kaufmann et al., 2011, p. 8, 9). Furthermore, personal characteristics and personality traits affect individuals' motivation as well as quality of contribution (Füller, 2010, p. 104, 106). Based on the personal profiles the following hypothesis will be tested:

**H3a: People who are willing to participate in crowdsourcing for marketing purposes are younger than people who are less willing to participate in crowdsourcing for marketing purposes.**

**H3b: People who work in creative industries are more willing to participate in crowdsourcing for marketing purposes than people who are less willing to participate.**

**H3c: People who are willing to participate in crowdsourcing for marketing purposes see themselves as more creative compared to people who are less willing to participate in crowdsourcing for marketing purposes.**

- **Fourth Hypothesis Set**

Consumers respond to CGAs by engaging with the ad rather than the brand (Ertimur & Gilly, 2012, p. 115). The results from the interviews with the individuals who participated in the Mercator Koraki crowdsourcing contest revealed that individuals participated more because of the concepts and the ad itself and not because of the Mercator brand. The comments surrounding CGA are also focused on the ad – the creators of the ad, the music in the ad or even larger social themes (Campbell et al., 2011a, p. 98). To research consumer engagement when creating CGA the following hypothesis was tested:

**H4: Individuals who are willing to participate in crowdsourcing for marketing purposes do so because of the concept of crowdsourcing or the ad itself and not because of the brand in comparison to ones who are less willing to participate.**

## **3.2 Qualitative Research Methods**

### **3.2.1 Netnography**

Since netnography is a relatively new method and a rarely used research technique in Slovenia, the basic understanding of the method is presented.

Netnography, as a qualitative-interpretive method for Internet-based marketing research, has its beginnings in 1995 (Kozinets, 1998, p. 369, 370; Kozinets, 2010b, p. 3). It is constructed from two words *Internet* and *ethnography* and is excelled by generating techno-cultural insights (Belz & Baumbach, 2010, p. 305; Kozinets, 2006, p. 279). Its founder, Robert V. Kozinets (2010b, p. 3, 4), defined it as “ethnography adapted to the complexities of our contemporary, technologically mediated social world” and characterized it as naturalistic, immersive, descriptive, multi-method and adaptable. The Sage Dictionary of Social Research Methods defines netnography as “a qualitative, interpretive research methodology that adapts the traditional, in-person ethnographic research techniques of anthropology to the study of the online cultures and communities formed through computer mediated communications” (Jupp, 2006, p. 193, 194). The importance of such research rose remarkably in last decade when consumers became active co-creators of previously observed networks (Kozinets, 2006, p. 280, 281). Thus the open exploratory approach of netnography suits the novel context of online cultures and communities (Kozinets, 2010a, p. 80). With the creation of “pure” cybercultures<sup>6</sup> its potential to grow is even greater (Kozinets, 1998, p. 368).

Netnography is focused on observing each individual within an online community and within community as a whole (Kozinets, 2010c, p. 241). It provides an understanding of social meanings of online consumer culture and tries to understand the process and patterns of behaviour (Kozinets, 2006, p. 281; Nelson & Otnes, 2005, p. 90). It aims to provide an understanding of the richness of a specific culture (Kozinets, 2010c, p. 242). The method reveals a deep understand of consumer insights from marketplace characteristics, brand meaning, to comprehension of online communication and understanding of customer choice (Kozinets, 2010b, p. 1, 2). It reveals a lot about customer behaviour, their impressions, tastes, opinions, views, understandings, lifestyles etc. (Kozinets, 2010b, p. 9). Netnography, has the potential to be used in variety of fields, despite the fact that it was mainly used in the field of consumer behaviour and marketing until now (Kozinets, 2010a, p. 2; Sandlin, 2007, p. 288, 289).

The research method is presented in more detail with its main benefits and drawbacks in Appendix B.

### *3.2.1.1 Ad Contest Mercator Koraki*

The Mercator Koraki (2012) contest was organized by Poslovni sistem Mercator, d.d., (hereinafter: Mercator). The contest ran from 10<sup>th</sup> October 2012 till 30<sup>th</sup> October 2012. The contest took place on an online network namely through:

- Website Mercator Koraki (2012);
- The mobile application Mercator Koraki for Android and iOS;
- Mercator Koraki Facebook application (2012).

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<sup>6</sup> Cybercultures refers to the Internet created cultures (Kozintes, 1998, p. 366).

The invitation to participate was also spread through offline media – through billboards, television commercials and different Mercator stores promotions with main message "Every step is important – film your steps and co-create a television ad with us". The aim of the contest was to select a video or photography, which would be used as part of final Mercator ad. The best contributions were rewarded with a 100 EUR Mercator store credit voucher. The participants were given instructions about the size and quality of the appropriate video, photography and some initial ideas. Furthermore, they also created an ad that called for cooperation as visual medium, to encourage visual communication. During the contest progress, the organizers provided additional ideas and incentives to participate. The campaign was successfully completed with 229 submitted videos (Mercator Koraki Facebook application, 2012). Later Mercator built the whole creative marketing campaign "Koraki" based on it. The Mercator Koraki crowdsourcing campaign was a so-called simple contest type, which is a broadly used type in advertising and in general (Roth & Kimani, 2013, p. 23).

### *3.2.1.2 Applying Netnography – Mercator Koraki Ad Creation*

Netnographic research focuses on the detection of cultural insights about crowdsourcing practices in Slovenia and perception of such approach among the Slovene population. Research explored the Mercator ad creation contest Mercator Koraki. For more meaningful knowledge about phenomena the participation approach into Mercator Koraki community was used. Netnography was combined with nine targeted interviews to validate the replicability of the findings (Kozinets, 2010b, p. 4). The participants' interview questions can be found in Appendix C. The netnography took place from 10<sup>th</sup> October, 2012 till 10<sup>th</sup> December, 2012, i.e. eight weeks. Participants were interviewed in December 2012 and January 2013, after the completion of contest, through Skype or Facebook chat room. Since I am Slovene, Slovenian culture coding process and recognition of unique aspects and interaction were easier to understand and interpret.

Ethical and legal concerns were sufficient with name anonymity of participants and citing where necessary (Creative Commons, 2012) to ensure no harm was done to the member of the online community or the Mercator brand. Since the theme of the research is not culturally, nationally or otherwise controversial the research was not seen as ethically questionable. Interviewers were addressed as I1 for first interviewer, I2 for second interviewer and so forth. The addressed research questions are as following:

1. In which online media, do practices/communication such as crowdsourcing for marketing purposes (ad creation) take place?
2. How do people in Slovenia perceive the new business method, crowdsourcing for ad creation? Do they see potential in it?
3. Who are the participants of the ad creation contest?
4. What is the motivation to participate in ad creation contest?

5. How is the motivation to participate in the contest Mercator Koraki connected with someone's personal perception of the Mercator brand?
6. How is the contest Mercator Koraki perceived by others present in social media?
7. How was the online community satisfied with final ad Mercator Koraki?

To create the base of the relevant information platform to investigate I looked for the information firstly on the Mercator website and followed to Mercator Koraki (2012), where the contest was presented. Further, I looked at the Mercator Koraki Facebook application (2012). I continued searching through general and community search engines such as Google, Yahoo!, Google Groups, Yahoo!groups, Google Trends, and continued with Twitter searches, Facebook, Technorati, Topsy and also non-textual sites such as YouTube and Flickr. Through netnography, I discovered that contest Mercator Koraki was mainly discussed on the special Mercator Koraki Facebook application (2012) and on Facebook (Mercator, Pristop, Renderspace, participants profiles). Some posts were also published on the microblog Twitter and on blogs. Thus research insights were mainly observed through the latest mentioned mediums, due to its high activity (the most messages are communicated there) and relevancy of posts (Kozinets, 2010a, p. 89). Since I am a Facebook and Twitter user and I had been observing the Facebook application and Mercator Koraki website from its launch I gained a deeper understanding and ethnographic insight, which gave the netnography additional value (Kozinets, 2010a, p. 75). Incentives for participation were also communicated through portals such as Google play, Playboy.si, Slovenske novice (eng. *Slovenian news*), Študent – edina prava revija za mlade (eng. *Student – the only real youth magazine*), InStore, MarketingMagazin, FAM – Fakulteta za Medije (eng. *FAM- Faculty of Media*), Telex.si. Due to narrow information scope no computer-assisted qualitative data analysis software (hereinafter: CAQDAS) was used. The naturally generated consumer content from Mercator Facebook profile and YouTube was examined.

I identified, that on Facebook and Mercator Koraki Facebook application **positive opinions about the contest and participants videos and photography were given**. Customers were willing to participate and evaluated other posts. The posts were in Slovene and the participants were also Slovene so they were familiar with the Mercator brand philosophy. One post on Twitter was also in English. An analysis of messages posted across social networks demonstrate that participants do not express their opinion in a long manner, rather in short with character such as “likes” or “stars” – “click-evaluation”. Nevertheless, where comments were posted they were very positive, amazing such as “Commendation to the team. Great idea:D”, “great”, “Great outlook!!” (Mercator Facebook profile, 2012) and were related to the particular video. Significant number of videos has more than 100 views. The best video according to online participant got 814 starts. Some videos were also further distributed to Facebook by likes of other participants, not only ad creators. Also videos that were promoted from ad creators in their own Facebook profiles got cheering comments of their friends.

It is noted that the majority of participants were not professionals with some exceptions, where participant were building business paths upward. It is also observed that the majority of the videos were well-constructed and filmed – high quality in terms of idea and design. As Howe

(2008, p. 27–33) stated, knowledgeable amateurs are one of four criteria for development of crowdsourcing, which is also confirmed by our research. Additionally, our findings are in line with Ertimur and Gilly (2012, p. 2) perspective that CGA attract professionals who are trying to build their careers in advertising industries. Some authors created more videos and some got even more than 1000 views. In such ways some kind of “hierarchy” were created – some videos and consequently their authors became more exposed – in a way they became leaders of the community and potential winners of the contest. In film they included also friends, who support them also later in social networks. Observing participants names we noticed that mainly real names were used, with the exception of blogs where pseudonyms were used. Participants also cite the author of the music if they use it in their videos, observing that they put effort and attention also to details.

On the blog, the author positively identified himself with the idea of crowdsourcing (Mercator Koraki – soustvarite TV oglas za Mercator, 2012). He immediately connected the contest with his perception of the brand, however expressed the call for co-creation. Oppositely, Ertimur and Gilly, (2012, p. 115) and Campbell et al. (2011a, p. 98) research reveal that consumers respond to CGA by engaging with the ad, its creators, music etc., rather than the brand. Lawrence et al. (2012a, p. 8–19) came to the same conclusion. In general, consumers positively accepted new business method, which provides the option to be creative. An answer to the blog contains an opposing view of crowdsourcing, stating “do you think Apple would become what it is, if the users would have scissors and canvas? In addition, the brand ambassadors do not do that, engagement is focused on the wrong people...” (Mercator Koraki – soustvarite TV oglas za Mercator, 2012). Berthon et al. (2008, p. 23), Whitley (2009, p. 22–26), Williams (2009, p. 24), Beale, (2009a, p. 19; 2010, p. 15) and Woodard (2010) all expressed scepticism to such practice as well. A previously mentioned anonymous author does not believe in the success of crowdsourcing in global terms not just in Slovenia. Focused on that particular case, some dissatisfactions were focused on the reward system: “there could be slightly higher awards:””, and “they would not catch prize-hunters with 100 EUR prize. However, even if they would catch them, they would be unimportant” (Mercator Koraki – soustvarite TV oglas za Mercator, 2012). Furthermore, communities expressed their concerns that not only brand fans would create the ad and that a lot of money was given for the advertising of a campaign in general. The whole campaign is also understood in terms of “easy money” what is also one of the main point of crowdsourcing.

The brand image of Mercator has an impact on communication and social interactions. Online communication and posts were closely connected to Mercator general communicational message “Mercator, best neighbour”. This research examined that Mercator vision and strategy is well known and understood among Slovenes. It is deemed as an important brand in the Slovenian market, sometimes criticised as expensive, however with good quality and with a wide and diverse range of products and stores. Parallel to the broader concept of Mercator the contest Mercator Koraki was also positively accepted, even by those who do not appreciate the Mercator strategy in general. However, what the consumer thinks about the brand was not an influential decision factor as to whether he/she participated in the



ad creation. The motivation was the possibility to be creative, have fun and ensure their work is seen in the broader media. The positive experience was shared. When communicating, other brands were mentioned, such as Hofer, E.Leclerc, as much cheaper possibilities. Moreover, criticism of price margins was a frequently exposed social problem. “These foreign grocery stores will destroy our own food market” (Mercator Facebook profile, 2012). Exposed themes was also domestic versus foreign, expensive versus cheap.

Messages were also emotional expressing the concerning crisis times and social problems in Slovenia “However, if you ask me, for what Mercator is giving money, instead of lower the prices and become competitive...”, “They invest quite some money in advertising, we will see a response.”, “There are advertisements all around!”.... Other comments were focused on the process of the crowdsourcing contest and willingness to participate just in specific tasks in the process (Mercator Facebook profile, 2012). The willingness to only participate with creative ideas without actual production opens the use of modular concept known as stage-based contest (Roth & Kimani, 2013, p. 19–27).

The reaction to the final ad created by Mercator was positive. Some of the winners posted their successes, notifications that they won on their Facebook profiles and got approval from others on the network.

On 11<sup>th</sup> November, 2012 the “team of creatives and lovers of free spirit” as they call themselves – “Norcebrit”, **posed a parody ad Merkejte** (eng. *be careful*) **on Mercator’s ad Mercator Koraki** (Merkejte Mercatorjevi koraki!, 2012). They posted the ad on YouTube and Facebook. On YouTube the ad has more than 3700 views, compared to original Mercator ad, which had more than 3400 views, before the parody was removed. Berthon et al.’s (2008, p. 27) research has revealed that about 10 % of ads attract “parody ads”. Thus the parody on the Mercator Koraki campaign was not an unusual occurrence. YouTube statistics further showed that when the original ad came out the video for incentive to participate drastically rose in views – which could indicate that the general public did not approve or notice the contest in the beginning but were very satisfied with the final work/ad. The parody was designed very similar (Figure 16 below) to original Mercator ad, with similar voice path and intonation.

*Figure 16: Mercator Original Ad Mercator Koraki versus Parody Ad Merkejte*



*Source: Merkejte Mercatorjevi koraki!, 2012; Koraki, 2012.*

They called Mercator as “the most expensive neighbour” and expose the issue that Mercator contest was not run appropriately, with the philosophy of crowdsourcing – less expensive than traditional advertising. They criticized Mercator for spending too much money for offline campaigns. There were different opinions regarding the parody ad such as “Mercator is just fine, and has the most Slovenian products. Those who want to become servants, go ahead and buy in Lidl and Hofer” and also “great, and it is true as well :-)”, “excellent! if it would be a bit less angry and bitter, and a little bit more humorous, it would be perfect! 8,9/10 ;)” (Merkejte Mercatorjevi koraki!, 2012). Overall the parody was accepted as a humorous contribution to what was going on in the society and not as a hostile attack against Mercator – “Merkejte, the most expensive neighbour :)) brainchild of the month!! Bravo!” (Merkejte Mercatorjevi koraki!, 2012). However, the parody was still slightly controversial.

### 3.2.1.3 Interviews with Members of Mercator Koraki Community

Along with the netnography nine member interviews were conducted. Interviewers were of different gender and professions, however all participants were relatively young. A few of them were building their professional path in video production upward (I2, I1, I8), which is consistent with Howe (2006, p. 2; 2008, p. 27–33) and Ertimur and Gilly’s (2012, p. 2) observations. The interviews lasted between 20 to 30 minutes.

The opinions **why to participate in the crowdsourcing** contest Mercator Koraki were mainly focused on three approaches: **reward by itself** (I7, I1), **the new, interesting concept of crowdsourcing** (I3, I1, I6, I8) and **option to show their talents** – as a possibility to get professional reference in the creative industry (I2, I1, I4, I5, I6). The main aim of co-creation was also to show something that they are doing in their everyday lives (I3, I8) and simultaneously that it is very interesting, make fun and is a challenge at the same time (I3, I4, I8, I9) and that gives the option to be creative (I1). Some participants put a lot of effort in it – “My girlfriend also made slippers with dots to bring a thematic sentiment (I4)” and “I tried to show something which associated people with Mercator and was cute at the same time (I5)”.

**The concept of crowdsourcing is seen as very positive** since “with it Mercator connects numerous young artist and gives them a chance to show what they do and how good they are (I3)” and at the same time “you can be a part of brand story, you can identify with the brand where you are buying (I7)” and with such concept you come closer to your audience, target public (I8, I9). I2 saw it as an interesting one time project, as “folks company, however take the job from professionals...” and “you engage consumers, more people vote, participate, and the idea is more widespread, and it is cheaper for them (I1)”. I5 saw crowdsourcing as “good tool to use in marketing, that in a very nice way to non-invasively activate your potential consumer”. I4 saw the potential to broaden the reach of potential consumers “229 people, who said their whole family watched the video, which means at least 10 more people, meaning at least 1.000 more people ...” All the participants saw it as an opportunity for themselves and for the company as well – “it is cheaper for Mercator (I1, I2, I4, I6)” and “bring fresh ideas and more feedback (I3)”. “It is a great concept which provides a possibility to everyone who

wishes to be part of it – I am working with people and I know that each individual has potential to do something...(I8)”.

Because the interviewers saw the positive aspects of crowdsourcing idea particularly interesting, they were willing to cooperate in the **contest of other companies** (Hofer, Lidl, Spar...), despite the fact the majority of them actually buy groceries in Mercator (I1,I2, I3, I4, I5, I6, I7, I8, I9). I8 sees Mercator differently compared to other retailers, since it was his/her “first shopping center”, “it’s Slovene, domestic, something that you know” and these factors make the decision easier for him/her. I7 was an exception and would only participate in contests organized by Mercator – “because I also buy grocery in Mercator” and it thus feel good to be a part of the bigger Mercator story.

All of interviewers liked the **final ad**, however some of them believed that the scenes switch to quickly (I2, I3) and some of them were cut (I1), “individuals did not appear as expected and as they might have wanted to (I3)”. What I1 found interfering is “that they did not include the story of each video, but constructed their own story, what is in a way obvious, if you want to create a story”, “it’s interesting (I5)”, “they did an excellent final design of the video (I7)”. None of the interviewers had any concerns regarding the contest as a process. Two interviewees (I5, I4) liked the ways of voting for rewards, “that ensures the people with the most friends and connections in Facebook do not win (I4)”. Some of interviewers did not expect that final “collage of shots” to change the screens so fast and thus did not adopted their videos accordingly, which they felt could have been done better (I1, I2, I6, I8).

They liked the whole advertising campaign Koraki since “it engaged people of all ages (I3)”, however it is interesting that two interviewers (I2, I5) did not noticed the whole campaign “Koraki”, after the original ad was published. I9 has no special feelings about the campaign, he/she is not fan of advertising in general.

Two interviewers found **229 uploaded videos** a lot (I5, I7), however the others were not of the same opinion – “It did not seems much based on the basis of consumers that Mercator has (I2, I9) and in a time of crisis when 100 EUR means a lot for the households (I2)”. They identified the problem in being “not enough marketing activities on social networks (I3)” and it is true that many of them learned about campaign through friends’ Facebook profile (I2, I3) or heard from friend (I5).

The most common solution to how **to attract a broader crowd** was a higher reward and higher attractiveness of the reward itself – for example as travel vouchers (I3). However, concerns regarding higher rewards arose as “however greater reward, more ballast (I7)”, and “quantity is not the problem, but quality (I5)”, in one hand, and “encourage even more professionals to co-create (I5)”. “Higher reward would strengthen the visibility of the campaign among Slovenes (I5)”. Unfortunately the interviewees believed that “reward was simply too low to seriously undertake the contest (I5, I2)”. Finally, “100 EUR in money and not in voucher would attract more people (I2)”. I8 proposes more personal contact “with

consultants in Mercator centers who explain to the people what the contest is about”. I8 sees the potential to increase the number of uploaded videos with clearer communication and expressed the desire that not only high professional videos are desired/expected and therefore also attract non-professionals to co-create. I9 also sees the potential to attract more participants in more outstanding advertising.

**Parodies** within respectable limits were seen as positive from the majority of interviewees: “they encourage consumers to think about the brand even more (I2)”, “criticism in a constructive and friendly manner (I1)”, “I like parodies because they are usually funny (I4)” and “most effective advertisements (I5)” and I8 would take it as an “incentive, so that people are interested in what I am doing.”

Finally, they would like to participate in other similar creative contests for example in logo creation, idea creation, **creation of the whole ad or even in some more challenging tasks, requiring several skills.**

### *3.2.2 In-depth Interviews*

Since crowdsourcing was conducted with the cooperation of a marketing agency, two in-depth interviews were conducted. Interviews lasted approximately 60 minutes. The first, with Andreja Zandnik Andoljšek, Brand Management and Strategy Director at Poslovni sistem Mercator, d.d. and the second with Matevž Šmalc, Consultant at digital marketing agency Renderspace. His role in the campaign was to manage the entire process in the digital part of the campaign. The contest Mercator Koraki was carried out in cooperation with the marketing agency Pristop as well. The intent was to gain a company and marketing agency view into phenomena that we are researching in particular, the case of Mercator Koraki. The in-depth interviews can be found in Appendix D.

#### **Interview 1: Andreja Zadnik Andoljšek's view on contest**

Every year Mercator organizes one extensive corporative marketing campaign. In 2012 they made an exception and prepared two. Mercator Koraki was the second creative campaign and was encouraged by the new management team as a new positioning strategy. They wanted to change the previous philosophy focused on corporate values as national interest, Slovenia, Slovenian people, Slovenian suppliers to a more focused view Mercator – consumer, consumer – Mercator. The goal was to engage consumers and established two-way communication, where “main communicative and creative switch” would happen. The main driver of Mercator Koraki campaign was “proximity”. Geographically Mercator stores cover the whole Slovenia through more than 700 grocery stores, even more than 1000 with non-grocery stores, which means that each citizen of Slovenia live just one step away from a Mercator store – this presents a two-way relationship which Mercator management wanted to emphasise. Mrs. Andoljšek says “Mercator is close to consumer no matter where he/she lives, a block or two away, Mercator is always there in society...” From this philosophy the words

“proximity” and “step” were constructed. The word “step” was used for the contest and for the promotional activities.

As mentioned Mercator did not work according to traditional crowdsourcing principles. Since it had a small media outreach, which only reached the younger and very specific profile of population, they took the strategy to offline media as well. With such an approach they reached the older population and encouraged their attention to the contest through television, magazine commercials etc. The overall goal was “that more engaged consumers would help co-create classical ATL (hereinafter: above the line) advertising”. Additionally, they cooperated with a marketing agency. Since the campaign was extensive, they did a pitch for marketing agencies, and choose marketing agency Pristop and Rendarspace. They informed them with existing established techniques and set a goal of “creating something different, fresh, untypical for Mercator”. Pristop and Rendarspace developed the idea further on the basis of two-way communication, engagement of customers and proximity. The pitch for the campaign came out in the beginning of August and in the middle of August they choose the agency. The idea, which was further developed, was confirmed on 10<sup>th</sup> of September. On 10<sup>th</sup> of October the campaign started and took place for three weeks.

“The whole contest ran smoothly, just like in all other campaigns” with minor problems with the application created for the iPhone. In the first days not a lot videos were uploaded. More than 100 videos were uploaded within the last weekend. Mrs. Andoljšek sees the motivation mainly through introduction of something new, innovative, something that make it fun on your own or with friends. The reward had a symbolic value. Also the weather, first snow, contributed to motivation and encouraged new ideas, innovativeness. Overall there were around 9.000 people who registered to the Facebook application, and at the end 229 videos were uploaded. Mercator set a goal of 100 videos, thus 229 videos highly exceeded expectations. Furthermore, the participants were from all over Slovenia, however mainly they were young people or young families. The content of uploaded videos was more important than the quantity – “We constructed the story beforehand, including the voice path and what we wanted to say. Therefore we needed the moments, which would visualize, support the story and that was the main challenge, how the story would turn out”. The main challenge at the end was to create meaningful content. They got great videos and were very satisfied with the final advertisement.

The conduction of crowdsourcing campaign did not change their traditional work much. The focus was redirected from “choosing actors for the advertisement” to “video analysing”, otherwise there were no drastic changes. Mercator campaign only took three weeks compared to other practices, which would usually take from 4 to 12 weeks (Roth & Kimani, 2013, p. 24). Mrs. Andoljšek believes that the short time period create special charm, which could dilute in the long run. In her opinion longer campaigns could only take place online, due to the specifics of the online culture and audience. She believes that such approach, such campaigns gives something momentary, that lose its charms if they would take a long time. However, they will definitely use such an approach in future.

Furthermore, the success of crowdsourcing depends on the industry – where it is more appropriate for modern industry, such as mobile phone industry where focus target group are young people, and there are definitely some industries that could never make use of such business approach. Another way of using crowdsourcing, which is seen abroad, is for co-design of offering. This was observed in Walmart, where a contest for the “Hottest toy of the year 2013” was carried out for the Christmas offer.

Mrs. Andoljšek believes that crowdsourcing is intended and most productive when working with younger generation and does not see crowdsourcing as practice, which would be broadly used in Slovenia in the future. However, since the 60s every company try to engage their customers and this practice “always was, still is and will be in the future, just the mechanism has been changing over time”.

## **Interview 2: Matevž Šmalc's view on contest**

Renderspace and Pristop tried to accede with creative, new idea how to actively engage customers to participate. Mercator's goal was to connect the Mercator brand with its customers under the term “best neighbour (slov. *najboljši sosed*) ”, since the philosophy has lost its momentum in recent years. Increased price sensitivity and price critics of Mercator have grown in number and the need for exposing other attributes that Mercator has, was very present.

One of the goals was to come closer to consumers, and in next phase the “true” engagement and ideas “what if consumers would create campaign” come out. The whole concept was fresh and new in the Slovenian market, however the idea was very simple and thus attractive. This campaign had special importance since Mercator was a great and important brand in the Slovenian market. The concept of engagement did not change much compared to other campaigns, while the “conversation with customers” is a recent trend – with the use of social networks and two-way communication. “The time component was critical, especial in this case, since this was our first crowdsourcing project. Moreover, when engaging customers, it is hard to predict what will come out at the end and here it takes a lot of courage for a company to go into such advertising, especially because they are big company”. For big companies, such as Mercator, the communication with customers is highly important and also predictions how customers will react to certain communication. It is important that they avoid any inconveniences possible.

The other Mercator Koraki media were chosen according to the brand characteristics. “Mercator brand is mainstream, it has a broad target market, and as such television is a highly important medium”. It goes with the idea that people create television ad, and this is another reason why television was chosen. It was later decided that the whole campaign would be built on this idea. Television was a supportive medium, but the Internet was primary medium, for videos collection. Later when CGAs was created the premium medium went from the Internet to television.

There were no special problems. The contest ran very smoothly. When they approached the new model of crowdsourcing the “fear was focused mostly on not getting enough responses, consumer engagement”. In the beginning the response rate was very poor, however the number of responses picked up and the campaign ended successfully with 229 videos. The production process was different to normal ones, which started with a “preproduction meetings followed by scenario writing, filming the video, postproduction, broadcast...in this case half of the process was conducted with rough scenario, since the material in the videos was seen a week before the final launch. The work in final week was thus very dynamic and intense.”

Mr. Šmalc believes that the main motivation for co-creation was “to share your product with others as we are all doing every day in social networks, the motive is the same. The quality of videos differed, from satisfactory homemade, to the ones which were well constructed, filmed and processed... as in production houses” and for those the reward offered was definitely not a sufficient motivator. Despite the fact the reward was seen as small, it was appropriate in regard to the brands financial capabilities and market situation, and furthermore it was as high as “normal wage for acting in an ad”. However, rewarding on a monetary premise is definitely an additional incentive.

To encourage communication among participants and general public they give the option “like-s” on videos, which is usually used method to evaluate and express positive view, thoughts... Why “like-s” did not choose the winners Mr. Šmalc explained “Television ads must be constructed in a way that communicate the message you want to express about the brand. As a marketer it is important that you have this in your own hands, since if you give the whole creation of the ad to consumers the outcome might be something funny, cute and likeable, however you do not tell enough about the brand...and for what company actually is paying you for.” The videos that Pristop chose for the final television ad were of very high quality. They also fit the story and scenario, which was created at the beginning and included the message that Mercator wanted to communicate to their consumers. The final ad met the expectations.

The whole thing had a tight time limit, and Mr. Šmalc believes that it should have lasted at least two months, to get strong first phase with higher customers engagement. In Mercator Koraki they have less than three weeks for preparation and three weeks from material collecting – “absolute minimum when using crowdsourcing”, however in “ideal case I would have one month or one and a half month for the first phase”. This is important since people need some time to become active and much more material could have been submitted. And they had one week for production. The statistics of the Mercator Koraki website were promising. There were more than 15.000 unique visitors. All uploaded videos were also published, with no inappropriate content. “They expected a minimum of 100 videos, with at least 5, 10 % usable”. More detailed statistics are presented in Table 4. Furthermore, the core team consisted of eight people, and the broader team approximately twenty.

*Table 4: Statistics for Mercator Koraki Advertising Campaign*

Website Mercator Koraki	Facebook application Mercator Koraki
Website visit: 19.171 Website visit (unique users): 15.030 Average duration: 1:15 min Number of published videos: 229 Number of votes for videos: 1238 Number of comments: 20	Number of posts: 12 Reach: 601.025 Involved users: 11.848 Interactions (like, comment...): 1807 More than 6000 users of application

*Note\** Statistics from 9<sup>th</sup> October 2012 till 5<sup>th</sup> November 2012.

Along with the process of contest the quality of videos improved. From a budget perspective the campaign was not inexpensive in comparison to other media, however to some degree more ideas were gathered.

Mr. Šmalc personally believes that crowdsourcing presented the main advantages. It is important to be honest with customers about your intentions and that you present them in the way that is general understandable as “that you want to be closer to them, and try to understand them better”. When companies approach crowdsourcing is such way Mr. Šmalc believes that crowdsourcing is one of the best possible tactics to step into the market. He believes that is such way “present the customers that you like cooperate with them, work with them and that you are there because of them”. As disadvantages he sees that crowdsourcing is not for every brand, for all industries, but is more appropriate for “day-to-day brands, for brands, which are with you on daily level. Less important is the brand for every day life, the less successfully the crowdsourcing campaign could be conducted”.

From the client’s or brand’s perspective the biggest change is the transfer of responsibility, which goes to the hands of customers and it is hard to predict the end results and the success of the campaign. Customers could produce interesting ideas, however what marketers additionally give is “the idea which is hidden in creative solution and represents, communicates the brand, the brand as a person...” This is especially important for the brand image and value on long run. There is also the fear that you would not get enough quality of videos, since in crowdsourcing you could not control the mental process of consumers.

One of the options of crowdsourcing is also the crowdsourcing of creative ideas. However, Mr. Šmalc sees a higher perspective in “products and service development, in something that you actually sell”, which is also seen abroad.

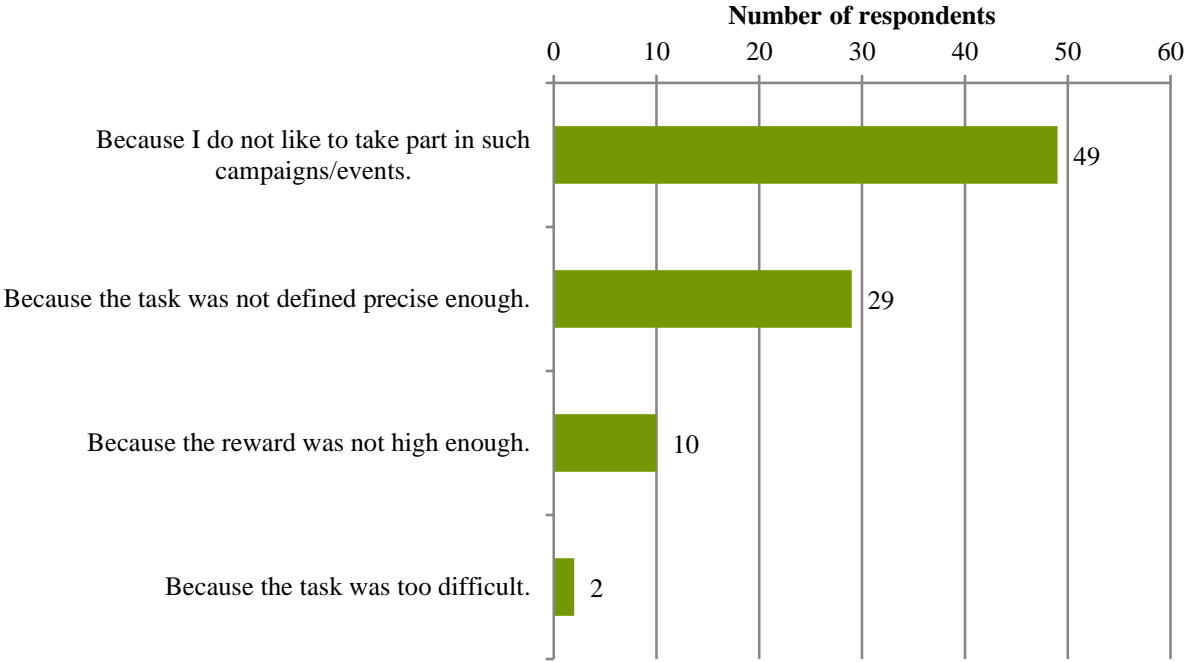
If crowdsourcing would be a broadly used concept in Slovenia the market would become saturated with such approach and as Mr. Šmalc said “it would be like the show Slovenia has a talent in two months”. However, they will avail themselves of crowdsourcing practices in the future. He believes that mentality of people has changed, and the perception that Slovenian



people are very closed is seen to be incorrect. People like to share their thoughts, ideas with other as seen in social networks.

**Additionally, research on Mercator ad contest was conducted as part of market research survey**, which is explained in detail in the following chapter. The crowdsourcing campaign was noticed by 38 % of participants in the survey (n=549), which indicated low recognition of practice among Slovenes. From the respondents that noticed the campaign ten respondents (5 %) also took part in the Mercator ad contest. The reasons for non-participation are shown in Figure 17 below.

*Figure 17: Reasons for Non-participation in Ad Contest Mercator Koraki*



**However, the greatest cause for concern is the result that 52 respondents (26 %) indicated (as option other) that they did not participate since they did not know that the contest took place or that they found out too late.** 20 of them also answered that they did not have time.

**3.3 Quantitative Research Methods**

*3.3.1 Research Goals and Objectives*

Crowdsourcing is a relatively new practice in Slovenia. There were some crowdsourcing campaigns (mainly focused on crowdfunding), however there is no previous research within that area. The goal of the quantitative empirical research is to identify which factors are crucial for crowdsourcing to be successfully realized in Slovenia – which industries and tasks/activities have the most potential, what motivates people to participate, is this reasonable

business model for Slovenia and finally, who are the people who would like to participate (in séance of personal and demographic characteristics).

### *3.3.2 Data Analysis*

The data collection took place from 29<sup>th</sup> of May 2013 till 10<sup>th</sup> of September 2013. The total number of responses was 549 (n=549). Despite the big number of completed surveys, this is still a convenient sample and the results need to be taken with the certain degree of limitation. However, as the survey took place online, the people who participated had certain level of Internet usage skills and were consequently potential participants for crowdsourcing activities in Slovenia.

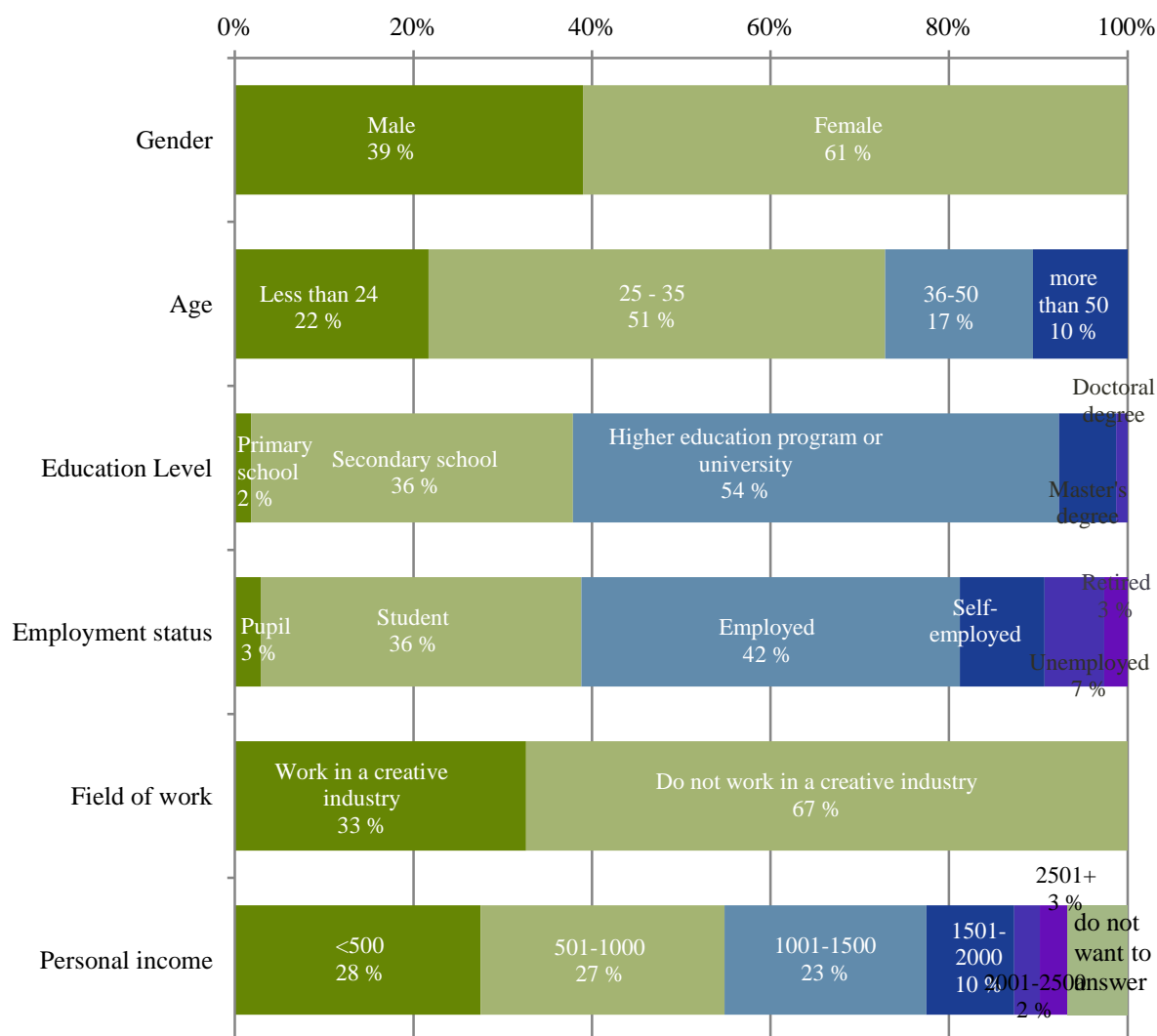
The questionnaire consisted of 19 questions (survey questioner in Appendix E) separated into three parts. The first set of questions was the broadest and included general questions about crowdsourcing – which activities, industries etc. are the most interesting for participants and their motivation for it. The questions were based on previous theoretical research. The second set of questions investigated awareness of Mercator contest and reasons for non-participation, which analyse the results gathered from the netnography and interviews in even more detail. The final set of questions asked about personal characteristics, habits and other demographic data. Closed types of questions were used. For the question “how likely is it” the four-point scale was used, which was also used by the Statistical Office of the Republic of Slovenia (2013) in their Consumer opinion survey. In most of the other questions the five-point Likert scale was used. The percentage of missing values was low (0,18 % in Q1; 0,19 % in Q2, Q7, Q8 and 0,36 % in Q12) and according to Churchill (1999, p. 640) missing values were replaced with mean values.

#### *3.3.2.1 Sample Description*

Sample consisted of 549 respondents, 335 (61 %) of which were women and 214 (39 %) men. According to the age structure, the most numerous age group was between 25 and 35 years. The average age of respondents was 33. By educational level the respondents were spread into the following classes: 2 % of respondents have finished primary school, 36 % secondary school, 55 % higher education program or university program. 6 % of respondents had master degree and 1 % had a doctoral degree. The results were consistent with Massolution (2012a) research which found out that participants in crowdsourcing are highly educated. According to employment status the most respondents were students (36 %) or employed (52 %) out of those 10 % were self-employed. Additionally, more than half of respondents (67 %) did not work in creative industries. 55 % of respondents had a personal monthly disposable income lower or equal to 1000 EUR. 33 % of the respondents had a disposable income between 1001 EUR and 2000 EUR. Only 5 % had a higher income than 2001 EUR and 7 % did not want to reveal their disposable income. Respondents spend on average 4,9 hours per day on the Internet, which is very high compared to the online research form Media Scope (2012) with

average of 13,6 hours per week. Detailed information on sample demographics are presented in Figure 18 below.

*Figure 18: Sample Demographics*



*Note\** Amounts of personal income are in EUR.

Additionally, respondents describe themselves based on 1 to 5 scale as open to learn new things ( $\bar{y}$  =4,3), with wide range of interest ( $\bar{y}$  =4,1), creative ( $\bar{y}$  =4,0), trendy and fashionable ( $\bar{y}$  =3,8) and with great knowledge of the Internet ( $\bar{y}$  =3,6).

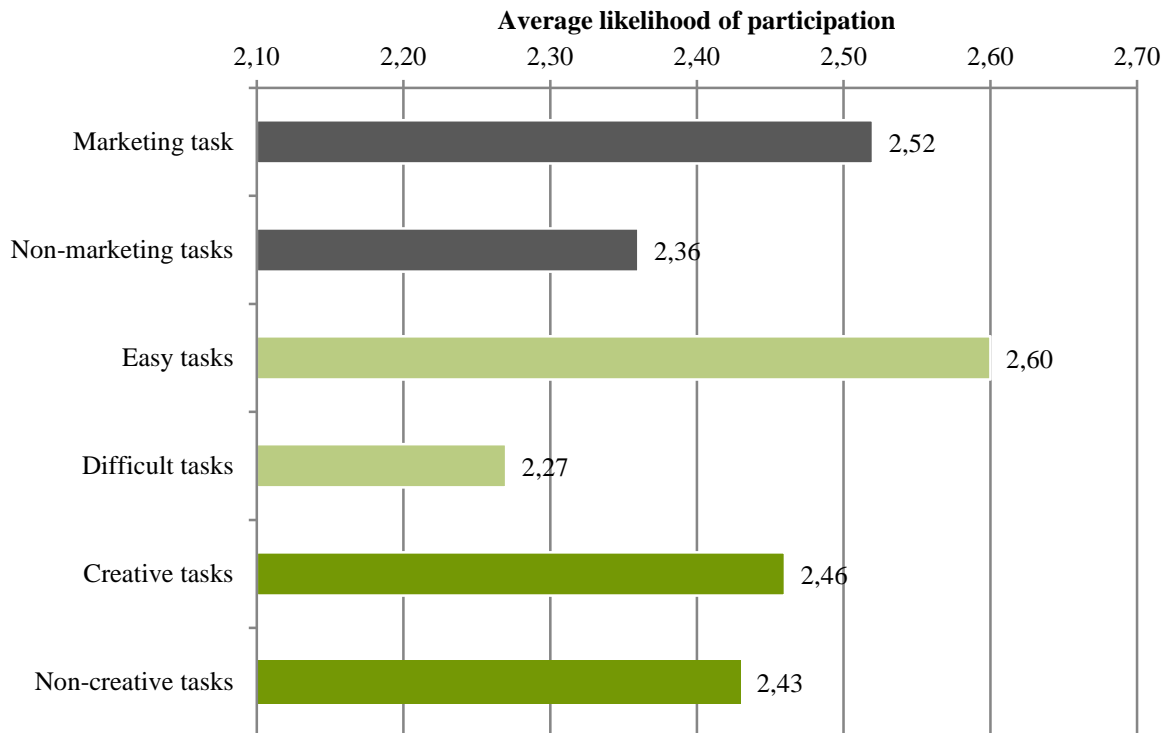
### 3.3.2.2 Analysis of Crowdsourcing Environment in Slovenia

#### 3.3.2.2.1 Tasks and Motivation to Participate in Crowdsourcing

Crowdsourcing enables people to participate in numerous activities. The question focused on investigating which tasks (marketing versus non-marketing, easy versus difficult, creative

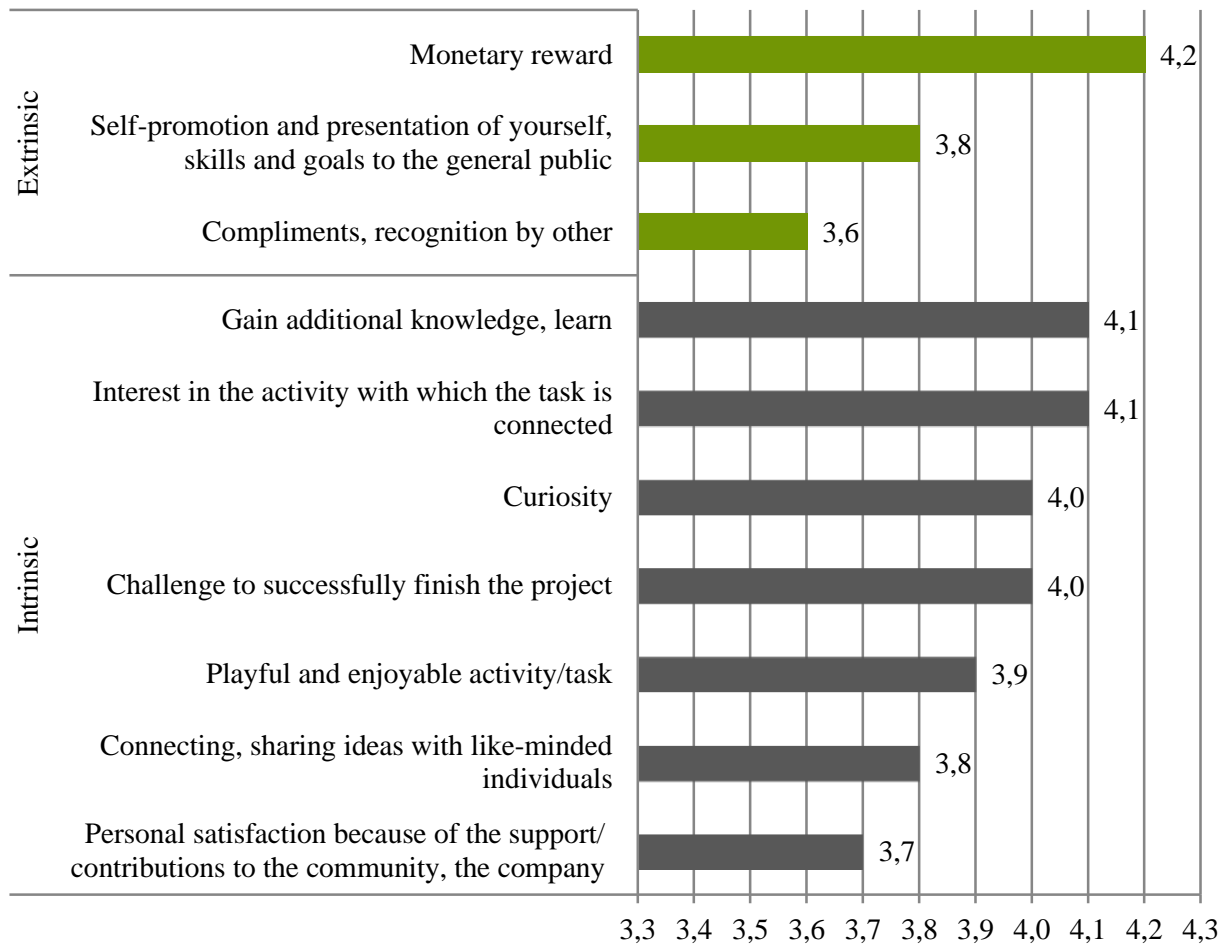
versus non-creative) people are more prone to participate in. Respondents were marking on a four-point scale of 15 activities in which it would be extremely likely or extremely unlikely for them to participate in (n=549). The **comparison of arithmetic means shows that respondents would prefer to participate in marketing, easy, and creative tasks** although the difference are relatively small (see Figure 19). The activity classification according to three specified categories is presented in Appendix F.

*Figure 19: Likelihood to Participate in Specific Task Category*



There are two types of motivation that drives our will to participate – intrinsic and extrinsic. The category results (presented in Figure 20 below) show that both types of motivation are important when deciding to participate in crowdsourcing ( $\bar{y}_{\text{intrinsic}}=4,0$  and  $\bar{y}_{\text{extrinsic}}=3,8$ ). With the average 4,2 the strongest motivators are monetary rewards, following by gain additional knowledge, learn ( $\bar{y}=4,1$ ) and interest in the activity with which the task is connected ( $\bar{y}=4,1$ ). Similarly Kaufmann et al. (2011, p. 7) find motivation for payment as highest score and further Frey et al. (2011, p. 397, 413) discovered the possibility that with the higher amount of monetary reward extrinsic motivation arise. However, people are often motivated by more than one factor driving their creative action, however the intrinsic motivation is in many cases the basis for other motivational factors (Berthon et al., 2008, p. 12; Ertimur & Gilly, 2012, p. 124, Füller, 2010, p. 117, Kaufmann et al., 2011, p. 7–9).

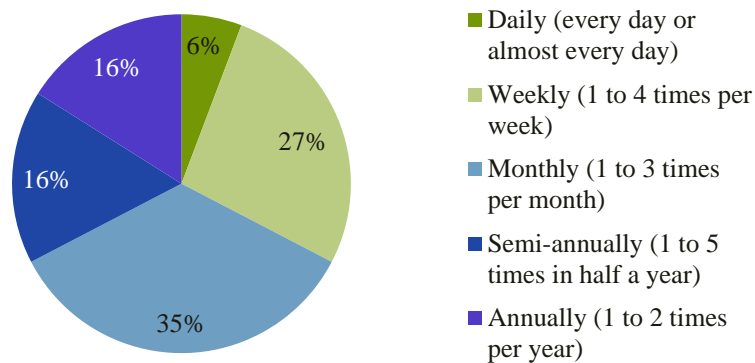
*Figure 20: Motivation for Crowdsourcing by Category by Average Value Based on a Scale from 1 (does not motivate me at all) to 5 (strongly motivates me)*



The main reason for non-willingness to participate in crowdsourcing was personal evaluation of lack of technical and technological skills (277 answers). The second answer was “do not have enough time” (136 answers) and third “lack of interest” (106 answers). The respondents who marked at every task that they were not willing to participate (n=8) would participate in case where not too much technical knowledge would be needed, where short period of time to completed the tasks will be needed and if there would be extremely high reward.

Crowdsourcing could present an additional income, however to gain a visible amount it is important to participate often and complete tasks successfully. Some respondents would like to participate in crowdsourcing campaigns on regular basis – 27 % on weekly and 35 % on monthly basis. Based on Massolution’s (2012a) research the majority of workers crowdsourced at least once a month and about half of participants work almost every day. That is consistent with our results presented in Figure 21.

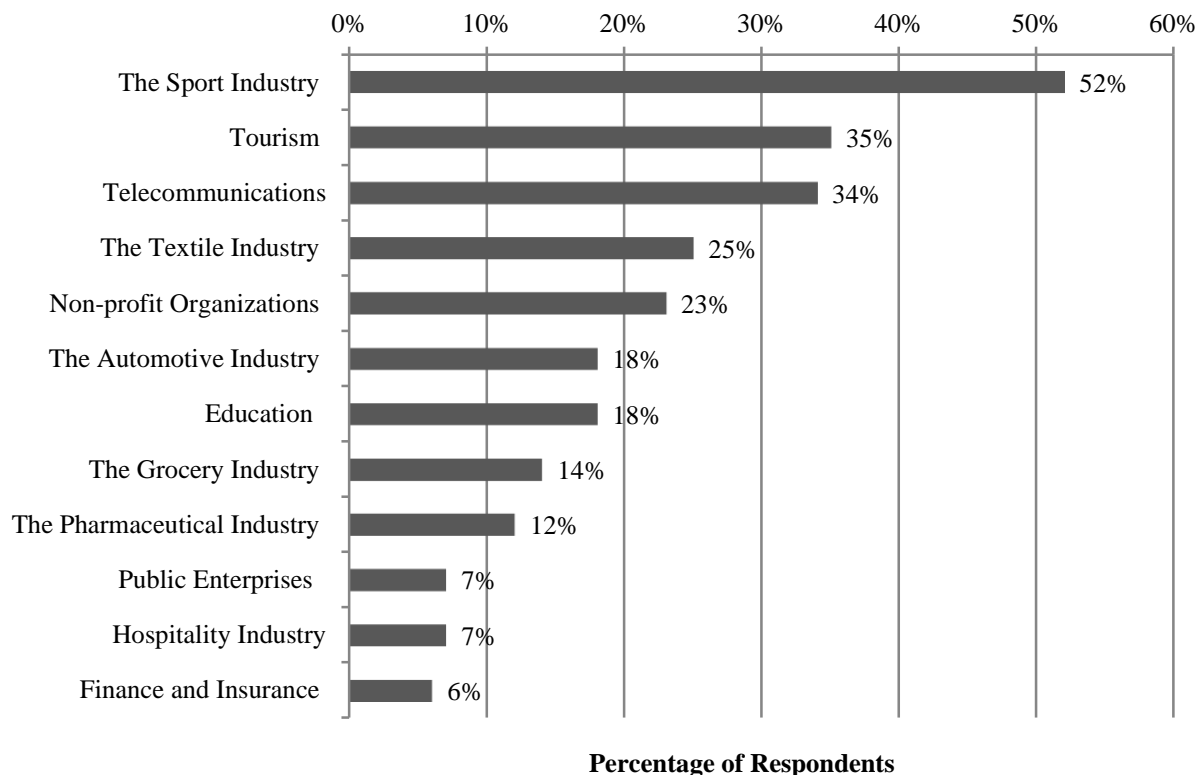
*Figure 21: Frequency of Willingness to Participate in Crowdsourcing Campaigns in Percentage*



### 3.3.2.2.2 Prospective Industries and Brands

Figure 22 shows, which industries are the most attractive for respondents to participate in. Additionally, participants would like to do crowdsourcing for design industry and architecture, IT industry, start-up companies and small enterprises. The biggest industry according to revenue on a global scale is internet services followed by media and entertainment and technology (Esposti, 2012, p. 7), which is coherent with the survey results and high score of telecommunication.

*Figure 22: Participants' Attractiveness of Industries by Percentage of Respondents*



The majority of respondents do not give any special attention to whether the brand for which they would crowdsource is Slovene or foreign ( $\bar{y}_{\text{Slovenian}}=3,9$ ;  $\bar{y}_{\text{foreign}}=3,7$ ). With an average value of agreement of 3,6 respondents decided to crowdsource for wide variety of brands where element of fun and interest is more important than brand for which they crowdsource. Despite that the majority of respondents would like to do crowdsourcing for a wide variety of brands they also like to crowdsource, since they can work for brands they like and would like to be part of it.

### 3.3.2.2.3 *Types of Workers in Crowdsourcing*

To separate the participants into groups, cluster analysis was used. We start with hierarchical clustering to determine appropriate number of clusters. The variable to determine the difference between groups were based on expected behaviour as willingness to participate in marketing and non-marketing tasks, strength of intrinsic and extrinsic motivation and frequency of desired participation. The variables were designed as following: the first two variables were determined based on respondents' willingness to participate in 15 different crowdsourcing tasks. The participants either marked it extremely likely or extremely unlikely that they would participate in a certain task, on a scale from 1 to 4. The third and fourth variables were based on the participants having in mind the above mentioned 15 different crowdsourcing tasks. They were asked to choose amongst ten motivational factors which would persuade them to carry out the crowdsourcing task. This was rated on a five-point scale. Frequency of participation was designed as a straightforward five-point scale question. Ward's method was used to determine distance between groups. Ward's method preserves the homogeneity of groups by minimizing the sum of squares within the group (Sharma, 1996, p. 193). Based on the analysis we decided to separate the participants into three clusters. The model was later approved by a non-hierarchical cluster. The goal of the cluster analysis was to identify segments and determine the participants' "crowdsourcer" profile, which would be helpful for crowdsourcing providers in Slovenia.

With the cluster analysis three different profiles of participants were identify: **crowdmarketers**, who present 33 % of analysed population, **crowdworkers**, who presents 40 % and **crowdfollowers** who present 27 %. Crowdmarketers are individuals who are happy to be part of a crowdsourcing campaign, following by crowdworkers and crowdfollowers, who are at least willing to participate. The analysis of means of cluster variables (first part of the Table 5) and latter the descriptive statistics (second part of the Table 5) showed that participants differ according to their personal characteristics and habits. All three types of participants are described in Table 5. The clusters analysis can be found in Appendix G.

*Table 5: Types of Workers in Crowdsourcing*

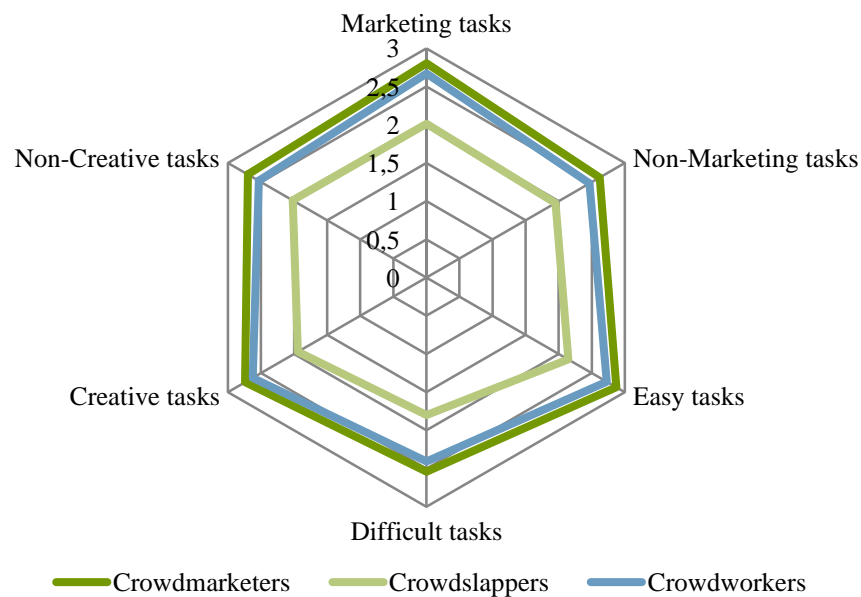
Segment	CROWDMARKETERS	CROWDWORKERS	CROWDFOLLOWERS
	n=180 / 33 %	n=271 / 40 %	n=144 / 27 %
Means' analysis of cluster variables	<ul style="list-style-type: none"> <li>• Intent to participate: strong</li> <li>• Frequent participation: on weekly basis</li> <li>• Motivation: strongly intrinsic oriented</li> </ul>	<ul style="list-style-type: none"> <li>• Intent to participate: moderate</li> <li>• Semi-frequent participation: on monthly basis</li> <li>• Motivation: strong intrinsic and extrinsic</li> </ul>	<ul style="list-style-type: none"> <li>• Intent to participate: weak to moderate</li> <li>• Non-frequent participation: on annually basis</li> <li>• Motivation: intrinsic and extrinsic</li> </ul>
Descriptive statistics analysis	<ul style="list-style-type: none"> <li>• Lower income</li> <li>• Average age: 31</li> <li>• Employment status: student or employed for a short period of time</li> <li>• Hours spend on internet: 5 h/day</li> <li>• Strong willingness to participate in marketing tasks*</li> </ul>	<ul style="list-style-type: none"> <li>• Medium to higher income</li> <li>• Average age: 37</li> <li>• Employment status: employed</li> <li>• Hours spend on internet: 4 h/day</li> <li>• Moderate willingness to participate in marketing tasks*</li> </ul>	<ul style="list-style-type: none"> <li>• Medium income</li> <li>• Average age: 32</li> <li>• Employment status: employed, self-employed</li> <li>• Hours spend on internet: 3 h/day</li> <li>• Low willingness to participate in marketing tasks*</li> </ul>

*Note\** Results are based on variable “willingness to participate in crowdsourcing for marketing purposes”. The variable was constructed from the question of desire to participate in 15 specific tasks (Appendix E, Q1) which were later dividend into marketing and non-marketing. Participants who have the mean of willingness to participate in crowdsourcing for marketing tasks higher or equal to 2,50 were identified as willing to participate in crowdsourcing for marketing purposes.

The cluster analysis further revealed that participants differ only slightly by the tasks that they would like to perform, however the differentiation is the most obvious in terms of the intensity of the willingness to participate. Crowdfollowers show the slightest intention to participate in all categories of tasks as shown in Figure 23 below, followed by crowdworkers. All three segments prefer marketing tasks versus non-marketing tasks, however the differences are very small and almost negligible when looking at crowdfollowers. Similarly, all segments prefer easy tasks over difficult ones. On the contrary to crowdmarketers and crowdworkers, crowdfollowers prefer non-creative tasks, however also here the difference are minimal.



*Figure 23: Cluster Means of the Three Different Participatory Type Based on Tasks Preferences*



All three segments see the main difficulty to participate in crowdsourcing in lack of technical or technological skills, however the crowdfollowers see the main problem among other two segments is not understanding the concept, not having enough time and possible occurrence of worker exploitation which makes them the most sceptical to this new business model.

It is also interesting that crowdmarketers and crowdworkers would prefer to work for the sport industry, telecommunications and tourism, respectively. As well crowdfollowers would like to work for sport industry and tourism, however as third place based on willingness to participate they put education.

#### *3.3.2.2.4 Important Factors for Crowdsourcing*

Our analysis focused on identifying different factors and their influence for broader use of crowdsourcing in Slovenia. The factors tested were **motivation** and its influence in connection with income, creativity and learning, **difficulty of tasks**, **personal details** as age, job position, perception of themselves and **reason for participation** where testing importance of concept versus brand.

We found support for H1a, which predicts that intrinsic motivation is of higher importance for individuals when deciding to take part in crowdsourcing. The correlation test shows that motivations are moderately and positively correlated ( $\rho_{\text{intrinsic, extrinsic}}=0,381$ ) and further T-test analysis shows statistically significant differences ( $\bar{y}_{\text{intrinsic}}=4,12$ ,  $\bar{y}_{\text{extrinsic}}=4,00$ ,  $p_{2\text{-tailed}}=0,003$ ). The results are consistent with Kaufmann et al. (2011, p. 7) research, which also revealed that intrinsic motivation dominates extrinsic. We did not find support for H1b, which predicts that

individuals motivated by intrinsic motivation are more creative. However, we found support for H1c, which confirms that individuals motivated by intrinsic motivation when crowdsourcing for marketing purposes like to learn new things ( $p_{\text{intrinsic, like to learn new things}}=0,273$ ;  $p_{2\text{-tailed}}=0,000$ ). Additionally, T-test showed significant difference in arithmetic means between people with lower income and people with higher income ( $\bar{y}_{\text{low income}}=3,89$ ,  $\bar{y}_{\text{high income}}=3,76$ ,  $F=2,80$ ,  $p=0,095$ , T-test:  $p_{2\text{-tailed}}=0,049$ ), indicating that people with lower income have stronger extrinsic motivation for participating in crowdsourcing than people with higher income.

The analysis of the second set of hypothesis revealed a significant difference in willingness to participate in less difficult versus difficult tasks. The average difference is significant at a level below 0,001 percent and is positive, indicating that people are more prone to participate in less difficult tasks than more difficult ones. Sun et al. (2012, p. 18) research reveals that extrinsic motivation also has a positive effect on continuance intention when task complexity is low which would be interesting for future research when more practices in Slovenian market will be realized.

The third set of hypothesis focused on testing personal characteristics of potential participants. The hypothesis test found support that the following factors have an effect on willingness to participate in crowdsourcing for marketing purposes:

- H3a predicts that people who are younger are more willing to participate in crowdsourcing for marketing purposes (Pearson Chi-Square=17,436,  $p_{2\text{-tailed}}=0,000$ ).
- H3b predicts that people who work in creative industries are more willing to participate in crowdsourcing for marketing purposes (Pearson Chi-Square=4,675,  $p_{2\text{-tailed}}=0,031$ ).
- H3c predicts that people who are willing to participate see themselves as creative ( $\bar{y}_{\text{less willing to participate}}=3,80$ ,  $\bar{y}_{\text{willing to participate}}=4,09$ ,  $F=5,033$ ,  $p=0,025$ , T-test:  $p_{2\text{-tailed}}=0,000$ ).

H4 argue that people who are willing to participate in crowdsourcing for marketing purposes do so because of the concept of crowdsourcing or the ad itself and not because of the brand. We found support for that hypothesis as well ( $\bar{y}_{\text{less willing to participate}}=3,42$ ,  $\bar{y}_{\text{willing to participate}}=3,79$ ,  $F=9,772$ ,  $p=0,002$ , T-test:  $p_{2\text{-tailed}}=0,000$ ).

Table 6 below shows an overview of the results for each hypothesis in the specific hypothesis set. A detailed testing of the hypothesis can be found in Appendix H.

*Table 6: Overview of Hypothesis Testing Results*

Hypothesis	Sig.	Result
<b>First set of hypothesis</b>		
H1a: When crowdsourcing for marketing purposes people are motivated more by intrinsic motivation than extrinsic motivation.	$p = 0,0015^*$	Supported

*Table continues*

Continued

Hypothesis	Sig.	Result
H1b: People who are motivated more by intrinsic motivation when crowdsourcing for marketing purpose are more creative.	p = 0,056	Not supported
H1c: People who are motivated more by intrinsic motivation when crowdsourcing for marketing purposes like to learn new things.	p < 0,001**	Supported
H1d: People with lower income are more motivated for crowdsourcing by extrinsic motivation than people with higher income.	p=0,0245*	Supported
<b>Second set of hypothesis</b>		
H2: A crowd is more prone to participate in less difficult tasks than more difficult ones.	p < 0,001**	Supported
<b>Third set of hypothesis</b>		
H3a: People who are willing to participate in crowdsourcing for marketing purposes are younger then people who are less willing to participate in crowdsourcing for marketing purposes.	p < 0,001**	Supported
H3b: People who work in creative industries are more willing to participate in crowdsourcing for marketing purposes then people who are less willing to participate.	p=0,00155*	Supported
H3c: People who are willing to participate in crowdsourcing for marketing purposes see themselves as more creative compare to people who are less willing to participate in crowdsourcing for marketing purposes.	p < 0,001**	Supported
<b>Four set of hypothesis</b>		
H4: Individuals who are willing to participate in crowdsourcing for marketing purposes do so because of the concept of crowdsourcing or the ad itself and not because of the brand in comparison to ones who are less willing to participate.	p < 0,001**	Supported

Note. \* Proven significant at the 5 % risk level

Note. \*\* Proven significant at the 1 % risk level

### 3.4 Discussion and Recommendations

The literature overview shows that crowdsourcing as a practices started to be used many years back, however under the term it is known today it was only recognized in 2006 when its usage spread greatly (Frei, 2009, p. 4; Howe, 2008a, p. 6). In addition, its benefits overcome traditional business practices in many fields. **The main issue, which was defined in the research question, is how applicable is the new business model for Slovenia and which are the factors that affect its success.** The research question was approached with triangulation of research methods combining qualitative and quantitative techniques to reach the highest reciprocity of research. The relevance of the research question is highly important since we have already observed some crowdsourcing practices in this area, however no extensive research has been done thus far.

The findings exposed that Internet has changed our lives and enabled two-way communication, which has made drastic changes within the marketing field (Campbell et al., 2011b, p. 225; Uzunoğlu, 2010, p. 140). Why crowdsourcing proves as a very effective and efficient model is illustrated by the following citation:

“If great minds think alike – and in many circumstances they do – then they really constitute only one mind. A diverse group of solvers results in many different approaches to a problem. Tapping people’s collective intelligence involves trafficking in what the crowd already knows. Such crowdsourcing applications generally require small investments of time and energy on the part of individual contributors.”

Jeff Howe (2008c, p. 2)

A valuable characteristic of crowdsourcing is its high flexibility (Doan et al., 2011, p. 96). Additionally, it is considered as an umbrella term and could be used for commercial and non-commercial purposes and could differ according many different terms of accomplished – reward system, crowd selection etc. (Marjanović et al., 2012, p. 320), which gives the business model an excellent opportunity to be executed for the small Slovenian market. Furthermore, global statistics show that the main drivers of demand for crowdsourcing are small companies (Massolution, 2012a), which prevails in Slovenia as well. At the moment crowdfunding is the most frequently used category of crowdsourcing in Slovenia, however **empirical research supports its use in marketing field as well.**

The findings illustrate that Slovenes have accepted crowdsourcing practices very positively and show a willingness to participate. They see it as good practice for them as consumers and brands. Based on empirical results, the following paragraphs discuss each element of the crowdsourcing model separately.

**Crowdsourcing Process.** The Mercator Koraki contest was executed as a simple contest, meaning that relatively advanced contribution was required with complete execution of proposed ideas. Simple contest is as well the broadest and oldest use of crowdsourcing practice in advertising (Roth & Kimani, 2013, p. 19–27). However, Slovenia is a small market with a limited number of participants thus we have to be more flexible and open when executing crowdsourcing practices. The results from the netnography and survey show that people would like to participate in numerous tasks, however the main reason for non-participation was a lack of technical and technological skills. This issue could be overcome by using stage-based contests which main benefit is in its modularity. A hybrid model divides contest in few production stages where the main benefit is in the increased number of participants (Roth & Kimani, 2013, p. 19–27).

The Mercator Koraki contest deviated from the classic crowdsourcing campaign in terms of three aspects: media used, mediated approach and time spare. With the in-depth interviews we tried to clarify the potential problems with execution of the contest. Due to constant cooperation with the agency and the inclusion of offline media, analysed concept lost one of crowdsourcing’s main benefits – being cheaper – among additional three factors of being

faster, smarter and easier (Howe, 2008a, p. 71). A future selection approach might have great impact on the development of crowdsourcing environment in Slovenia and opens possibilities to go more towards developed levels where benefits of crowdsourcing could be exploited even more. As is shown in the literature, crowdsourcing campaigns were mainly organised on branded websites and social networks in the beginning and later moved to crowdsourcing platforms (Roth & Kimani, 2013, p. 11). It is assumed that a similar trend will be observed in Slovenia. Since demand for crowdsourcing mainly comes from small companies (Massolution, 2012a), the company Mercator needed to have a lot of courage to applied crowdsourcing concept, since as known from literature and interviews, its outcomes might still not be as expected and harmful for big companies (Brabham, 2008, p. 79). Additionally, what shows as slightly problematic and outstanding is the short duration time of the contest – three weeks. Usual practices for such contests are to take place from four to twelve weeks (Roth & Kimani, 2013, p. 24), which means that if contest would lasted for longer period, the number of participants would have been higher. Overall completion of the campaign proved as a very successful and interesting business model for the future.

**The crowd and its' motivation.** In line with literature we found that participants in crowdsourcing are amateurs, however very experienced in specific fields and many times they are building their career. Brabham (2012, p. 22) exposes a benefit of the amateur as questionable and defined the crowd as “largely self-selected experts”. However, those choices of self-selection of crowd gives the crowdsourcing additional value and an option to be recognized as successful business model (Howe, 2008a, p. 217). The Mercator Koraki contest was faced with the problem of low recognition of its existence, which was confirmed in netnography as well as survey finding. 62 % of participants (n=549) did not know that contest is taking place. Moreover, the main reason for non-participation was not-knowing that this was happening, which raised a possibility of increasing the number of participants in the future. Additionally, YouTube statistics showed that when the original ad was published this drastically rose the views of the video and the incentive to participate. This could indicate that the general public did not approve or notice the contest in the beginning, but were very satisfied with the final work/ad. Diversity and consequently number of the people in terms of possessing different information, knowledge, thinking paths is one of the main conditions under which a crowd works smartly (Frey et al., 2011, p. 400). Consequently, in order to execute even better crowdsourcing campaigns in future more individuals should participate in the campaigns. Another option to overcome the problem of low general recognition would be online advertising, however with its limitation to make execution more expensive and a bit more distant from the traditional crowdsourcing approach. When deciding for such approach it is important to choose the right combination of advertising channels and devices to achieve the highest reach of the population or specific target group. At the moment video advertising is the most appealing form, as well the use of outstanding and engaging ad formats. Since Slovenia has not seen many crowdsourcing practices this will be appealing option for future campaigns.

**To include more participants in crowdsourcing activities** the organiser has to pay special attention to the following factors, which were shown as the most important in statistical analysis:

- *Motivation* – whereas intrinsic and extrinsic factors are very important. Participants in the Mercator Koraki contest were mainly motivated by intrinsic motivation, however raised critics regarding the reward system. This is in line with the survey results, which showed that there is a moderate correlation between each, meaning that higher monetary reward can attract more individuals despite the fact that main driver for participation is intrinsic motivation. Extrinsic motivation is more important for people with lower income. Looking at the current economic situation in Slovenia high monetary reward might be very important to attract a high number of people.
- *Personal characteristics* – the survey shows that the main target group for crowdsourcing are young individuals who are building their carrier path upwards. Additionally they are open to learn new things.
- Choice of *appropriate task* – detailed and generally understandable descriptions of task are crucial. Main interest is to focus on easy, creative and marketing tasks.

When looking at the three segments that were recognized from the survey our results show an even more important implication for brands, which are willing to execute crowdsourcing marketing campaign. The division of people falls into three groups:

- **Crowdmarketers** (strong intent to participate in crowdsourcing activities and strong willingness to participate in marketing tasks, would like to participate in crowdsourcing weekly and are strongly motivated by intrinsic motivation. They have lower incomes and are students or have been employed for a short period of time. The average age of the target group is 31.)
- **Crowdworkers** (moderate intent to participate in crowdsourcing activities and moderate willingness to participate in marketing tasks, would like to participate in crowdsourcing monthly and are strongly motivated by intrinsic and extrinsic factors. They have higher incomes and are employed. The average age of the target group is 37.) and
- **Crowdfollowers** (weak to modest intent to participate in crowdsourcing activities and low willingness to participate in marketing tasks, would like to participate in crowdsourcing annually and are intrinsically as well as extrinsically motivated. They have a medium incomes and are employed or self-employed. The average age of the target group is 32.)

and illustrate the possible reach of specific type. Easy, creative and marketing tasks have to be assigned to crowdmarketers and crowdworkers. On the contrary one has to assign easy, non-creative and marketing tasks to crowdfollowers. Of course task can have all three characteristics at the same time. Based on the finding the appropriate tasks for crowdmarketers would be for example: helping on a video ad production, preparing photographs for advertising campaigns, preparing advertising strategies, creating Facebook profiles for

companies. For crowdworkers this would be: article writing, comparison of competitive products and participation in a survey for a new products. And for crowdfollowers it would be: searching for information, entering data into databases, translating and participating in a survey. However, for all three segments it is important that the tasks are well defined since this, as the results indicate, might lower the willingness to participate and lower satisfaction with the process.

**Collective creativity.** Crowdsourcing normally takes place on cyberspace where in connection with social networks open possibility for collective creativity (Kozinets, Hemetsberger & Schau, 2008, p. 339, 340). Collective creativity has a wider span and is more intense (Reinhardt & Hemetsberg, 2007 in Kozinets et al., 2008, p. 341) and as such creates an appealing environment for crowdsourcing for marketing purposes. As noted in the literature review the crowd works very professionally under specific circumstances (Muñiz & Schau, 2011, p. 211, 216), which was confirmed in the Mercator Koraki contest. Since the success of crowdsourcing and the quality of work lies in the diversity of people (Kozinets et al., 2008, p. 341) it is extremely important to gain contest recognition and high number of participants. However, in the Mercator Koraki contest the collective creativity was not used to the final potential since a lot of work was done by the advertising agency. This presents open potential for the future.

**Tasks and Industries.** Empirical research shows that individuals would like to participate in numerous tasks where easy, creative and marketing tasks prevail. In the marketing field crowdsourcing is mainly used for advertising, especially video ad creation (Roth, 2013). Worldwide the most expansive and broadest reach of audience has the ad produced through crowdsourcing during Super Bowl (Lawrence et al., 2012b, p. 2). However, crowdsourcing is applicable for numerous industries. It is shown that brands with which consumers connect with on a daily basis might be more appropriate and gain better results from crowdsourcing. The survey results indicate that participants are most interested to participate for sport industry, telecommunications and tourism. Additional interest was shown for design industry and architecture, IT industry, start-up companies and small enterprises.

In sum, it could be argued that an interest for crowdsourcing is present in Slovenia, so the main challenge lies in selecting the right approach. Research supports the idea that it could be a successful business practice. Finally, we return to the initial thought of the crowdsourcing initiator who states:

“Crowdsourcing’s limits are determined by people’s passion and imagination, which is to say, there aren’t any limits at all.”

Jeff Howe, 2008, p. ix

### **3.5 Research Limitations and Research Propositions**

The limitation of our research mostly resulted from the fact that crowdsourcing is a relatively new business model in Slovenia, despite its growing visibility and recognition. Additionally, due to the small market Slovenia has its limitation for research as well for real execution of the practice.

Netnography is not a broadly used method in Slovenia and to date no comparative research has been done in this particular area. When comparing it to other similar research from foreign countries it is noticed that Slovenes procure relatively low volume of content and due to the size of the country the number of participants is much lower. The mentioned limitations allow execution of netnography on a basic level, however with valuable results. With the progress of crowdsourcing culture in Slovenia more comprehensive research would also be possible.

That survey took place online has its strengths and weaknesses. The target group were mainly young people, however the Millennial generation, Generation Y and Me Generation are generations who extensive and rapidly use digital social networks and are the prospective consumers who would potentially cooperate in crowdsourcing activities (Berthon, Pitt, & DesAutels, 2011, p. 1045). The total number of responses was satisfactory, however it still present convenient sample and results need to be taken with the certain degree of limitation. Additionally, the questionnaire was prepared for this research only and does not have exact comparable research. The measurement should be tested again in future research.

The limitation of the presented study might also be a good basis for future research. Moreover, it might also be valuable to do research on the comparison of outcomes when using mediate and non-mediate crowdsourcing approaches. As such we would be able to compare benefits of each specific approach in Slovenia. In literature there is a lot of empirical studies based on motivational strategies thus it might be valuable to study this particular area in more detail, however more practices have to be executed in Slovenia for broader research. Due to low number of crowdsourcing practices our research focuses on the determination of a potential profile of crowdsourcers. In future it would be interesting to analyse specific crowdsourcing platforms with major or significant Slovenian contribution to get exact information of profile of crowdsourcers in Slovenia.

## **CONCLUSION**

As seen, changes in technology, social environment and economic situation calls for action for more flexible and affordable business practices. One of these options in presented through the use of crowdsourcing, especially when used for marketing purposes. The master's thesis analyses the potentials of crowdsourcing from a theoretical and empirical point of view and gives initial findings for its use in Slovenia. Moreover, it creates a good starting point for further research within the field.



The amount of content generated by users is enormous – written, audio, video and other formats. Consumers' participation is a valuable input in the development and sales of products and services. The development of technology, which is a premise for new business practice goes hand in hand with consumer content creation and willingness to participate. Crowdsourcing has proven to be a successful practice abroad and it is definitely a prospective approach for Slovenia. Due to its flexible nature it might be applicable for numerous industries and specific tasks. When solely observing marketing practices its applicability mainly focuses on advertising, especially video activities. Social networks potentiate consumer creativity that in many cases reaches or even overcomes professional levels. Consumer generated advertising is as such one of the main tools for using crowdsourcing in marketing. Finally, to execute such business practices motivational strategies are an important factor.

The empirical research pointed out that the crowdsourcing approach is positively accepted among Slovenes. The main findings illustrate:

1. *Crowdsourcing process.* For the small Slovenian market the most suitable approach would be a stage-based approach, which brings more participants to the process. It is shown that the number of participants could be raised by greater awareness that crowdsourcing practices are taking place.
2. *The Crowd.* Young, ambitious, willing to learn new things.
3. *Motivation.* Prevailing motivation to participate in crowdsourcing is intrinsic motivation, however extrinsic motivation is also presented as a strong factor, especially in terms of attracting more Slovenian participants.
4. *Quality of tasks completion.* Crowdsourcing brings a very high level of task execution, whereas less difficult and well-defined tasks bring better results.
5. *Appropriate industries.* It is an applicable practice for industries which mainly focus on consumer need on daily basis and are closely connected with the consumer day-to-day life.

To sum up, the study provides an initial indication that crowdsourcing can present an excellent solution to overcome budget barriers in marketing and other fields and simultaneously engage consumers in the broader philosophy of the brand. At the same time it presents an appealing approach for additional income and creates an interesting path to motivate people to engage with the brand and do something outside their comfort zone, which brings professional results.

## **SUMMARY / POVZETEK**

Čas ekonomske krize ter nestabilnega, a obenem konkurenčnega gospodarstva, je ustvaril težnjo po novih, inovativnih pristopih k poslovanju. Uspeh podjetij temelji na iznajdljivosti ter nizkih stroških nadpovprečnih rešitev. Kot eno izmed možnosti novodobnih pristopov predstavlja poslovni model zunanjega izvajanja s pomočjo množic (angl. *crowdsourcing*). Poslovni model kot osnovno sredstvo uporablja znanje ter spretnosti široke množice posameznikov (Howe, 2006a, str. 2). Model je že uveljavljena praksa v tujini, zaradi različnih zakonodaj ter osebnostnih značilnosti ljudi pa je delež uporabe med posameznimi državami

različen (Felstiner, 2011, str. 56, 57; Root, 2012). Izvajanje s pomočjo množic ne predstavlja le konkurenčnih prednosti za podjetja, temveč ustvarja podjetniške priložnosti za posameznike ter posledično predstavlja možno rešitev problema brezposelnosti v Sloveniji, saj odpira nova delovna mesta ter spodbuja k dodatnemu zaslužku (Schenk & Guittard, 2009, str. 23; Thies, Ratan & Davis, 2011, str. 1, 3).

Poslovni model izvajanja s pomočjo množic je prilagojen potrebam trga ter spreminjajočega se delovnega okolja. Večina podjetij vsaj del poslovanja opravi preko spleta, obenem pa drastično narašča uporaba interneta, ki ustvarja globalni poslovni svet. Podatki kažejo, da ima skoraj tretjina svetovnega prebivalstva internetni dostop, v Sloveniji pa trenutna internetna penetracija znaša 75 % (Internet World Stats, 2014; Statistical Office of the Republic of Slovenia, 2014). Zavedati se moramo, da napredek ni viden le v tehnologiji, temveč tudi v načinu dojemane le te. Ljudje so postali aktivni uporabniki spleta ter spletnih družbenih omrežij (Patterson, 2012, str. 527). To je ustvarilo novo, razvito spletno kulturo, ki predstavlja močno povezavo med dejanskim svetom ter virtualnostjo. Le ta ima močan vpliv na naš vsakdan ter predstavlja osnovo za nove, inovativne poslovne pristope.

Pregled literature kaže, da se je izvajanje s pomočjo množic uporabljalo že mnogo let nazaj, vendar se kot izraz izvajanje s pomočjo množic, začne uporabljati leta 2006, ko se je močno razširila tudi njegova uporaba (Frei, 2009, str. 4, Howe, 2008a, str. 6). Tehnološki napredek je spremenil način dela, z zunanjega izvajanja s pomočjo podjetij, na množico. Transformacijo je omogočil dostop do družbenih omrežij ter cenejša tehnologija, ki je bila pred tem dostopna le strokovnjakom (Howe, 2006a, str. 2). Pomembno je razumeti, da tehnologija sama po sebi ne ustvarja sprememb v družbi, temveč način, kako jo ljudje uporabljamo in na tak način prispeva dodano vrednost (Christodoulides, Jevons & Blackshaw, 2011, str. 102). Internet je tako spremenil naš vsakdan ter omogočil dvo-smerno komunikacijo, kar je povzročilo drastične spremembe tudi na področju trženja (Campbell et al., 2011b, str. 225; Uzunoğlu, 2010, str. 140). Zakaj se izvajanje s pomočjo množic kaže kot izredno uspešno, povzema naslednji citat:

“Če najpametnejši ljudje mislijo enako – in v mnogih okoliščinah je tako – potem res predstavljajo le en razum. Vendar pa raznolika skupina ljudi pristopa k reševanju problemov različno. Ko združimo njihovo razmišljanje, se pokaže večja širina tistega, kar množica že ve in je rešitev problema enostavna. Izvajanje s pomočjo množic tako zahteva manjši vložek časa ter energije posameznika.”

Jeff Howe (2008c, str. 2)

Izraz, izvajanje s pomočjo množic, ima kar nekaj različic osnovne definicije. Angleški izraz je sestavljen iz besede »množica« (angl. *crowd*), ki se navezuje na veliko število posameznikov, ki lahko sodelujejo pri reševanju problemov ter »uporaba sredstev« (angl. *sources*), ki se navezuje na iskanje, ocenjevanje ter izvedbo rešitev (Estellés-Arolas & González-Landrón-de-Guevara, 2012, str. 189; Schenk & Guittard, 2009, str. 4). V osnovi je izvajanje s pomočjo množic preprost model, ki temelji na načelu enakopravnosti: "Vsak posameznik poseduje neko znanje ali talent, ki ga nekdo drug potrebuje in ceni« (Howe, 2008a, str. 134).

Po Brabhamu (2011) so najpomembnejše značilnosti izvajanja s pomočjo množic naslednje:

- **spletni prostor** je ključnega pomena zaradi hitrosti, dosega in anonimnosti, ki jo omogoča;
- **široka množica posameznikov** tako v smislu različnih geografskih lokacijah, kot različnih miselnih procesov ter pristopov k reševanju problemov. Raznolikost omogoča delovanje kolektivne ustvarjalnosti (angl. *collective creativity*);
- obstoj **problemov** z različnih področij industrije;
- **kolektivna ustvarjalnost**, katere rešitve so boljše od rešitev posameznikov;
- **določeni cilji**, ki jih problem rešuje na ravni podjetja.

V primerjavi z hierarhičnimi modeli v podjetjih, se človeški viri pri uporabi izvajanja s pomočjo množic razporedijo organsko, kar ustvari skupino, ki je kar najboljša za reševanje specifičnega problema (Howe, 2008a, str. 217). Podjetja kot Procter & Gamble, DuPont, Boeing so se izvajanja s pomočjo množic posluževala že v prvih letih 21. stoletja (Howe, 2006a, str. 3).

Poslovni model izvajanja s pomočjo množic se lahko uporablja za najrazličnejše aktivnosti. Jeff Howe (2008, str. ix), idejni vodja poslovnega modela, je dejal: “Meje izvajanja s pomočjo množic določa strast ter domišljija ljudi, kar pravzaprav pomeni, da omejitev sploh ni”. Prav ta fleksibilnost omogoča uporabo modela za reševanje najrazličnejših problemov v številnih industrijah. Če se osredotočimo na uporabo v trženju, vidimo, da spremembe dojemanja pomena blagovnih znamk ter vključevanja posameznikov v graditev izdelkov in storitev, postaja del trženjske strategije uspešnejših podjetij. Izvajanje s pomočjo množic ponuja vključevanje posameznikov z najrazličnejšo stopnjo participacije in tako predstavlja odlično priložnost za uporabo v trženju (Premnath & Nateson, 2012, str. 27). Pregled literature in prve prakse v Sloveniji kažejo, da se v trženju izvajanje s pomočjo množic uporablja predvsem v namene oglaševanja, s poudarkom na izdelavi video oglasov (Roth, 2013).

Magistrska naloga raziskuje izvajanje s pomočjo množic kot nov poslovni model, ki pripomore k uspešnosti poslovanja ter prinaša boljše rešitve na številnih področjih.

**Namen** magistrske naloge je predstavitev možnosti uporabe izvajanja s pomočjo množic v trženju, saj čas gospodarske nestabilnosti postavlja podjetja pred številne izzive. Izvajanje s pomočjo množic tako lahko predstavlja alternativno rešitev ter dostop do znanja, spretnosti in idej, ki so sicer dražje ter potrebujejo dlje časa za dejansko realizacijo. Cenovno učinkovit poslovni model sledi trendom v svetu ter predstavlja številne priložnosti, tako za podjetja kot posameznike.

**Cilj** magistrske naloge je predstaviti izvajanje s pomočjo množic kot potencialen poslovni model za uporabo v trženju. Z empirično raziskavo želimo prikazati primer uspešne prakse v

Sloveniji ter predstaviti glavne izzive izvedbe. Obenem želimo ugotoviti, kateri dejavniki vplivajo na izvedbo kampanj, ki se poslužujejo principa izvajanja s pomočjo množic ter dati osnovna izhodišča posameznikom oziroma podjetjem, ki bodo posloveni model uporabljala v prihodnje.

**Raziskovalne metode.** Raziskava je v celoti potekala na spletu ter je vključevala različne raziskovalne metode – **kvalitativne** (netnografijo z intervjuji sodelujočih ter poglobljene intervjuje z izvajalci kampanje Mercator Koraki) ter **kvantitativne raziskovalne tehnike** (anketa med ciljno populacijo). Metode dela tako zadostujejo kriterijem za triangulacijo (Denzin, 1978). Glavno raziskovalno vprašanje raziskuje, **kateri dejavniki vplivajo na uspešnost izvedbe kampanj, ki se poslužujejo principa izvajanja s pomočjo množic.** Raziskovalno vprašanje ima velik pomen, saj smo že opazili nekaj praks izvajanja s pomočjo množic na tem področju, vendar pa do sedaj še ni bilo zaslediti podobne raziskave. Raziskava podaja osnovne ugotovitve za uporabo poslovnega modela v Sloveniji ter obenem predstavlja dobro izhodišče za nadaljnje raziskave na tem področju.

Zaradi fleksibilne narave v načinih uporabe poslovnega modela, je izvajanje s pomočjo množic odlična možnost tudi za manjša slovenska podjetja (Doan et al., 2011, str. 96). Obenem globalne statistike kažejo, da največje zanimanje za tovrstni poslovni model izkazujejo prav majhna podjetja (Massolution, 2012a). Trenutno je najbolj razširjena praksa izvajanja s pomočjo množic v Sloveniji variacija poslovnega modela za pridobitev finančnih sredstev (angl. *crowdfunding*), **vendar pa empirična raziskava podpira njegovo uporabo tudi na področju trženja.**

**Rezultati raziskave.** Rezultati raziskave kažejo, da je izvajanje s pomočjo množic kot poslovni model med Slovenci pozitivno sprejet. Vidijo ga kot dobro prakso tako za potrošnike kot tudi blagovne znamke. Glavne ugotovitve so sledeče:

- **Proces izvajanja s pomočjo množic.** Enostavni natečaj (angl. *simple contest*) je najširše in najstarejše uporabljena metoda izvajanja s pomočjo množic v namene trženja. Zahteva celostno izvedbo rešitve na relativno visokem nivoju (Roth & Kimani, 2013, str. 19–27). Kot enostavni natečaj je bil izveden tudi natečaj Mercator Koraki. Ob dejstvu, da Slovenija predstavlja relativno majhen trg ter je posledično število potencialnih udeležencev manjše, je potreben čim bolj fleksibilen pristop k izvajanju s pomočjo množic. Kot rešitev se ponuja uporaba natečaj v stopnjah (angl. *stage-based contests*), katerega ključna prednost je v modularnem pristopu (Roth & Kimani, 2013, str. 19–27). Modularni pristop omogoča delitev natečaja v več faz ter posledično dopušča sodelovanje večjega števila ljudi, ki zaradi znanj ter spretnosti ne bi mogli rešiti celotnega problema samostojno. Obenem je analizirana praksa, natečaj Mercator Koraki, zaradi deviacije v tradicionalni izvedbi (dodatna izbira tradicionalnih medijev, sodelovanjem z agencijo ter časovni okvir natečaja), izgubila eno od glavnih prednosti izvajanja s pomočjo množic – biti cenejši, med ostalimi tremi – biti hitrejši, boljši ter enostavnejši (Howe, 2008a, str. 71). V prihodnosti je tako izbira pravega modela ključna za koriščenje dodatnih prednosti, ki jih

izvajanje s pomočjo množic predstavlja. Obenem literatura navaja, da so se tudi v tujini sprva posluževali organizacije natečajev s pomočjo agencij ter družbenih omrežij ter šele kasneje prešli na uporabo posebnih platform, namenjenih le temu (Roth & Kimani, 2013, str. 11). Predvidevamo, da bo podoben trend viden tudi v Sloveniji.

- **Množica.** Izsledki raziskave ter literatura opredeljuje sodelujoče posameznike kot amaterje na specifičnem področju, ki gradijo svojo karierno pot. Kljub temu pa množica ustvarja rešitve na ravni profesionalcev (Muñiz & Schau, 2011, str. 211, 216). Razlog leži v mehanizmu samo-selekcije, ki vodi poslovni model izvajanja s pomočjo množic ter mu daje dodano vrednost (Howe, 2008a, str. 217; Muñiz & Schau, 2011, str. 211, 216). Težava, ki se je pokazala tako preko netnografije kot rezultatov ankete, je bilo nizko zavedanje o poteku natečaja v Sloveniji. Kar 62 % (n=549) sodelujočih v anketi ni vedelo, da natečaj poteka, obenem pa je bil razlog za nesodelovanje prav to – nezavedanje o poteku natečaja. Dejstva odpirajo priložnost za večje število sodelujočih v izvajanju s pomočjo množic v prihodnje.

Obenem je raznolikost sodelujočih, ki posedujejo različne informacije, znanje ter miselne procese, eden od glavnih razlogov, da množica pride do dobrih rešitev (Frey et al., 2011, str. 400; Kozinets et al., 2008, str. 341). Med razloge za kvalitetne rešitve množice pa sodi tudi **kolektivna ustvarjalnost** (angl. *collective creativity*), ki se je razvila z množično uporabo družbenih omrežij in je prepoznana kot bolj intenzivna ter učinkovita (Kozinets, Hemetsberger & Schau, 2008, str. 339, 340; Reinhardt & Hemetsberg, 2007 in Kozinets et al., 2008, str. 341). Kot taka predstavlja pomemben element izvajanja s pomočjo množic v namene trženja ter odpira možnost dodatne kreativnosti v prihodnjih projektih – v natečaju Mercator Koraki je pomemben del ustvarjalnosti prevzela kreativna agencija.

- **Motivacija.** Prevladujoča motivacija za sodelovanje v izvajanju s pomočjo množic je notranja motivacija (angl. *intrinsic motivation*), obenem pa se kaže pomemben vpliv zunanje motivacije (angl. *extrinsic motivation*), predvsem v primeru, ko bi k sodelovanju želeli pritegniti še več posameznikov. Rezultati raziskave kažejo, da je zunanja motivacija bolj pomembna ljudem z nižjim dohodkom. Z vidika trenutnih gospodarskih razmer v Sloveniji je tako visoka denarna nagrada pomemben dejavnik za dvig števila sodelujočih.
- **Kakovost rešitev.** Izvajanje s pomočjo množic lahko prinese rešitve na ravni profesionalcev (Muñiz & Schau, 2011, str. 211, 216), raziskava pa kaže, da boljše rezultate prinašajo lažji ter dobro opredeljeni problemi (Afuah & Tucci, 2012, str. 361–370).
- **Ustrezne industrije.** Uporaba izvajanja s pomočjo množic je primerna za uporabo v najrazličnejših industrijah. Boljše rešitve pa lahko pričakujemo v industrijah, s katerimi se množica srečuje na dnevni ravni in je tako bolj povezana z njimi (Šmalc, 2012). Rezultati raziskave kažejo, da bi udeleženci najraje reševali probleme za športno industrijo,

telekomunikacije ter turizem. Dodatno zanimanje so pokazali za kreativne industrije in arhitekturo, IT industrijo, start-up podjetja in mala podjetja.

S pomočjo analize želja po participaciji posameznikov smo oblikovali tri profile sodelujočih. Rezultati so v pomoč podjetjem, ki se želijo poslužiti izvajanja s pomočjo množic ter nagovarjati pravo ciljno skupino za sodelovanje. Profili sodelujočih so naslednji:

- **Množica navdušencev** (angl. *crowdmarketers*) (Izražena močna želja po sodelovanju v izvajanju s pomočjo množic ter močna želja po sodelovanju v trženjsko obarvanih dejavnostih. Pri izvajanju s pomočjo množic bi sodelovali na tedenski ravni. Imajo močno notranja motivacija. Imajo nižji dohodek. So študenti ali zaposleni za določen čas. Povprečna starost ciljne skupine je 31 let.),
- **Množica pripadnikov** (angl. *crowdworkers*) (Izražena srednje močna želja po sodelovanju v izvajanju s pomočjo množic ter sodelovanju v trženjsko obarvanih dejavnostih. Pri izvajanju s pomočjo množic bi sodelovali na mesečni ravni. Prisotna močna notranja ter zunanja motivacija. Imajo višji dohodek. Povprečna starost ciljne skupine je 37 let.) ter
- **Sledilci množici** (angl. *crowdfollowers*) (Izražena nizka ali srednje močna želja po sodelovanju v izvajanju s pomočjo množic ter nizka želja po sodelovanju v trženjsko obarvanih dejavnostih. Pri izvajanju s pomočjo množic bi sodelovali na letni ravni. Prisotna notranja ter zunanja motivacija. Uvrščajo se v srednji dohodkovni razred. Povprečna starost ciljne skupine je 32 let.).

Opredelitev ponazarja karakteristike posameznega tipa sodelujočih. Lažje, kreativne ter trženjske naloge so primernejše za množico navdušencev ter množico pripadnikov. Lažje, ne-kreativne ter trženjske naloge pa so primernejše za skupino sledilcev množici. Posamezno nalogo pa seveda lahko opredeljujejo vse tri karakteristike hkrati. Dejanski primeri nalog za množico navdušencev bi bili na primer, pomoč pri izdelavi video oglasov, priprava fotografij za oglaševalsko kampanjo, priprava oglaševalske strategije, izdelava Facebook profila za podjetje. Za množico pripadnikov na primer, pisanje člankov, primerjava lastnosti konkurenčnih izdelkov, sodelovanje v anketi o novem izdelku ter za sledilce množici, iskanje informacij, vnos podatkov v baze podatkov, prevodi ter sodelovanje v anketi. Za vse skupine pa je pomembno, da so naloge natančno opredeljene, saj je v nasprotnem primeru želja za sodelovanje ter samo zadovoljstvo s sodelovanjem manjše.

Ugotovitve raziskave torej kažejo, da je izvajanje s pomočjo množic, primeren poslovni model za uporabo v Sloveniji, z vidika cenejših sredstev podjetij ter vključevanja posameznikov v širši koncept ter strategijo blagovne znamke. S sledenjem trendom uporabe v svetu pa so lahko prednosti poslovnega modela izvajanja s pomočjo množic še bolje izkoriščene.

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## **APPENDIXES**





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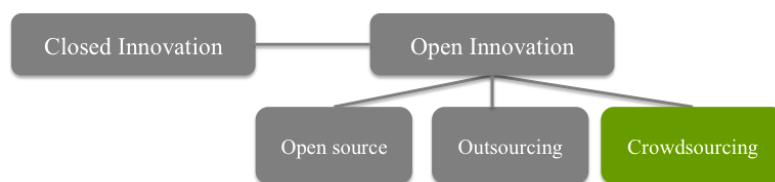


## APPENDIX A: Crowdsourcings' Difference to Other Contractual Types

Crowdsourcing is an innovative business model, which can be seen as a development of outsourcing and later open-source of innovation (Hempel, 2006, p. 38; Hirth, Hoßfeld & Tran-Gia, 2012, p. 2). The main difference between crowdsourcing and other contractual types is in giving the option to solve a problem to the crowd, where members are self-selective, without previous contracts or any evaluations (Afuah & Tucci, 2012, p. 360).

Marjanović, Fry and Chataway (2012, p. 320) argue that crowdsourcing is a subcategory of open innovation. The concept that was developed by Chesbrough (2003, p. 36, 37) suggests that companies have to complete part of their innovation activities outside the company and consequently achieve higher values of process or product. Marjanović et al. (2012, p. 320) see crowdsourcing as a subcategory of open innovation, as well open source and outsourcing, as presented in Figure 1 below.

*Figure 1: The Placement of Term Crowdsourcing into Innovation Aspect*



*Source: S. Marjanović, C. Fry & J. Chataway, Crowdsourcing based business models: In search of evidence for innovation 2.0., 2012, p. 321.*

A key difference of crowdsourcing to open source is the ownership attribute and monetary reward, which is not present in open source. In contrast to outsourcing, in crowdsourcing it is not known in advance who will be compensated for the problem solving. Crowdsourcing is seen as a “more flexible and lower risk strategy”. Comparing open source and crowdsourcing to outsourcing the main difference lies in the scope of the crowd, which is much broader. Furthermore, the solutions and ideas from crowdsourcing and open source can also be used later for additional upgraded problem solving as interdisciplinary knowledge transfer (Marjanović et al., 2012, p. 320–321). Brabham (2008, p. 82, 83) sees the main deficiencies of open source in a lack of liberating code (without focus on novelty of products) and exceptional accessibility of solutions to the general public. He argues that crowdsourcing “overcomes these limitations in the open source model by providing a clear format for compensating contributors, a hybrid model that blends the transparent and democratizing elements of open source into a feasible model for doing profitable business, all facilitated through the Web” (Brabham, 2008, p. 82).

Schenk and Giuttard (2009, p. 11; 2011, p. 96) additionally compare crowdsourcing to user innovation model where the main difference lies in the initiator of the project – user in the later.

## APPENDIX B: Qualitative Research Method – Netnography

As explained in main text netnography, is a qualitative-interpretive method for Internet-based marketing research, which has its beginnings in 1995 (Kozinets, 1998, p. 369, 370; Kozinets, 2010b, p. 3). It is constructed from two words *Internet* and *ethnography* and is excelled by generating techno-cultural insights (Belz & Baumbach, 2010, p. 305; Kozinets, 2006, p. 279). Netnography is focused on observing each individual within an online community and within community as a whole (Kozinets, 2010c, p. 241).

Kozinets (2010a, p. 98) includes three types of data into netnographic research: **archival data** (data created on computer-mediated communications before research, without involving of researcher), **elicited data** (co-created by researcher through personal or communal interaction) and **fieldnote data** (researchers described observations). All three data types are included in the analysis of the Mercator Koraki community.

Compared to other methods, the **advantages of netnography** are the following:

- The supremacy of research is public available, detailed and unforced information (Kozinets, 2002, p. 62; Kozinets, 2010b, p. 2). Customers see online information as a more objective informational source and thus they are prepared to share ideas and build online communities (Kozinets, 2002, p. 61). Accordingly, social network communication is important and an impartial source of information. This information is spontaneously communicated without previous directions or suggested answers as in survey. Thus it gives an objective picture of the consumers' thoughts and behaviours (Kozinets, 2010c, p. 241; Kozinets, 2006, p. 281).
- One of the main advantages is the ease of data collection (Kozinets, 1998, p. 370). Researchers could observe tremendous amounts of extensive social communications, connections and cultures (Dholakia & Zhang, 2004, p. 4). Moreover, it has greater accessibility to a broader cohort of respondents and might also access more reserved participants (Xun & Reynolds, 2010, p. 19).
- Netnography certainly takes advantages of ethnography, however, since it takes place online, it is timesaving, simpler and less expensive (Kozinets, 2002, p. 61, 62; Kozinets, 2006, p. 281). Economical viability is also an advantage compared to other off-line techniques and it provides the possibility of longitudinal research (Xun & Reynolds, 2010, p. 19). Greater continuity in research allows netnography to be conducted as cross-regional or cross-cultural (Dholakia & Zhang, 2004, p. 5; Xun & Reynolds, 2010, p. 19). Finally, a great advantage is also the innate flexibility in terms of observation and analysis (Kozinets, 2001, p. 63). Data is "saved" in cyberspace and consequently allows longitudinal research at particular time (Dholakia & Zhang, 2004, p. 5).
- Compared to focus groups, surveys, and interviews it is unobtrusive and naturalistic (Kozinets, 2010c, p. 241; Kozinets, 2006, p. 281).

The main **disadvantages** of netnography are the following:

- The main problem we could face when conducting netnography are cultural entrée, dishonesty and misrepresentations (Kozinets, 1998, p. 368, 369).
- Another threat is also paid or compensated WOM, which may lead to a misinterpretation of context and interactions (Kozinets, 2010c, p. 241).
- Since it is hard to identify participants by demographic, respondent authenticity is questionable – it might complicate some interpretations and instability of the user base (Xun & Reynolds, 2010, p. 19).
- An underdeveloped analytical toolkit (Xun & Reynolds, 2010, p. 19).
- Ethical sensitivity (Xun & Reynolds, 2010, p. 20).
- Overwhelming online information could lead to superficial and decontextualized interpretation (Kozinets, 2006, p. 279–282). Poor quality of textual discourse could also present a potential problem (Xun & Reynolds, 2010, p. 20).
- Netnographic research has a lack of personal interaction and high level of textual structure. Consequently interpretation through body language, facial expression, eye contact and tones of voice is not possible, however numerous other useful information is obtainable (Kozinets, 1998, p. 369; Kozinets, 2006, p. 282).

Netnography is different to other methods which investigate consumer insight in the way that is focused on cultural insights, social interaction and that pays close attention to context, where meanings and symbols are interpreted (Kozinets, 2010b, p. 4). Kozinets (1998, p. 367) suggests three ways of use: “(1) as a methodology to study “pure” cybercultures and virtual communities, (2) as a methodological tool to study “derived” cybercultures and virtual communities, and (3) as an exploratory tool to study “general topics”. Since netnography is highly flexible method it can be conducted as observational method, or different levels of participations could be incorporated - **observational netnography and participatory netnography** (Kozinets, 2006, p. 281; Nelson & Otnes, 2005, p. 90; Xun & Reynolds, 2010, p. 18). It is also suggested that netnography could be used with other methods such as focus groups, interviews or surveys (Kozinets, 2001, p. 65).

In our study six overlapping steps of netnography are used according to Kozinets (2010a):

**Step 1: Research planning** – in the first stage the research question should be prepared;

**Step 2: Entrée** – trying to understand online communities and behaviours of members and further decide on suitable online communities to research;

**Step 3: Data collection** – direct replication of member’s messages/communications, observation of cyberculture communities and members and symbols;

**Step 4: Interpretation** – systematic decoding of context and findings, conclusions;

**Step 5: Ensuring ethical standards** – providing anonymity of members, disclosure of the identity of the researcher, permission for publication of messages in unforeseen public/private interactions;

**Step 6: Research representation** – in visual or textual form.

## **APPENDIX C: Interview Questions for Mercator Koraki Contest Participants**

### **Motivation for participation**

- What motivated you to participate in the ad contest Mercator Koraki?
- Does the Mercator brand have any connection with your decision to co-create the Mercator ad?
- What is your general opinion about the Mercator brand?
- Would you participate in ad creation for other brands as well?

### **Accession to the contest**

- Where did you get inspiration for your ad? Did you check other uploaded ads as well? If yes, how often?
- Were your family members, friends also involved in co-creation of the ad?
- Did you like the final ad?
- Mercator built a whole marketing campaign on the Mercator Koraki ad and the word »koraki (engl. *steps*)«. How did you find the whole campaign Koraki?

### **Opinion about the contest, the principle of crowdsourcing**

- 229 videos were submitted. Did you find 229 videos a lot? How would you attract a larger crowd?
- What is your opinion about crowdsourcing as a business model?
- What is your opinion about parodies on ads, contests? What do you think about the parody on Mercator Koraki ad – the parody ad Merkejte?
- What are your suggestions for improving the contest (as a process)?
- In what kind of crowdsourcing activities would you like to participate in?

### **Personal characteristic**

- What do you do for a living? Is your job creative, connected with the creation of videos, photography? Do you do something creative as your hobby?
- Gender
- Age
- Additional opinions / comments

## **APPENDIX D: In-depth Interviews with the Mercator Koraki Contest Organizers**

### **Interview with Andreja Zadnik Andoljšek**

#### **CONCEPTUAL DESIGN**

**The use of crowdsourcing is quite a widespread practice abroad. Unfortunately we have only seen a few cases in Slovenia. How did you get the idea of creating an ad with the crowd?**

Mercator usually organizes one extensive creative, corporative marketing campaign every year. Till now more traditional approaches were used. However, this year we had two such campaigns. The reason why is connected with the change of board within the company. The spring campaign was still focused on Mercator-Slovenian-best neighbour, meaning corporate values. However, the new board wanted changes. In addition the board positioned itself through marketing campaigns. This was also the drive to create a second marketing campaign, which moved away from the “Slovenian” and “national interest” perception, which was present in previous campaigns. This relied on supporting Slovenian suppliers and the entire chain from the farmer to the manufacturer to the customer. Then there is Mercator, which is part of this bigger story, providing 30.000 families survival, and so on. However we want to move from that perception as business to more consumer perspective. That means that before there were corporative campaigns where Mercator was part of the big store, the supply chain, and consumers were a small part of it. But here the main switch in mind-set has happened – we, as Mercator and consumer. Here we did not speak about Slovenia, not about supporting suppliers, nor about buying Slovenian. Here we have focused solely on two-way communication as Mercator – consumer, consumer – Mercator. This was the main change and the main drive. So, where the big system wants two-way communication it was a logical continuation that we have to established two-way communication with our consumers and engage them into the bigger story, marketing campaign. This created the main communicative and creative switch. Thus the main point and driver of the campaign was proximity – Mercator has more than 700 stores, if you count Intersport, Modiana, M-Tehnika within, we have more than 1000 stores in Slovenia. No other grocery store has such scope and no competitor has such a broad sales network. Thus Mercator is close to the consumer no matter where he/she lives, a block or two away, Mercator is always there in society... That is way proximity and steps were chosen. This was the main point of our campaign, similarly other promotional activities are based on word step.

**On what basis did you decide to use Mercator Koraki media? Traditionally crowdsourcing take place online, however you also use off-line media. Why?**

Based on our experience with previous campaigns that we had our reach would have been to low if we would have used merely online media. We would never have been able to generate the desired amount of PR activity, we would never been able to generate the amount of responses from other media or reporting through articles, if we only used the online channel. Online media has too narrow reach and it is a very specific medium by itself. Additionally, if

we would go only online we would reach just a part of our target group. However, Mercator, as big grocery store with the biggest stores network also has its own stores in the smallest villages. Thus the older population could also be reached. As the biggest dealer, present in almost every village, with older population as well, we just needed to be present on television. Without classical ATL (hereinafter: above the line) we would have completely excluded the older population. However, we wanted to merge classical ATL, in a séance that more engaged consumers would help co-create classical ATL advertising which would also be interesting for the older population, who is not on Facebook and does not download videos. However, they will see that something interesting is going on, since other media would talk about it and they will read PR news and watch the final commercial.

### **What and how strong was the marketing agency role?**

The marketing agency got the brief of what we want, they got the basic information about previous corporative campaigns, and what was the main message there. For them was the main challenge to creating something different, fresh, untypical for Mercator, something that would be more typical for some more modern industries. It was easy to imagine that some mobile operators would use that type of the marketing campaign. We wanted a fresh approach, which was not used until now by our competitors. From here come the idea of engaging consumers, two-way communication and as well that consumers co-create the campaign. So, the idea to engage consumers came through in our brief and the marketing agency developed the idea further and said, lets do the steps, we should use this proximity. So the agency converted our goal into the idea of engagement.

## **CONTEST PROCESS**

### **The competition was held entirely online and was completed successfully. Were you exposed to any specific problems at any point during the contest?**

There were no problems at all. The whole contest ran smoothly, just like in all other campaigns. We had some problems with the integration of the iPhone platform, since we had to wait for some time to get the approval from Apple. This was the only problem area and all other areas ran normally, other platforms, Facebook, Twitter. Everything ran smoothly just like with a classical campaigns.

### **When during the process, were most of the videos uploaded? According to the posts on Facebook, I presume more videos were uploaded in the third week.**

In the beginning, in the first ten days the stream of uploaded videos was very slow. Towards the end of the campaign, when we were wrapping up, more videos were uploaded. In the last weekend more than 100 videos were uploaded. That was almost half. The videos were really coming in slowly, for example, when we had a snowfall, people became more creative, more playful and they made more videos at that time.



**How many people created a user account? How many registered without posting a video?**

I believe about 9.000, but there were not as many videos. So numerically 9.000. However realistically, we had 229 video uploads.

**Were the participants from different parts of Slovenia? Where did most of the videos come from?**

In the final commercial we used around 25 videos, which were made by people from all over the Slovenia, also from some places you here about for the first time. As expected, younger people participated more, even young families, who filmed their children...

**In your opinion, what attracted people to cooperate – the prize or the opportunity to express their creativity?**

I believe that the main reason was that we created something different. Something has happening. The prize was relatively symbolic – a 100 EUR Mercator store voucher. Thus the prize was not something that would motivate you a lot to participate. I believe it is more of aspect - let's try something new. One of the videos is about girls who danced zumba together and they decided to film something together to have fun.

**How long does it take from the idea to realization, the beginning of the contest?**

We put out the pitch in the beginning of August and in the middle of August we had the first presentations from the agencies. We choose Pristop and Renderspace. They had the idea about the steps. So, on the 10th of September the idea was confirmed and then we started on the 10th of October. We had one month from the idea conformation, from paper to actual realization.

**I was reading that one advantage of crowdsourcing is its duration. Why did you decide for such a short time?**

The whole contest did not run for long, since I believe that if it would be longer the main charm of the contest would be lost. If the whole thing would have happened online only, then perhaps we would have chosen to make it longer. However, we wanted to make the campaign with a broad reach and to make something happen quickly.

## **SUCCESSFULNESS OF THE CONTEST**

**You have created a great video. On the Internet you received positive reviews and a lot of »likes«. What did you expect from the contest Mercator Koraki?**

The realistic goal was to get 100 videos, if we got 150 that would have been great already, so from that perspective our goal was surpassed. But here the problem was not in number...we could have gotten 500 videos and none of high quality or good enough for the final commercial. Here the main challenge was, what people would prepare, so the content could be used, not so much the number of participants. It was important to make the videos fit in, so that moments fit in and make a story... Because we constructed the story beforehand, including the voice path and what we wanted to say. Therefore we needed the moments, which

would visualize, support the story and that was the main challenge, how the story would turn out. And we had a relatively short time to prepare everything. The videos were collected until the 30th of October and during the holidays everything had to be finished, since we had to send everything to the television stations for the commercial two or three days in advance, since we already had a media plan purchased.

### **Will you use crowdsourcing methods in the future?**

Definitely we will use such an approach in future, however it needs a break in any case. I believe that this gives something momentary. I think it would lose its charms if we would drag it out or continue for a long time.

## **A COMPARISON TO THE CURRENT WORK METHODS**

### **Where do you see the strengths and weaknesses of crowdsourcing - in comparison to current practices in ad creation? Is it more time and cost effective?**

There is not much difference in comparison to traditional campaign. In traditional campaigns you have to deal with agencies, film directors, with casting... you have to choose actors for the advertisement, what the mother will look like, what the kids will play, does the family fit together, is this old lady the right one and so on. Here we did not have such a job to do. What came in, we used it. So, here you have more work with video analysing, but normally you choose the cast and people who will play in the commercial. As well I do not believe that the costs of production are lower. I mean, you still need something, some specific moments that you need to film to put the story together. However you do not go into this because of the costs. You have to buy media space either way.

## **ATTITUDES TOWARD CROWDSOURCING FOR MARKETING PURPOSES**

### **Do you believe that crowdsourcing for the purposes of advertising in Slovenia will expanding? What about in Europe?**

I believe that this depends on the industry, however I do not believe that this will be used in a broad scope. But every company tries to engage its consumers. Sweepstakes are also a type of consumer engagement. I believe that there are different ways of crowdsourcing and that it always was, still is and will be in the future, just the mechanism has been changing over time. In the past we had sweepstakes with flyers, now it is crowdsourcing on online media – just the mechanism is different. But I believe that marketing approaches always include consumers, even in the 60s. In my opinion only mechanisms and platforms have been changing. But in general I do not believe that the crowdsourcing approach could be used on a larger scale.

### **In which industries do you see the crowdsourcing as most promising for the purpose of advertising?**

As I have seen that dealers from abroad use such approaches for design offers, as for example Walmart which holds contest in the autumn for the Hottest toy of the year 2013. This actually means that consumers co-create the Christmas and New Year offers. I believe that every

industry tries to include consumers somehow, however this is definitely more appealing for younger generations. This is definitely the number one approach for industries with only young target groups. We do not have a typical young target group but more independent household, the family, the elderly, those who have their own household. But of course you also try to integrate younger segment. Probably there are also industries, which could never use such approach. But also the automotive industry, sport industry (Nike – draw on your sneakers)...everything involves engagement.

## **Interview with Matevž Šmalc**

### **CONCEPTUAL DESIGN**

**The use of crowdsourcing is a quite widespread practice abroad, unfortunately we have only seen a few cases in Slovenia. As I understood Mrs. Andrejo Zadnik Andoljšek, you received a brief from the company Mercator, d.d. in which they expressed their desire for an innovative approach, which engages consumers, provides a two-way communication and proximity as main focus of the campaign. How did you come up with the idea about Mercator Koraki? How did you present the idea? What convinced Mercator to choose your marketing agency?**

Actually there is one step before that. Mercator knew that they wanted to soften the brand and bring it closer to consumers as the “best neighbour (slov. *najboljši sosed*)”, which was what the brand already presented in the past. In the last few years the Mercator brand lost this something, as well the price perception, which has effected on how consumers see the brand. And in all honesty, as I see it, the communication has not been the best in last few years. So, going back to the question, Mercator came to us with the brief where engagement was not the goal. The goal was to soften the brand and bring it closer to consumers. This was one of the so called communication goals. From that the idea around engagement developed, let’s say, that was the next level.

So, to reach the goals we could take two approaches. The first approach would be a typical flash image campaign, where Mercator presents itself as the »best neighbour« and its connections with everyone around and so on. But we wanted to do something different and develop the following idea – what if consumers create the campaign. That was the basic idea, from which the whole concept developed further. What convinced Mercator to choose us is hard to say. I believe that the main decision factor lies in the fresh approach we presented. As you mentioned before – no one has done this in Slovenia yet. The simple ideas are usually the ones, which are the most understandable, and clients like it the most. However, I believe that main reason why they choose us is in the comprehensive idea in terms of what they wanted. Actually we broke some starting points that they give us in the brief, since we found better suggestions for it, however we argued it successfully and were chosen at the end.

**What was your role in the whole campaign? Did it differ from the typical campaign?**

To some degree it differs, but based on a number of reasons. One reason is the fact that Mercator is a big system, so the importance of the responses is much greater than if we would be preparing a campaign for a smaller company. Like with the engagement, the preparations were not very different, at least concerning the digital part of the campaign. Basically, it is the conversation with customers, so when we speak about social networks it is all about conversation. The one who still uses one-way communication is out of the game. And it is quite a lot of them. In that sense, this campaign was not too different in comparison to others. However, the time component was critical, especially in this case, since this was our first crowdsourcing project. Moreover, when engaging customers, it is hard to predict what will come out at the end and here it takes a lot of courage for a company to go into such advertising, especially because they are big company. Usually such big companies are more conservative, because they have to be, of course. But in crowdsourcing unpredictable things happened, you never know what the end result will be.

**How many people participated in the preparation of the campaign/contest?**

The core team consisted of approximately eight people and the broader team of approximately twenty.

**On what basis did you decide to use Mercator Koraki media? Traditionally crowdsourcing takes place online, however you also use off-line media. Why?**

A television ad was a must since Mercator brand is mainstream, it has a broad target market, and as such television is a highly important medium. The idea is based on people helping to co-create the television ad – this was the beginning and the whole campaign was built on this. The use and effect of a specific medium depends on whether it was a primary or supportive medium. In this case Internet was the primary medium, since we collected the videos through Internet and billboards, for example, were the supportive medium. Television was the supportive medium in first phase, where we invited people to co-create the television ad with us and upload their videos. In second phase it changed and television became the primary medium.

**CONTEST PROCESS**

**The competition was held entirely online and was completed successfully. Were you exposed to any specific problems at any point during the contest?**

I was very surprised that there actually were not any special problems. In some other campaigns we have had more problems than here. Everything ran really smoothly. Our fear was focused mostly on not getting enough responses, consumer engagement. We expected a minimum of 100 videos, with at least 5, 10 % usable. The first week the number of uploaded videos was terrifying and the client was very nervous. However, it is logical that first week you should not expect too much. We start communicating on Friday and people need some time to decide what, where and when to film. Later uploading of videos improved and the number rose. Actually, the main problem was latter intern since we did not know what to do

with 220+ videos at the beginning. For us this was also something we were doing for the first time. Usually you have preproduction meetings followed by scenario writing, filming the video, postproduction, broadcast... On the filming day you know exactly what to do, so what is in scenario and then this goes to production and it is finished. But in this case half of the process was conducted with a rough scenario, since the material in the videos was seen a week before the final launch. The work in final week was thus very dynamic and intense. The material was changing every hour, until one week before going on air. The creative director Aljoša Bagola watched over the videos many times and decided which one to choose. We were making adjustments as we went along. The whole process was quite challenging because you had to know for each video who was going to get a reward. In addition, everyone had to be informed due to copyrights.

**When during the process, were most of the videos uploaded? According to the posts on Facebook, I presume more videos were uploaded in the third week. Was it related to advertising on other media (billboards, television ads)?**

It would be great if I could say yes, but I cannot. We did not have enough time. In the middle when the whole idea was already progressing and it seems that we could have problems with getting enough videos we started to search for scenario B. We had in mind things such as, should we invite the Faculty of Visual Communication and why we did not do this before already and so on. However, we learnt that for the next project. But in this particular case at the end everything came together very successfully. Here were actually two phases, the first one was the acquisition phase, where the videos were collected and the second, production phase. And if you ask me if we have to do any adjustments in first phase in séance that we would add some additional activities to get more responses, the answer is no.

**How many people created a user account? How many registered without posting a video?**

I have to check for the concrete number. I know that there were around 20.000 unique users on the website of Mercator Koraki. I will check for more concrete data.

**Were the participants from different parts of Slovenia? Where did most of the videos come from?**

Interesting question. But we did not do any analysis on that. I will check for more specific data.

**In your opinion, what attracted people to cooperate – the prize or the opportunity to express their creativity?**

Hm, yes, the prize could definitely be higher, however it could have also been lower as well. When deciding on a price you have to check the ability, what the company can actually give as well as check what is going on the market. In this case the prize was as high as normal wage for acting in an ad. It was somehow balanced with that. What was the main factor which attracted people, interesting question, I honestly think that prize was not the main motivational factor. Of course the prize did its part but it just simply was not high enough for compensate

all the effort that people put in the video creation. The quality of videos of course differ from satisfactory homemade, to the ones which were well constructed, filmed and processed... as in production houses, with scenario. Some also used Mercator logo in the video and actually filmed the whole ad. But I believe that the main motivation was to share your product with others as we are all doing every day in social networks, the motive is the same.

**Why did you decide that "likes" would not determine the winning videos?**

It would be great if we could do that. But the problem is that television ads must be constructed in a way that communicate the message you want to express about the brand. As a marketer it is important that you have this in your own hands, since if you give the whole creation of the ad to consumers the outcome might be something funny, cute and likeable, however you do not tell enough about the brand...and for what company actually is paying you for. So, if likes would choose the winners the final ad would not be in line what we wanted to communicate, or what brand is.

Maybe one more thing that I would like to expose. During the contest we observed that the engagement of people through responses on videos as coments and likes was quite high. People gave additional value to the whole campaign with their activities. Thus we decided that we have to award that effort and also give special prices to the authors of videos that got the most likes, as a consolation prize. Mercator contacted those people in person and give them an award. So also the ones who did not end up having their videos in the commercial won a prize.

**How long did it take from the idea to realization, the beginning of the contest?**

I would say that time schedule was really short. I believe that it should take at least two months, to have a strong first phase and get a lot of people engaged.

**I was reading that one advantage of crowdsourcing is its duration. Why did you decided for such short time?**

The duration of contest in this case was really limited. We just had three weeks. First we had two or short three weeks to prepare everything and put it on air. Then there was three weeks time to collect the videos, which is, as I see it, absolute minimum when using crowdsourcing. Less than this is simply not possible. Based on the experience with this campaign we have learned that in first week not much is going on, and in the second week people start to think about it, and in the last week some actual posts are made. In my opinion in an ideal case I would have one month or one and a half month for the first phase where we had three weeks. In such case we would also have more material and could do many more interesting things but we only had near three weeks for preparation, three weeks for the video collection and one long week for production.

**SUCCESSFULNESS OF THE CONTEST**

**You have created a great video. On the Internet you received positive reviews and a lot of »likes«. What did you expect from the contest Mercator Koraki?**

At the end we were very satisfied with the final ad. However, I would say that in the beginning we had extremely high expectations, that this will skyrocket. Then you are faced with the timeframe this has to be completed in and your expectations are lowered. Then you come to the pessimistic phase where you think what did I get myself into. But at the end when you see that people like to co-create and even 70+ videos came in in a day you said again, great, we did the right thing. So if we look at the numbers we expected approximately 100 videos as a realistic result, 200 as an above average result and 300 revolutionary result. We got 229 and we are very satisfied.

**Did you expect a higher quality of videos/photography? Perhaps more participants?**

In terms of quality the same thing applies that I mentioned before. In the beginning we expected that the video quality would be very high, then we got the first few and we became a bit more pessimistic about whole situation. But then the videos which came in in the end were of very high quality and you could see that people really put their effort and time into them.

**Where do you see the strengths and weaknesses of the crowdsourcing?**

Here I will give my personal opinion which might not be broadly accepted. I see only advantages here. Firstly, if you are honest, and that stands for the all areas of business, and you tell what you want and why and when, you explain to consumers that you want to be closer to them, and try to understand them better. So I honestly see crowdsourcing as one of the best business tactics. In such a way you present the customers that you like cooperate with them, work with them and that you are there because of them.

The danger I see is the possibility of an overload of such practices. If you imagine that all companies start to use such an approach, it would be like the show Slovenia has a talent in two months and nobody would want to cooperate in the end. The second danger, actually I do not see it as much of a danger, but it definitely is for the client, is the fact that you do not have control over the whole situation anymore. You have some control but only to some degree.

**Will you use crowdsourcing methods in the future?**

Yes, for sure.

**A COMPARISON WITH CURRENT WORK METHODS**

**Where do you see the strengths and weaknesses of crowdsourcing - in comparison to current practices in ad creation? Is it more time and cost effective?**

It is similar to traditional campaigns.

**Did you gather more ideas? Do you believe that you can get more ideas through crowdsourcing or internally in marketing agency?**

About eight, nine years ago one of our competitors had such an idea. It was revolutionary at that time and would probably flourish nowadays. It was about crowdsourcing of ideas, creative ideas, so that you give the creative department of marketing agency to the people and

get a broader scope of ideas which you sell further. It is a great idea, to some degree. However, there is a part, which crowdsourcing can not replace. It is about what I have explained before, why likes do not choose final videos – creative solution is not just something that comes to someone mind and is interesting and funny and thus you put it on television but is about the idea which is hidden in creative solution and represents, communicates the brand, the brand as a person...Because if there is no connection, you have done it incorrectly. You have done something funny but with no value in the long run. So, one disadvantage of crowdsourcing from this perspective is that you cannot control peoples' streams of thought, but if you can, then this would not be crowdsourcing anymore.

## **ATTITUDES TOWARD CROWDSOURCING FOR MARKETING PURPOSES**

### **Do you believe that crowdsourcing for the purposes of advertising in Slovenia will expanding? What about in Europe?**

Definitely. About ten years ago we thought that people do not want to share things with others and that we want to hide everything, so I was really surprised how the first reality show in Slovenia turned out, since I thought that in Slovenia this really will not gain any success. But as social networks make it clear, that people are very extrovert, we want to show products made with our hands and thoughts.

### **In which industries/brands do you see the crowdsourcing as most promising?**

I believe the question here is for what purposes and not for which brands. What we have done for Mercator, is for me personally, less interesting thing that you can do with crowdsourcing. Do not get me wrong, it is great, it is interesting and you have connected the consumers, you establish two-way communication, a story about the brand together with the consumers, that is great. But what is the most interesting for what you can use crowdsourcing is for products and service development, for something that you actually sell. I mean, to co-create communication is one thing but to co-create the real product is totally different. So, if we look at best practices, Volvo is using the crowdsourcing concept for development of more user friendly parts of the car, for example if you want to have sunglass holders and so on. There are many such stories.

Looking at brands, it is definitely more appropriate for day-to-day brands, for brands, which are with you on daily level. Less important is the brand for every day life, the less successfully the crowdsourcing campaign could be conducted.

### **In which areas of marketing would you also use crowdsourcing?**

It would also be useful for research, however here the question of methodology could arise. Another thing which could present potential problem is that the output might be uncreative, because people would know that they are part of the research and they would not put special effort or real thought in it. In my view it is not very perspective for this field of use.



## APPENDIX E: Survey

My name is Neja Bizjak. I am a student of the International Master Programme in Business Administration (IMB) at the Faculty of Economics in Ljubljana. In front of you is a **short anonymous survey**, which examines the uses of crowdsourcing in marketing. The survey will take you **less than 10 minutes**. Your participation will help me to understand the crowdsourcing environment and potential of crowdsourcing for marketing purposes in Slovenia, which I am exploring in my master thesis.

**I would be very grateful for your help and effort!**

**After completing the survey, I will introduce some platforms through which crowdsourcing takes place. Maybe you will find something interesting for yourself as well!**

Click on “Next Page” to start the survey.

### Concept of crowdsourcing

The word crowdsourcing, refers to “crowd” and “sourcing” - it should be understood as a business model, which included a multitude of people to perform certain tasks/activities, which the company is unable to do or does not have time to do it on its own.

- Crowdsourcing takes place **online**.
- The payment variation for an individual work/task is enormous, **from a few cents to several thousand euros**.
- **Tasks varies greatly** from technical to creative .
- **Everybody can participate**, however only the best and fastest ideas/solutions are rewarded.

Crowdsourcing is an established practice abroad, **which is also gaining recognition in Slovenia!**

**Q1 - How likely is it that you would participate in the following tasks in crowdsourcing campaigns?** Select the rating scale from 1 to 4.

	1 – extremely unlikely	2 – unlikely	3 – likely	4 – extremely likely
Video ad production				
Website translation				
Photographing and preparing photographs for advertising campaign				

1 – extremely unlikely	2 – unlikely	3 – likely	4 – extremely likely
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Search for information (eg. telephone numbers, e-mail addresses) online

Production of mobile application

Creation of a logo for a company

Participation in a survey about a new product

Preparation of an advertising campaign strategy

Suggestion of ideas for the company name, product groups

Creation of Facebook profile for business

Development of e-learning programme in third world countries

Entering data into a database

Comparison of competitive products / analysis of competitors by given criteria

Article writing

Writing keywords for Google advertising

Conditional sentence for those who chose 2, 3 or 4 in Q1.

**Q2 - What would /does motivate you to participate in crowdsourcing campaigns?** Select the rating scale from 1 to 5.

1 – does not motivate me at all	2 – does not motivate me	3 – neither motivates me nor unmotivates me	4 - motivates me	5 - strongly motivates me
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Playful and enjoyable activity/task

Challenge to successfully finish the project

Curiosity

Personal satisfaction because of the support/ contributions to the community, the company

Connecting, sharing ideas with like-minded individuals

Interest in the activity with which the task is connected

Gain additional knowledge, learn

Compliments, recognition by other

1 –	2 – does	3 – neither	4 -	5 -
does not	not	motivates	motivates	strongly
motivate	motivate	me nor	me	motivates
me at all	me	unmotivates		me
		me		

Monetary reward

Self-promotion and presentation of yourself,  
skills and goals to the general public

Conditional sentence for those who chose 1 in Q1.

**Q3 - Select the reasons why you do not wish to participate in crowdsourcing campaigns (in tasks for which you have answered “extremely unlikely” in the first question).**

Several answers possible

- Because I do not have the technical/technological skills.
- Because I did not understand the concept of "crowdsourcing".
- Because there is no guarantee that I get payment for my work.
- Because I do not have time.
- Because I see crowdsourcing as the exploitation of workers.
- Because I am not interested in such things.
- Other: \_\_\_\_\_

Conditional sentence for those who chose 1 in Q1.

**Q4 - Despite your answer, which of the following would attract you to participate in crowdsourcing campaigns? Mark as appropriate.**

Several answers possible

- Extremely high reward.
- The possibility to cooperate in tasks where no technological knowledge is needed.
- The possibility to participate without the use of the Internet (participation via phone, personal visit, etc.).
- Great exposure to media.
- Guarantee that participation does not take a lot of my time.
- Guarantee that the task is simple and straightforward.
- Other: \_\_\_\_\_

Conditional sentence for those who chose 2, 3 or 4 in Q1.

**Q5 - How frequently would you participate in crowdsourcing campaigns?**

- Daily (every day or almost every day)
- Weekly (1 to 4 times per week)
- Monthly (1 to 3 times per month)
- Semi-annually (1 to 5 times in half a year)
- Annually (1 to 2 times per year)

Conditional sentence for those who chose 2, 3 or 4 in Q1.

**Q6 - For which industries would you prefer to crowdsource? Mark as appropriate.**

Choose three answers.

- Telecommunications (Mobitel, Simobil, etc.)
- The Grocery Industry (Mercator, Spar, etc.)
- The Sport Industry (Nike, Adidas, Toper, etc.)
- The Textile Industry (H&M, Mura, slovenian designers, etc.)
- The Pharmaceutical Industry (Lekarna Ljubljana, Sanolabor, etc.)
- The Automotive Industry (Toyota, Volvo, BMW, etc.)
- Finance and Insurance (SKB Bank, Poteza, etc.)
- Public Enterprises (The Ljubljana Passenger Transport (LPP), Slovenian Railway, etc.)
- Non-profit Organizations (Center Korak, Hospic, Amnesty International, etc.)
- Education (University of Ljubljana, The France Prešeren Gymnasium Kranj, etc.)
- Tourism (Kompas, TIC Bovec etc.)
- Hospitality Industry
- Other: \_\_\_\_\_

Conditional sentence for those who chose 2, 3 or 4 in Q1.

**Q7 - Identify yourself to the following statements about participation in crowdsourcing.**

Select the rating scale from 1 to 5.

1 -	2 -	3 - neither	4 - agree	5 -
strongly	disagree	agree nor		strongly
disagree		disagree		agree

I would like to crowdsource **for Slovenian companies.**

I would like to crowdsource **for foreign companies.**

Conditional sentence for those who chose 2, 3 or 4 in Q1.

**Q8 - Identify yourself with the following statements about the brands.** Select the rating scale from 1 to 5.

1 - strongly disagree	2 - disagree	3 - neither agree nor disagree	4 - agree	5 - strongly agree
-----------------------------	-----------------	--------------------------------------	-----------	--------------------------

I would only like to crowdsource for brands that are important to me.

When watching an ad I pay more attention to what is going on in the ad than to the brand that is being advertised.

I like crowdsourcing because I can be part of a brand that I like.

I would like to crowdsource for a wide variety of brands.

The element of fun and interest of the crowdsourcing task is more important than the brand, for which I am doing the task.

**Q9 - Have you noticed Mercator campaign Mercator Koraki for which television ad was created by the crowd?** This was one of the first crowdsourcing campaign in Slovenia.

- Yes
- No

Conditional sentence for those who chose “Yes” in Q9.

**Q10 - Did you participate in the campaign Mercator Koraki?**

- Yes
- No

Conditional sentence for those who chose “No” in Q10.

**Q11 - Why did you not participate in the campaign Mercator Koraki?**

Several answers possible

- Because the reward was not high enough.
- Because the task was too difficult.
- Because the task was not defined precise enough.

- Because I do not like to take part in such campaigns/events.
- Other: \_\_\_\_\_

*Currently the sport store Kibuba, is also crowdsourcing. You could be rewarded for translating just a few words: <http://www.kibuba.com/?translate=>*

At the same time, **two Slovenian crowdfunding campaigns** have started successfully on Kickstarter:

**MUSGUARD: A removable, rollable bicycle fender**

[http://www.kickstarter.com/projects/nklansek/musguard-a-removable-rollable-bicycle-fender?ref=home\\_location](http://www.kickstarter.com/projects/nklansek/musguard-a-removable-rollable-bicycle-fender?ref=home_location)

**ONDU: Pinhole Cameras**

<http://www.kickstarter.com/projects/ondu-/ondu-pinhole-cameras>

Thanks for taking part in the survey. Only few questions are left till the end.

**Q12 - Identify yourself in the following statements about yourself.** Select the rating scale from 1 to 5.

1 -	2 -	3 - neither	4 - agree	5 -
strongly	disagree	agree nor		strongly
disagree		disagree		agree

I am a creative person.

My knowledge of the Internet is excellent.

I know how to use creative programmes excellently (for making videos, flyers) and also use cameras, camcorders, etc.

I like to learn new things.

I have a wide range of interests.

I follow the latest trends and fashion.

I have more ability than most people.

**Q13 - How many hours per day do you use the Internet on average?**

\_\_\_\_\_ hours

**Q14 - Select your field of work.**

- **I work in a creative industry**
  - advertising; architecture; art and antiques trade; handicraft; design (graphic design);

flower arranging and decorating; fashion design; film, video, photography; development of computer and mobile applications; music, visual and performing arts (theatre); publishing (books, magazines, newspapers, etc.); television and radio

- student of a field, which fall into the category of creative industry

- **I do not work in a creative industry**

- activities that do not fall into the category of creative industry

- student of a field, which does not fall into the category of creative industry

**Q15 - Select gender.**

- Female
- Male

**Q16 - Enter your birth year.**

---

**Q17 - Select your level of education.**

- Finished primary school
- Finished secondary school (3-year vocational school, grammar school, or 4-year technical school)
- Finished higher education program or university program
- Finished master's degree
- Finished doctoral degree

**Q18 - Evaluate your personal monthly disposable income (including scholarships, allowances, student work, grants etc.).**

- Less than 500 EUR
- From 501 to 1000 EUR
- From 1001 to 1500 EUR
- From 1501 to 2000 EUR
- From 2001 to 2500 EUR
- 2501 EUR and more
- I do not want to answer

**Q19 - Select your employment status.**

- Pupil
- Student

- Employed
- Self-employed
- Unemployed
- Retired

**THANK YOU FOR YOUR EFFORT!**

You can find more about crowdsourcing on **crowdsourcing.org**.

Links to a number of crowdsourcing platforms:

**FOR CREATIVE TASKS/ACTIVITIES:**

<http://www.ideabounty.com/>

<http://www.crowdspring.com/>

<http://en.wilogo.com/>

<http://99designs.com/beta>

**FOR OTHER TASKS/ACTIVITIES:**

<http://www.innocentive.com/>

<https://www.elance.com/>

<http://www.cloudcrowd.com/>

<http://www.guru.com/>

<http://www.clickworker.com/en/>

<https://www.mturk.com/mturk/welcome>

**CROWDFUNDING:**

<http://www.indiegogo.com/>

<http://www.kickstarter.com/>

<http://www.rockethub.com/>

**HAVE A NICE DAY!**



## APPENDIX F: Survey Activity Types

*Table 1: Division of Activities into Specific Categories (Creativity, Difficulty and Marketing specific of tasks) with their Average Value and Standard Deviation*

	Creative vs. non- creative task	Difficult vs. easy task	Marketing vs. non- marketing task	Average	Standard deviation
Video ad production	C	D	M	2,3	0,96
Website translation	NC	E	NM	2,3	1,00
Photographing and preparing photographs for advertising campaign	C	E	M	2,5	0,97
Search for information (e.g. telephone numbers, e-mail addresses) online	NC	E	NM	2,6	1,00
Production of mobile application	NC	D	NM	1,8	0,90
Creation of a logo for a company	C	D	M	2,4	1,03
Participation in a survey about a new product	NC	E	M	3,0	0,91
Preparation of an advertising campaign strategy	C	D	M	2,4	0,98
Suggestion of ideas for the company name, product groups	C	E	M	2,8	0,92
Creation of Facebook profile for business	NC	E	NM	2,6	1,05
Development of e-learning programme in third world countries	NC	D	NM	2,2	0,98
Entering data into a database	NC	E	NM	2,5	1,02
Comparison of competitive products / analysis of competitors by given criteria	NC	E	M	2,5	0,96
Article writing	C	D	NM	2,5	0,96
Writing keywords for Google advertising	C	D	M	2,4	0,98

*Note\** Selection of activity and their categorization is based on my own assessment and should be taken with some degree of limitation.

## APPENDIX G: Cluster Analysis

Figure 2: Dendrogram

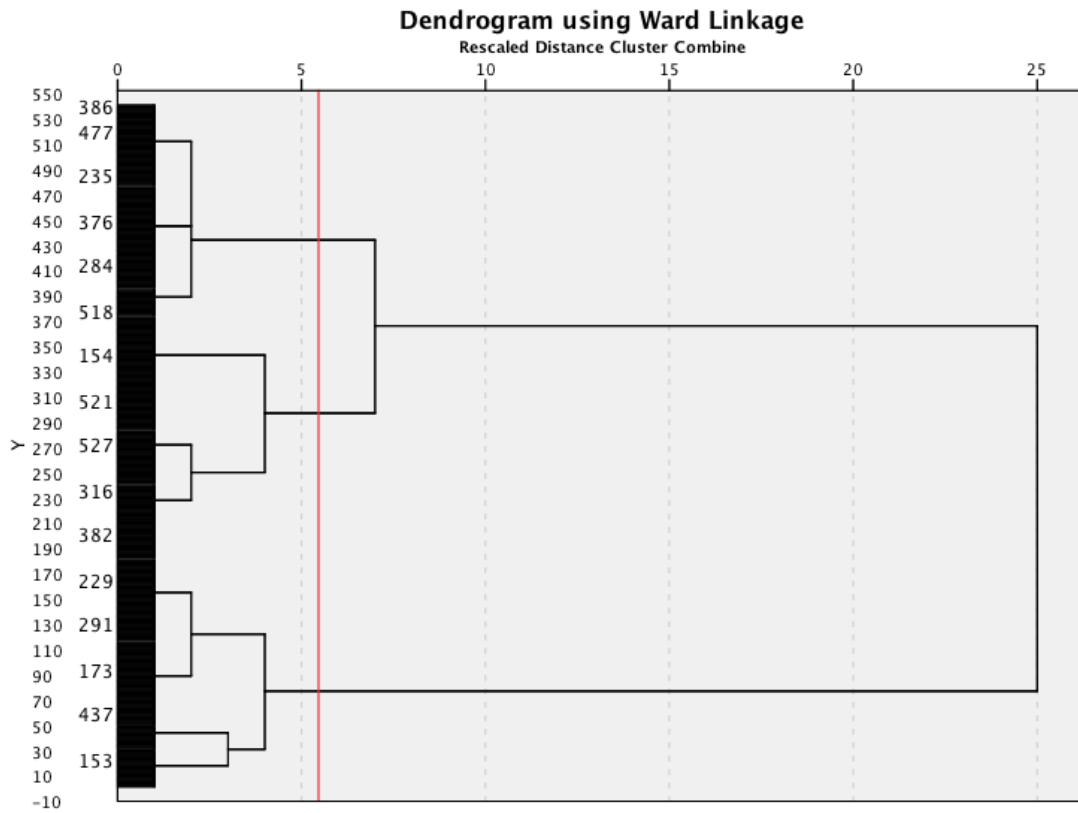


Table 2: Report on Cluster Variables

Report						
QCL_1		Frequency_of_ participation	Marketing tasks	Non- Marketing tasks	Intrinsic motivation	Extrinsic motivation
1	Mean	1.82	2.8035	2.6195	4.1571	3.9556
	N	180	180	180	180	180
	Std. Deviation	.383	.56415	.60347	.57025	.72157
2	Mean	4.48	2.0122	1.9514	3.4683	3.3449
	N	144	144	144	144	144
	Std. Deviation	.669	.52209	.49607	.64187	.72196
3	Mean	3.21	2.6728	2.4668	4.0987	4.0814
	N	217	217	217	217	217
	Std. Deviation	.418	.51562	.48645	.42462	.59579
Total	Mean	3.09	2.5404	2.3804	3.9504	3.8435
	N	541	541	541	541	541
	Std. Deviation	1.137	.62334	.59302	.61164	.73880

Table 3: ANOVA Table

ANOVA Table			Sum of Squares	df	Mean Square	F	Sig.
Frequency_of_participation * QCL_1	Between Groups (Combined)		570.172	2	285.086	1199.031	.000
	Within Groups		127.917	538	.238		
	Total		698.089	540			
Marketing_tasks * QCL_1	Between Groups (Combined)		56.444	2	28.222	98.997	.000
	Within Groups		153.374	538	.285		
	Total		209.819	540			
Non_Marketing_tasks * QCL_1	Between Groups (Combined)		38.416	2	19.208	68.215	.000
	Within Groups		151.490	538	.282		
	Total		189.906	540			
Intrinsic_motivation * QCL_1	Between Groups (Combined)		45.944	2	22.972	79.189	.000
	Within Groups		156.069	538	.290		
	Total		202.014	540			
Extrinsic_motivation * QCL_1	Between Groups (Combined)		50.341	2	25.170	55.406	.000
	Within Groups		244.409	538	.454		
	Total		294.750	540			

## APPENDIX H: Hypothesis Testing

### First Hypothesis Set

H1a: When crowdsourcing for marketing purposes people are motivated more by intrinsic motivation than extrinsic motivation.

H0:  $\mu_{\text{intrinsic}} \leq \mu_{\text{extrinsic}}$

H1:  $\mu_{\text{intrinsic}} > \mu_{\text{extrinsic}}$

Table 4: SPSS Output - Paired Sample T-test for Hypothesis H1a

Paired Samples Statistics								
		Mean	N	Std. Deviation	Std. Error Mean			
Pair 1	Intrinsic_motivation	4.1163	323	.51205	.02849			
	Extrinsic_motivation	4.0021	323	.68100	.03789			
Paired Samples Correlations								
			N	Correlation	Sig.			
Pair 1	Intrinsic_motivation & Extrinsic_motivation		323	.381	.000			
Paired Samples Test								
		Paired Differences				t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
					Lower Upper			
Pair 1	Intrinsic_motivation - Extrinsic_motivation	.11426	.67863	.03776	.03997 .18854	3.026	322	<b>.003</b>

The correlation test shows that the two variables are moderately and positively correlated ( $\rho_{\text{intrinsic, extrinsic}}=0,381$ ). Based on the T statistic from the paired samples T-test we can reject the null hypothesis and claim intrinsic motivation is stronger factor then extrinsic motivation when deciding to

participate in crowdsourcing for marketing purposes at the very low level of risk ( $p < 0,0015$ ). On average are people more motivated by intrinsic then extrinsic motivation.

**H1b: People who are motivated more by intrinsic motivation when crowdsourcing for marketing purposes are more creative.**

H1:  $\rho = 0$

H0:  $\rho \neq 0$

*Table 5: SPSS Output - Correlations Test for Hypothesis H1b*

Correlations		
	Identify yourself in the following statements about yourself: I am a creative person.	Intrinsic_motivation
Identify yourself in the following statements about yourself: I am a creative person.	1	.089
Pearson Correlation		.112
Sig. (2-tailed)		
N	323	323
Intrinsic_motivation	.089	1
Pearson Correlation		
Sig. (2-tailed)	.112	
N	323	323

Pearson correlation coefficient shows extremely weak to negligible correlation. The average difference is not significant.

**H1c: People who are motivated more by intrinsic motivation when crowdsourcing for marketing purposes like to learn new things.**

H1:  $\rho = 0$

H0:  $\rho \neq 0$

*Table 6: SPSS Output - Correlations Test for Hypothesis H1c*

Correlations			
		Intrinsic_motivation	Identify yourself in the following statements about yourself: I like to learn new things.
Intrinsic_motivation	Pearson Correlation	1	.273**
	Sig. (2-tailed)		.000
	N	323	323
Identify yourself in the following statements about yourself: I like to learn new things.	Pearson Correlation	.273**	1
	Sig. (2-tailed)	.000	
	N	323	323

\*\*. Correlation is significant at the 0.01 level (2-tailed).

Pearson correlation coefficient shows weak and positive correlation ( $\rho_{\text{intrinsic, like to learn new things}}=0,273$ ) at significant level lower than 0,001 percent, indicating that people with higher intrinsic motivation when crowdsourcing for marketing purposes like to learn new things.

**H1d: People with lower income are more motivated for crowdsourcing by extrinsic motivation than people with higher income.**

H0:  $\mu_{\text{low income}} \leq \mu_{\text{high income}}$

H1:  $\mu_{\text{low income}} > \mu_{\text{high income}}$

\*low income: 0–1000€; high income: above 1000€

Table 7: SPSS Output - Independent Sample T-test for Hypothesis H1d

Group Statistics										
	Income_clases	N	Mean	Std. Deviation	Std. Error Mean					
Extrinsic_motivation	Low income	297	3.8945	.71299	.04137					
	High income	207	3.7617	.78696	.05470					

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Extrinsic_motivation	Equal variances assumed	2.796	.095	1.971	502	.049	.13283	.06738	.00044	.26522
	Equal variances not assumed			1.937	414.675	.053	.13283	.06858	-.00198	.26764

Based on the Levene's Test we can assume variances to be equal between the groups ( $F=2,796$ ,  $p=0,095$ ). T-test has shown significant difference in arithmetic means of two group at low level of significance ( $p=0,0245$ ), which indicate the difference in extrinsic motivation between people with low income and high income. Based on the results, people with lower income has stronger extrinsic motivation when participating in crowdsourcing.

## Second Hypothesis Set

**H2: A crowd is more prone to participate in less difficult tasks than more difficult ones.**

H0:  $\mu_{\text{less difficult task}} \leq \mu_{\text{difficult task}}$

H1:  $\mu_{\text{less difficult task}} > \mu_{\text{difficult task}}$

Table 8: SPSS Output - Paired Sample T-test for Hypothesis H2

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Less difficult_tasks	2.5967	549	.63283	.02701
	Difficult_tasks	2.2704	549	.63650	.02717

Paired Samples Correlations				
		N	Correlation	Sig.
Pair 1	Less difficult & Difficult_tasks	549	.702	.000

Paired Samples Test									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Less difficult_task - Difficult_tasks	.32632	.49036	.02093	.28521	.36743	15.592	548	.000

The correlation test shows that the two variables are strongly correlated ( $\rho_{\text{less difficult task, difficult task}}=0,702$ ). Based on the T statistic from the paired samples T-test we can reject the null hypothesis and claim that crowd is more prone to participate in less difficult tasks than more difficult ones at the very low level of risk ( $p < 0,001$ ).

### Third Hypothesis Set

**H3a: People who are willing to participate in crowdsourcing for marketing purposes are younger then people who are less willing to participate in crowdsourcing for marketing purposes.**

$H_0: \mu_{\text{willing to participate}} \geq \mu_{\text{less willing to participate}}$

$H_1: \mu_{\text{willing to participate}} < \mu_{\text{less willing to participate}}$

\*Average age year of participant in sample = 1980 (cut point)



Table 9: SPSS Output - Crosstabulation and Pearson Chi-Square Test for Hypothesis H3a

Age_Dummy * Marketing_Activities_Cluster Crosstabulation				
		Marketing_Activities_Cluster		Total
		Less willing to participate	Willing to participate	
Age_Dummy	younger	Count	136	248
		% within age_dummy	35.4%	64.6%
		% within Marketing_activities_cluster	60.2%	76.8%
	older	Count	90	75
		% within age_dummy	54.5%	45.5%
		% within Marketing_activities_cluster	39.8%	23.2%
Total		Count	226	323
		% within age_dummy	41.2%	58.8%
		% within Marketing_activities_cluster	100.0%	100.0%

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	17.436 <sup>a</sup>	1	.000		
Continuity Correction <sup>b</sup>	16.655	1	.000		
Likelihood Ratio	17.283	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	17.404	1	.000		
N of Valid Cases	549				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 67.92.

b. Computed only for a 2x2 table

Pearson Chi-Square value is significant at low level of risk ( $p_{2\text{-tailed}} = 0.000$ ), indicating that people who are younger are more willing to participate in crowdsourcing for marketing purposes.

**H3b: People who work in creative industries are more willing to participate in crowdsourcing for marketing purposes than people who are less willing to participate.**

H0:  $\mu$  willing to participate  $\leq$   $\mu$  less willing to participate

H1:  $\mu$  willing to participate  $>$   $\mu$  less willing to participate

*Table 10: SPSS Output – Crosstabulation and Pearson Chi-Square Test for Hypothesis H3b*

Field_of_Work * Marketing_Activities_Cluster Crosstabulation					
			Marketing_Activities_Cluster		Total
			Less willing to participate	Willing to participate	
Field_of_Work	I work in a creative industry	Count	62	117	179
		% within Field_of_work	34.6%	65.4%	100.0%
		% within Marketing_activities_cluster	27.4%	36.2%	32.6%
	I do not work in a creative industry	Count	164	206	370
		% within Field_of_work	44.3%	55.7%	100.0%
		% within Marketing_activities_cluster	72.6%	63.8%	67.4%
Total	Count		226	323	549
	% within Field_of_work		41.2%	58.8%	100.0%
	% within Marketing_activities_cluster		100.0%	100.0%	100.0%

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.675 <sup>a</sup>	1	.031	.033	.019
Continuity Correction <sup>b</sup>	4.283	1	.038		
Likelihood Ratio	4.725	1	.030		
Fisher's Exact Test					
Linear-by-Linear Association	4.666	1	.031		
N of Valid Cases	549				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 73.69.

b. Computed only for a 2x2 table

Pearson Chi-Square value is significant at low level of risk ( $p_{2\text{-tailed}} = 0,031$ ), indicating that people who are working in creative industries are more willing to participate in crowdsourcing for marketing purposes.

**H3c: People who are willing to participate in crowdsourcing for marketing purposes see themselves as more creative people compare to people who are less willing to participate in crowdsourcing for marketing purposes.**

H0:  $\mu_{\text{willing to participate}} \leq \mu_{\text{less willing to participate}}$

H1:  $\mu_{\text{willing to participate}} > \mu_{\text{less willing to participate}}$

*Table 11: SPSS Output - Independent Sample T-test for Hypothesis H3c*

Group Statistics					
	Marketing_activities_cluster	N	Mean	Std. Deviation	Std. Error Mean
Identify yourself in the following statements about yourself: I am a creative person.	Less willing to participate	226	3.80	.768	.051
	Willing to participate	323	4.09	.681	.038

Independent Samples Test									
	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Identify yourself in the following statements about yourself: I am a creative person.	5.033	.025	-4.762	547	.000	-.296	.062	-.419	-.174
			-4.662	446.244	.000	-.296	.064	-.421	-.171

Levene's Test for Equality of Variances is significant at low level of risk ( $p=0,025$ ), indicating significant differences in variances. The T-test has shown significant difference in arithmetic means of two groups at low level of significance (below 0,001 percent), which indicate the difference in perception of being creative between the group who is less willing to participate and the other who is willing to participate. Result shows that the one who are willing to participate see themselves as creative.

#### Fourth Hypothesis Set

**H4: Individuals who are willing to participate in crowdsourcing for marketing purposes do so because of the concept of crowdsourcing or the ad itself and not because of the brand in comparison to ones who are less willing to participate.**

H0:  $\mu_{\text{willing to participate}} \leq \mu_{\text{less willing to participate}}$

H1:  $\mu_{\text{willing to participate}} > \mu_{\text{less willing to participate}}$

*Table 8: SPSS Output - Independent Sample T-test for Hypothesis H4*

Group Statistics					
	Marketing_activities_cluster	N	Mean	Std. Deviation	Std. Error Mean
Identify yourself with the following statements about the brands: The element of fun and interest of the crowdsourcing task is more important than the brand, for which I am doing the task.	less willing to participate	218	3.42	1.110	.075
	willing to participate	323	3.79	.967	.054

### Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Identify yourself with the following statements about the brands: The element of fun and interest of the crowdsourcing task is more important than the brand, for which I am doing the task.	9.772	.002	-4.117	539	.000	-.371	.090	-.547	-.194
Equal variances assumed									
Equal variances not assumed			-4.009	421.796	.000	-.371	.092	-.552	-.189

Levene's test for Equality of Variances is significant at low level of risk ( $p=0,002$ ), indicating significant differences in variances. T-test has shown significant difference in arithmetic means of two groups at low level of significance (below 0,001 percent), which indicate that people who are willing to participate in crowdsourcing for marketing purposes do so because of the concept of crowdsourcing or the ad itself and not because of the brand.

## **APPENDIX I: List of Abbreviations**

ATL Advertising	Above The Line Advertising
CAQDAS	Computer-Assisted Qualitative Data Analysis Software
CFPs	Crowdfunding Platforms
CGA	Consumer Generated Advertising
CGAs	Consumer Generated Ads
CSPs	Crowdsourcing Service Providers
FGA	Firm Generated Advertising/Ads
HTTP	Hypertext Transfer Protocol
JOBS Act	Jumpstart Our Business Startups Act
PLC	Product-Life Cycle
UGC	User Generated Content
WOM Communication	Word-Of-Mouth Communication
SPSS	The Statistical Product and Service Solutions
SORS	Statistical Office of the Republic of Slovenia
VIC	Virtual Innovation Community