

CUSTOMERS AS SOURCES OF OPPORTUNITIES

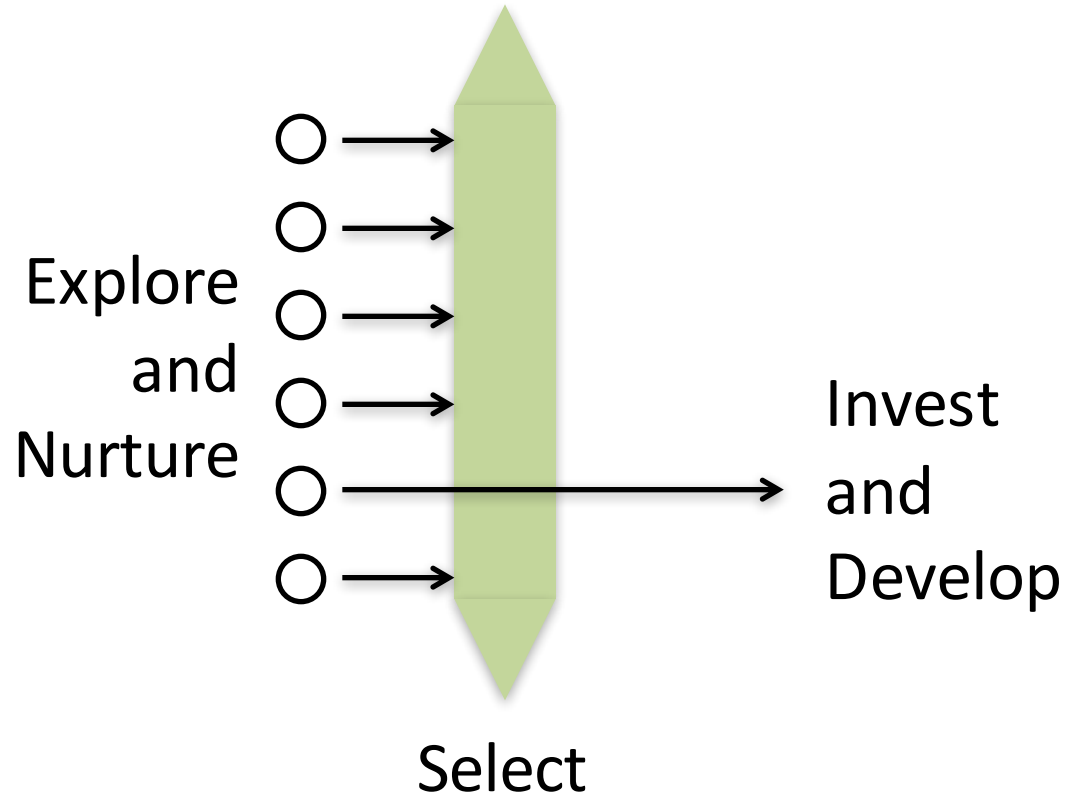
Professor Kartik Hosanagar



Wharton
UNIVERSITY *of* PENNSYLVANIA

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Recollect the Tournament Approach



Case Study: Threadless

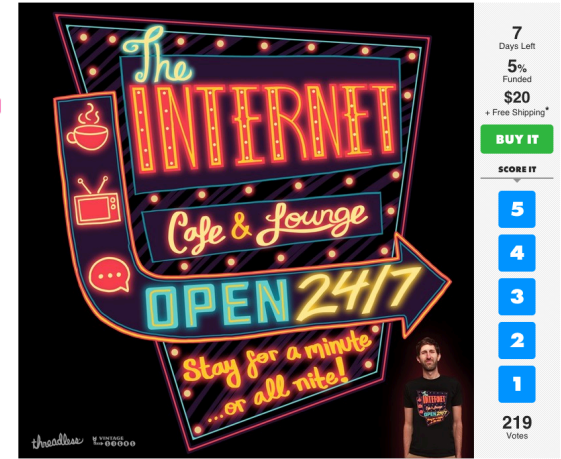
- Website for crowd sourced shirt designs
- Early innovator, company founded in 2000
- Started by Jake Nickell after he won an online T-shirt design challenge
- Launched a website with weekly design challenges
 - Top designs are printed & sold
 - Winners receive cash and royalties



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Unparalleled Volume and Diversity of Ideas

- ~1,000 submitted designs per week on average, 10 selected for printing
- Over 500,000 designs submitted to date by roughly 300,000 contributors
 - Nearly 8,000 designs printed
- Diversity: 70% of designers from outside U.S. including South & S.E. Asia, Europe, S. America and Australia. Age ranges from 14 year old kids to 65 year old retirees



ALL NITE

How The Internet would've been advertised back in the day. Probably.

27 Comments

Above: Threadless's voting interface

Below: Threadless's most popular design



Crowdsourced Idea Generation Used by Many Companies

- Dell's IdeaStorm

IdeaStorm can help take your idea and turn it into reality.

OVER 24,274 IDEAS SUBMITTED. 748,363+ VOTES. 101,918+ COMMENTS. 649+ IDEAS IMPLEMENTED.

- Dell customers post suggestions on new product & service improvements
- Over 24K ideas submitted & several product innovations implemented such as backlit keyboards

- MyStarbucks Idea

- Over 200K ideas submitted; implemented ideas include launch of “flat white” & reintroduction of Mocha coconut Frappuccino



Voting on Crowd Sourcing Platforms as a Proxy for Demand

- Votes on a crowd sourcing platform can function as a proxy for demand
 - Addresses uncertainty during the early phase of opportunity selection
 - On Threadless, ideas that end up in the top 5% in terms of votes are considered by management
- Managerial Judgment remains important
 - Voting is costless, purchases are costly
 - Voting population isn't representative of typical consumers

Reasons for Participation in Crowd Sourcing

- Monetary Incentives (Threadless)
 - Lump Sum Payments
 - Revenue Sharing
- Encourage a company to address their needs
 - Dell IdeaStorm, My Starbucks Idea
- Skill Development (Threadless)
 - Practice skills and feedback

Other Sources of Customer Feedback

- Indirect Feedback – customers say what they're thinking, but not directly to the company
 - Online Product Reviews & Social Media posts
- Case Study: C&A Marketing
 - Founded in 2003, now has 11 brands and a ~50,000 product portfolio
 - Uses Amazon Product Reviews to develop new products
 - Jumbl – Consumer products for retail through Amazon
 - Ivation – Highly successful Jumbl products are redesigned and sold as Ivation



jumbl

Budget conscious consumer products
sold on Amazon

ivation

Image conscious up-scaled versions sold in
retail stores and on Amazon

Summary

- Customers can be a great source of ideas for new products and new features for existing products
 - More powerful for corporate entrepreneurship
 - But startups can use as well by reaching out to prospective customers and looking for indirect feedback
- Can help speed the process of idea generation and customer validation of ideas



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