

Searching For Market Opportunities: How To Get The Most Out Of Crowdsourcing Initiatives

Laurence Rijssegem, Ghent University, Belgium

Finding the right market for technology or body of knowledge is one of the biggest and most difficult challenges for entrepreneurs. Research has shown that entrepreneurs do not devote enough time identifying and evaluating their market opportunities. Instead, they grasp the first market opportunity that looks promising and fail to identify, investigate, and leverage other market opportunities. This mistake means that entrepreneurs often select a market that proves unfeasible or undesirable at a later date. So, what can entrepreneurs do to discover their most valuable market opportunities?

Well, you have probably heard the saying “Two heads are better than one”. Crowdsourcing capitalizes on this idea, allowing entrepreneurs to mobilize the wisdom of hundreds of people from all over the world to generate fresh ideas for market opportunities. The research and consulting activities of Petra Andries of Ghent University and her colleagues also demonstrate the formidable impact that both online and offline communication to broad audiences can have on the identification of new market opportunities. A Scottish biotech start-up they worked with launched its website in the morning, highlighting and comparing the advantages of its technology with other technologies such as chemicals and antibiotics, and was contacted in the afternoon by a large U.S. company that saw an enormous potential in applying this technology to its own market. Other technology start-ups in their network mentioned that, by giving press interviews and presenting their technology to conference audiences, they received reactions from many interested actors in industries and markets they had never considered themselves.

If the crowd is the solution to every entrepreneur’s commercialization problem, why are there so few stories about entrepreneurs who have successfully relied on the wisdom of the crowd? A study from Laurence Rijssegem, a researcher at Ghent University, shows that entrepreneurs need to overcome specific challenges before they can really reap the benefits of crowdsourcing and provides some recommendations that will help entrepreneurs to discover their most valuable market opportunities by exploiting the full potential of crowdsourcing.

Open up to the crowd

Thomas Edison once said, “To have a great idea, have a lot of them”. Opening up to the crowd, by revealing detailed technology-related information on

the company website, via press articles, conference presentations, social media, etc., may allow entrepreneurs to obtain a tremendous amount of suggestions from market actors on market opportunities they had never thought about themselves.

Set up screening mechanisms

However, when entrepreneurs receive many suggestions, they are inclined to focus on suggestions that are familiar to them, which is of course counter to the objective of crowdsourcing. So, entrepreneurs should be aware of the fact that their own experience and expertise may hinder them in actually taking advantage of this possibility. In order to overcome these constraints, entrepreneurs may set up formal screening processes in which external suggestions are verified with other market players. Setting specific rules (e.g., each suggestion needs to be verified) will help entrepreneurs to select the most promising – instead of the most familiar – market applications for further exploration (and later commercial exploitation).

Carefully design crowdsourcing initiatives

In practice, however, many crowdsourcing initiatives end up with a staggering amount of bad ideas. Consider, for instance, BP's crowdsourcing initiative. In 2010, BP received a total of 120,000 suggestions in a few weeks' time to solve the pressing problem of the oil spill in the Gulf of Mexico. Screening these ideas is an enormous undertaking that takes a lot of effort from the entrepreneur. Instead, entrepreneurs can also try to avoid a stream of bad ideas by rigorously designing their crowdsourcing initiatives in such a way that only those who are motivated are encouraged to submit their suggestions. For instance, by clearly specifying the technological details of their technology, only market actors who see the application potential of the technology, will contact the technology-startup and show interest in its technology.

You have to kiss a lot of frogs before you find a prince, and the same is true for entrepreneurs. Many entrepreneurs forget this advice and jump at the first market opportunity that comes up in their mind. Crowdsourcing initiatives offer a promising solution to entrepreneurs' commercialization problem by providing them access to a large pool of ideas for market opportunities. However, when setting up a crowdsourcing initiative, they should keep in mind that more isn't always better! The key to discovering the most valuable market opportunities through crowdsourcing isn't about getting as many ideas as possible, but it is about picking the right idea out of a pool of high-quality suggestions. It is a case of opening up to the crowd....but not too much!

CONTACT: Laurence Rijssegem; Laurence.Rijssegem@UGent.be; (T): +32 926 48976; Department of Marketing, Innovation, and Organization, Tweekerkenstraat 2, 9000 Ghent, Belgium.