

"CROWD CLOUT"



Now, even though politically and civically minded CROWD CLOUT concepts like [MoveOn.org](#) and Hummer-hating [FUH2.com](#) are fascinating, in this briefing we'll focus exclusively on the most commercial aspects of this trend. One word: co-buying. If that feels like a blast from the past, extensively discussed and unsuccessfully tried back in 1996, you're right. It's about consumers' purchasing intentions, and (sometimes) the grouping of those intentions. Semi-dormant [Letsbuyit.com](#) and no-longer-amongst-us [Mercata.com](#) come to mind.

** Note: Yes, we actually managed to find the last remaining 'crowd' moniker out there, joining a crowded space that now encompasses everything from [CROWD SOURCING](#) to [CROWD STORM](#) to [THE WISDOM OF CROWDS](#) to [CROWD SPIRIT](#), covering important trends like co-creation, co-shopping and co-funding.*

Introduction

The power of groups, the clout that crowds can exercise to get what they want, is nothing new. What *is* new, however, is the dizzying ease with which likeminded, action-ready citizens and consumers can now go online and connect, group and ultimately exert influence on a global scale. Call it group power, call it CROWD CLOUT:

CROWD CLOUT: "Online grouping of citizens/consumers for a specific cause, be it political, civic or commercial, aimed at everything from bringing down politicians to forcing suppliers to fork over discounts."



Individual intentions

Before we look at full-fledged CROWD CLOUT, let's start with one of its prerequisites, and a huge business opportunity waiting to happen in its own right: getting consumers to reveal their intentions. Accurately dubbed the [Intention Economy](#) by Doc Searls last year (though the idea *has* frequently surfaced over the last 10 years: just check out John Hagel's [musings](#) on the topic), it all comes down to letting consumers make their buying intentions known, inviting one or multiple suppliers to bid for their business.

To quote Searls: *"The Intention Economy is built around truly open markets, not a collection of silos. In The Intention Economy, customers don't have to fly from silo to silo, like a bees from flower to flower, collecting deal info (and unavoidable hype) like so much pollen. In The Intention Economy, the buyer notifies the market of the intent to buy, and sellers compete for the buyer's purchase. Simple as that. [...] In The Intention Economy, a car rental customer should be able to say to the car rental market, "I'll be skiing in Park City from March 20-25. I want to rent a 4-wheel drive SUV. I belong to Avis Wizard, Budget FastBreak and Hertz 1 Club. I don't want to pay up front for gas or get any insurance. What can any of you companies do for me?" — and have the sellers compete for the buyer's business."*

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Travel agents competing to offer the best deal



MOVEON.ORG
POLITICAL ACTION

John Bolton: Blocked the anti-UII ambassador
MoveOn members raised a chorus of opposition when Bush nominate America's ambassador to the United Nations. Congress refused to ap appointment" to side step Congress. But when the appointment expire step down.

Now, even though there IS a growing number of intermediaries helping individual consumers to get a quote or offer based on their

intentions, this space remains wide open. In fact, most of these 'information brokers' focus on only one product/category (think mortgages, cruises, plane tickets), making it a hassle to find the appropriate site for each individual intention. Many of them also work (too) closely with a limited set of suppliers, so the bidding process becomes somewhat scripted, with less than spectacular discounts as a result.

So while there's cruisecompete.com for getting a quote from cruise travel agents, and Priceline, which lets customers name their own price and then matches it with the (pre-set) minimum prices that airlines, hotels and rental car companies have provided Priceline with, this space remains wide open for intention-brokers who can handle a variety of intentions per customer, and genuinely operate on behalf of those customers.

For true inspiration, take a cue from these 'intention 2.0' firms that are shaking up the traditionally not-so-transparent world of real estate in Finland, the UK, The Netherlands and the US:

Finnish real estate site Igglo lets potential buyers 'pre-order' houses that aren't on the market. Igglo has photographed every building in Helsinki and several other Finnish cities, and combines these photographs with satellite images and maps. Every property is listed, not just those that are currently on the market. (Their tagline is: "Your house is already on Igglo.") Potential buyers can earmark a building, street or neighborhood they're interested in, and post offers online. This lets potential sellers find out how desirable their property is, even if they weren't actively considering selling. Buyers also receive an alert when a property in their earmarked building or area comes up for sale. If demand and supply meet, Igglo handles the transaction for a lower fee than is charged by regular real estate agents (less than 2%). Lower fees are made possible by the fact the Igglo agents don't get involved until buyers and sellers have found each other. Consumers like it: the site attracts more than 50,000 visitors a week, and the company is now working on European expansion; a recent EUR12.5 million (USD 15.7 million) first venture round led by Benchmark Capital Europe will certainly help.

However, as good ideas spread faster than ever, it will now find similar 'reverse real-estate' start-ups on its path: from British Blockhunter and Dutch Elkhuistekoop.nl to US-based Buyer-Hunt.

On the side of intentions and consumer *sellers*, there's US based Zillow, which lets home owners take the initiative, by allowing them to set a Make Me Move price without actually putting their house on the market. Once owners set a price ("that magical number you just can't refuse"), potential buyers can contact them anonymously via email. It's then up to the owner to decide whether they really want to sell. Here too, intentions are key: if homeowners are thinking about selling in the near future, the service helps to start gathering interest. Or they may have long term plans to sell, but could be motivated to do so sooner if the right offer comes along. What match making start-up will go all out and combine Igglo and Zillow-like intention-services to create a beyond-transparent real estate super site?

And what other 'not for sale yet' objects of desire are ripe for this kind of pro-active bidding war? That old timer parked around the block? Attractive yet somewhat anonymous members of the opposite/same sex? Small businesses? If you can somehow obtain an extensive database, preferably with pretty pictures, throwing in some geospace functionalities making it easy to locate an object, you may have found yourself the Next Big Intention 2.0 Thing.

Location	Number of People
Riga, LVA	2,027 people
Vilnius, LTU	1,820 people
Phoenix metro area	605 people

There's more, though: how about listing an intention to go see an artist or band if he, she or they would only come to a certain country or city? Enter [Eventful](#), which not only enables users to find and post local events anywhere in the world, but also lets them [demand](#) events and performances in their town and spread the word to make them happen. At last count, there were more than 126,000 demanded events on Eventful. Should help persuade well known artists to now and then change their regular touring schedule, and should definitely create a long tail-style bonanza for niche audiences, and thus niche artists, niche events and niche performances.

Aggregated intentions

Eventful.com gets us to true, commercially fueled CROWD CLOUT: aggregated intentions to either persuade suppliers to pay attention, or to force them to sell at a discounted price when a group orders in bulk.



But first: what went wrong for some of the high-profile brands (especially aforementioned letsbuyit.com and mercata.com) who tried to get CROWD CLOUT off the ground in the early web days?

How about:

- Not enough people online in 1997 to reach the mass needed to move quickly to satisfy urgent needs. Consumers' intentions have different time spans: how long are you willing to wait for a possible discount on that flat screen TV or new car? Needless to say, a lack of mass also made it difficult to realize significant discounts.

- Subsequently, colossal offline marketing expenditures were needed to get exposure, killing any kind of fiscally prudent start these types of new initiatives need. Don't forget, we're talking late nineties, when getting the word out about a new online business wasn't a matter of getting free blog-exposure or posting a viral video on youtube.com.

- Total apathy on the sellers' side as the concepts were too novel, frightening or both. To a degree, there was apathy on the consumers' side as well, as the notion of online group power hadn't sunk in completely in 1998-1999: the web was very much about browsing, about individual usage, about gathering information, not necessarily about group power.

To make a long story short, new ideas often suffer from slower than expected uptake as both buyers and suppliers need time to get used to something they literally didn't grow up with. If ideas then also threaten existing power structures, or are allotted overly generous budgets that replace creativity with spending, or entice founders to focus on rapid expansion instead of focusing on getting the basics right first, failure may kill off what is still a promising idea.

So, why is the business arena, a dozen years later, so much more appetizing for an Intention Economy and for CROWD CLOUT initiatives?

So why now?



We're all online

- First of all, [a billion people](#) are now online. We cannot emphasize this mind boggling statistic enough. Whatever web-based business you're planning to set up, you now have a potential audience. And this audience can be reached with virtually no marketing budget to speak of, as good ideas will spread instantly, thanks to the blogosphere.

- Secondly, this huge online audience actually shops online. In the US, consumers spent more than USD 200 billion online last year (including travel), while Europeans shelled out EUR 100 billion on online goodies and services. Online sales in Asia are in

the tens of billions USD, too. (Sources: Forrester, Shop.org and eMarketer.)

- Thirdly, as the past few years have seen an all-determining shift from 'visiting' to 'participating' (if not grouping) in the online world, many consumers may now be up for more active and involved business models like CROWD CLOUT. As [Jeff Jarvis](#) put it: consumers are now both the audience *and* the participants.



- Last but not least, an entire infrastructure of personal profiles and blogs is now in place (for example, [MySpace](#) boasts about 150 million profiles, [Facebook](#) counts 18 million registered users, while UK based [Bebo](#) has over 8 million users), potentially giving consumers a direct, private outlet to itemize and tag their intentions. And giving them readily accessible lists of friends to group with. Smart intermediaries or even the social networking sites themselves should jump on this opportunity and facilitate the aggregation process. Also keep an eye on the proliferation of social commerce sites (pick lists, voting mechanisms and [TWIN-SUMERISM](#) included): [StyleHive](#), [CrowdStorm](#), [Yahoo Shoposphere](#), [ThisNext](#) and [Kaboodle](#) are just a few of the many sites exquisitely positioned to be future CROWD CLOUT leaders.



So, what is happening out there as we speak? First of all, there are intermediaries who first sign up as many consumers as possible, then negotiate group discounts with commodity suppliers, with members then being able to decide whether they'd like to accept an offer. For example, Dutch [United Consumers](#) negotiates mass

discounts on insurance, petrol and electricity on behalf of its 250,000 members. And while we wouldn't hesitate one minute to replicate this well executed model around the world (pity we're so busy watching trends), it doesn't yet incorporate the intention part.



So who *is* putting intention to good use? Look to China for CROWD CLOUT initiatives that are moving closer to a reincarnation of letsbuyit.com. Of particular interest is the tuangou ('team purchase') phenomenon, which involves strangers organizing themselves around a specific product or service. Think electronics, home furnishings, cars and so on. These likeminded then meet up in real-world shops and showrooms on a coordinated date and time, literally mobbing the seller, negotiating a group discount on the spot. Popular Chinese sites that are enabling the crowds to first group online, then plan for actual real world shop-mobbing, are [TeamBuy](#), [Taobao](#) and [Liba](#), which was recently acquired by 51tuangou.com.

Combined, these sites now boast hundreds of thousands of registered members, making money from ads and/or commissions from suppliers who are actually happy to have the mobs choose their store over a competitor's.

Key question: who's going to introduce this in San Francisco, Toronto, Sao Paulo, Barcelona or Sydney? Just the PR value from being the first to do this outside China will be priceless. And may we suggest that the future founders turn it into a hybrid online/offline model? That would get them something that even surpasses letsbuyit.com in reach and visibility.

Tagging an offer means "Showing interest for in getting bulk discounts. When a person tags records for number of interests shown for the reaches a pre-determined number, we inform bulk discount opportunity."

Oh, and one more fun example from India: [Offers For Shoppers](#) is an online coupon site, dipping its toes in the CROWD CLOUT pond by letting customers tag any interesting offer, and thereby revealing their intentions. When the number of potential buyers reaches a pre-determined total (a number that vendors consider a bulk buy), customers are notified and offered a take it or leave it bulk price. Clearly one to be copied by the social shopping sites that are now mushrooming in the US.

Aggregated intentions meet funding

Next? Why not let the crowd fund their purchasing intentions, especially if those intentions apply to services, goods or artists that are currently too costly, or don't yet exist? For a snapshot of things to come, check out SellaBand and CrowdSpirit:



SellaBand has created a platform that enables fans to sponsor bands and get a piece of the action in return. This is how it works: fans, dubbed 'Believers', find an artist they like on SellaBand.com. For USD 10, they can buy a share, or 'Part'. Once the band has sold 5,000 parts, SellaBand arranges a professional recording, including top studios, A&R managers and producers. Believers receive a limited edition CD of the recording. The interesting twist is that the songs are then made available as free downloads. Income comes from advertising revenue, which is split three ways: artist, believer and SellaBand. Since both believers and artists benefit from getting 5,000 parts sold, both are likely to actively promote the band (and SellaBand) everywhere musicians and music fans are active: on their blogs, on their MySpace pages, in online communities, to their friends, etc. Once the recording has taken place, the same goes for SellaBand's download portal: artists and believers profit from ad revenues created by driving traffic to their download page.

So far, bands Nemesea, Cubworld and Second Person have reached the USD 50,000 target and have started recording, while a further 20 artists have racked more than USD 5,000.

chasing the end result. In the first stage of the project, the focus will be on products with a market price below EUR 150 (USD 190). How it will work:

Step 1: The community sends ideas, fine tunes them & votes for the best one.

Step 2: The best ideas and their product specifications are jointly defined with CrowdSpirit's research and manufacturing partners. Community Investors start financing the product development.

Step 3: The first prototype is tested and fine-tuned by the community.

Step 4: Customers purchase products thanks to the CrowdSpirit supply chain. The community takes care of product support and recommends products to retailers.

A tentative launch is planned for this summer. May we humbly suggest that every B2C industry, from travel to food & beverage experiment with this model? If only to get a feel for the *innovation* prowess of 'ordinary consumers'. But we're digressing, we've hit you over the head with this many times in our **CUSTOMER-MADE** briefings ;-)

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Today, all these products are designed by manufacturers and don't always take into account **end-user expectations**.

Another initiative to watch: French **CrowdSpirit**. Currently in beta-mode, the company hopes to go full circle on crowd-innovation: participants not only submit ideas for consumer electronics, but also take part in every stage of the product life cycle, up to pur-

www.trendwatching.com

Opportunities



As a trend, CROWD CLOUT is yet another manifestation of Consumer Power. There's definitely an overlap with [TRANSPARENCY TYRANNY](#): after prices, opinions and recommendations, purchasing intentions will one day become transparent, too. From a commercial angle, the potentially very disruptive business models that CROWD CLOUT will spawn, should delight every entrepreneur and marketer. Whether it's brokering buying intentions on behalf of individuals, grouping these intentions to negotiate discounts, or coordinating groups of consumers in funding products and services that wouldn't otherwise be feasible, there's not a single product or service category that could not benefit from a CROWD CLOUT project.

As stated before, the conditions to get something going are pretty favorable right now. Don't get crowded out!