

SUPSI

SMEs crowdsourcing marketing activities

A Crowdsourcing based solution for SMEs looking for a marketing / branding service

Student

Edin Halilovic

Degree course

Business Administration

Document

Bachelor thesis



STUDENTSUPSI

Title: SMEs crowdsourcing marketing activities

A Crowdsourcing based solution for SMEs looking for a marketing / branding service

Author: Edin Halilovic

Supervisor: Monica Mendini

Bachelor thesis in Business Administration

University of Applied Sciences and Arts of Southern Switzerland

Department of Business Economics, Health and Social Care

Manno, 14 September 2020

“The author is solely responsible for the content of the work”

SMEs crowdsourcing marketing activities

System

*A set of things working together as parts of a mechanism or an interconnecting network;
a complex whole.*

Definition by OxfordLanguages

Abstract

This thesis examines crowdsourcing applications into marketing activities and investigates the implications of adding an intermediary to the system. The analysis is qualitative and contains a case study and an interview done to a small-medium enterprise. It highlights issues SMEs have when adopting new technologies and managerial problems they encounter in defining a clear digital marketing strategy. The constant and fast development of technology often leads to a substantial change in daily activities and sometimes in entire lifestyles, that can happen in private and professional fields. The evolution of communication tools has drastically changed the way we operate in different environments and continues to do so as we increase the efficiency of transferring information from a subject to another. Those tools are changing at an astonishing rate, sometimes giving very little time to adapt or even to understand them. This factor requires developers to create systems able to follow that learning curve because providing a useless tool is like providing no means at all. Surely enough, whoever works on major projects such as the one we are going to see knows that, but this does not exclude the fact that there is always room for improvement. We can find difficult situations where even small business owners cannot operate fully; instead, they are trapped in an increasingly competitive market. Still, helping those enterprises to develop themselves in this demanding and fast-moving environment is beneficial for both of them and the community. That is why in this thesis, we are going to see how a well-known tool named "*Crowdsourcing*"; is used for the optimization of marketing activities done by local SMEs, its limits, and how an intermediary figure helps to ease the adoption process for companies.

Index

1. Introduction.....	1
1.1. Aim of the thesis	1
1.2. Methodology	3
1.3. Purpose of the research.....	4
2. Focus and analysis of literature	5
2.1. Crowdsourcing platforms	5
Crowdsourcing approach.....	6
Expert Sourcing Vs. Mob Sourcing	7
One Sourcing Vs. Team Sourcing.....	7
Crowdsourcing components.....	8
When are different forms of collective intelligence useful?	11
How to apply previous crowdsourcing theory	13
Crowdsourcing benefits/limits	15
2.2. SMEs and Technology	16
What is an SME	16
Technology adoption	16
Issues correlated with technology adoption.....	17
2.3. SMEs in marketing activities	19
Marketing by Networking	19
Digital Marketing activities	20
Reasons for digital marketing utilization by firm size	21
How SMEs use digital marketing tools	22
Risk correlated with low digital adoption	23

Difficulties companies have with digital marketing adoption	23
2.4. Crowdsourcing platforms offering marketing / design activities	25
Marketing activities done through Crowdsourcing	25
Success factors for crowdsourcing marketing activities.....	26
Barriers in adopting Crowdsourcing into SMEs business model.....	27
Possible solutions found in the literature	29
The role of an intermediary figure	30
2.5. Effective crowdsourcing-based service for marketing activities	31
3. Methodology and analysis of data.....	32
3.1. Methodology	32
3.2. Case study.....	33
99Designs' services for companies.....	34
99Designs' services for agencies.....	37
Freelancers.....	39
Quality management.....	41
What influences quality	42
3.3. Interview of local SME.....	44
Marketing activities	44
Crowdsourcing adoption	44
4. Results evaluation	45
5. Conclusions	49
6. Bibliography.....	51
Attachment: Interview to local SME	55

Figures Index

Figure 1	7
Figure 2	13
Figure 3	14
Figure 4	26
Figure 5	34
Figure 6	35
Figure 7	38
Figure 8	39
Figure 9	41
Figure 10	42
Figure 11	47

Tables Index

Table 1	12
Table 2	20
Table 3	21
Table 4	22
Table 5	35

1. Introduction

1.1. Aim of the thesis

In this thesis, the aim is to determine a solution for SMEs¹ major issues when implementing online marketing and design activities. Those problems are addressed with a system called "crowdsourcing," which is, as (Howe, 2006) explained, to outsource an activity once done by workers inside a company to the crowds.

We chose this system as a possible solution because of the opportunities that come along with it. For example, crowds are best at cost reduction and understanding faster the use of most recent technology, as well as access to special skills (Bari, Johnston, & Wu, 2016). An example of a current crowdsourcing platform is 99Designs, which is an online graphic design marketplace where customers can solicit graphic designers to compete for a prize by presenting the best design for products such as websites, T-shirts, or logos (Araujo, 2013).

The evolution of technology to web 2.0 provided a vast number of opportunities for enterprises, first starting with the opportunity to transmit information in a faster way, then to create communities able to offer services through the world wide web (Davis, 2016). This update made all the SME's managers realize the potential digital tools have for their businesses, providing the opportunity to be competitive in a more globalized environment as it is today (Maiolini & Naggi, 2011).

Even though companies acknowledged the necessity to digitalize, they still find it difficult to implement those new tools concretely. It is due to a lack of essential resources like money and time, as well as not being able to see what the costs and benefits there are when investing in online marketing activities. SMEs are not used to meticulous planning on future strategies as some more prominent companies are. This lack of measurements is also part of the reason why they find it hard to understand how useful it is to use new technologies (Page, 2015).

Crowdsourcing lowers the price for services and makes them accessible to more enterprises. Still, some downsides should not be ignored: communication is one of the biggest challenges for platforms (Helen, 2017). When a "customer" (in our case, local SMEs) decides to address crowds to solve a particular problem, that is where a crowdsourcing platform is supposed to step in and try to ease the process of interaction between the "customer" and crowds.

Another problem that is obvious, but not that easy to solve: the outcome of the crowds has to match the one expected by the outsourcer. The system itself should be built around this concept to make the service useful and reliable to the business adopting it (Helen, 2017).

The last issue businesses have the lack of planning and outcome measurements when adopting new technologies in marketing activities, which then translates to a lack of goals and therefore missing the whole point of using new tools for marketing purposes (Sellito, 2003).

¹ Small-medium enterprise

This research aims to determine a possible solution to improve a crowdsourcing service in marketing/branding activities. To do that, we will analyze how already existing platforms operate and how an intermediary can make Crowdsourcing more accessible.

1.2. Methodology

The methodology is mixed, involving mostly secondary sources, but also contains a case study, which is an indicator over how elements found in the literature are then concretely implemented. The last source of data is taken from a direct survey/interview to a local SME, meant to determine whether the solution proposed at the end of this research can be considered useful or not.

In chapter 2.1, we investigate (through literature) what a crowdsourcing system is and how it works. After having clarified the context, it is necessary to see how marketing and branding services fit into this kind of structure and what are its strength and weaknesses when it comes to SMEs.

Once we have that, in chapter 2.2 and 2.3 is to deeply analyze what makes SMEs struggle when looking for marketing/branding services through digital tools.

After that in chapter 3 we have exposed a case study, much needed to see what services today's platform offer. In addition to that we have done an interview, submitted directly to a local SME, which should provide concrete data over whether entrepreneurs see that system as a useful way of implementing digital marketing/branding solutions or not.

1.3. Purpose of the research

What does a crowdsourcing platform need to consider to be useful for SMEs in fulfilling their need for branding and marketing services?

The target of this analysis is to determine what a crowdsourcing platform is and what it must consider making it easier for SMEs to access marketing/branding services. Therefore improve the use of digital tools by enterprises.

Therefore, the outcome should be a document exposing the critical points of a crowdsourcing platform (regarding marketing services) that have to be addressed when creating the communication system between a freelancer and a small enterprise, as well as guaranteeing good quality service. Those main issues are:

- Define what crowdsourcing platforms and the different crowdsourcing platforms categories are;
- Determine what the reasons people join a crowdsourcing platform are and which incentives encourage them to participate;
- Identify what opportunities and challenges make a crowdsourcing platform offer to SMEs;
- Through analysis of an already existing platform (99designs), identify what the strategies adopted in recent years to solve crowdsourcing issues are;
- Determine how an intermediary could provide better results.

2. Focus and analysis of literature

2.1. Crowdsourcing platforms

A Crowdsourcing based service is the "act of a company or institution taking a function once performed by their employees and outsourcing it to an undefined network of people in the form of an open call" (Howe, 2006), or in other words, as mentioned by (Estelles-Arolas, Enrique, & Gonzalez-Ladron-de-Guevara, 2012) "a type of participative online activity in which an individual, an institution, a non-profit organization, or a company proposes to a group of individuals of varying knowledge, heterogeneity, and number, via a flexible open call, the voluntary undertaking of a task" (Helen, 2017).

To fully understand the context and in which the concept of crowdsourcing started, we have to go back to the early days of Web 2.0, where we can find Wikipedia and Wikileaks, which are good examples of knowledge gathering and organization in action. ThiwBB phenomenon, as said before, is called "crowdsourcing" (in particular, those examples are systems that use the Web to facilitate the aggregation or selection of useful information from a potentially large number of people connected to the network).

Crowdsourcing has evolved rapidly to become the shorthand for a diverse range of activities over the internet, including market predictions, distributed problem solving, open innovation, mass collaboration, cheap and efficient human computation, and problem-solving (Davis, 2016).

According to (Davis, 2016), human agents (internet users) should not be viewed just as creators, annotators, exposers, and consumers of content and services, but also as providers. Therefore, human agents can deliver needed assistance, which, in combination with one or more computational services, can achieve a level of quality that each regime cannot achieve separately.

Moreover, a crowdsourcing platform target is to simplify the communication between customers (companies that are looking for a service realizable through online communication) and online service providers (freelancers that are offer that service for a determined price). This thesis aims to create a proposal that simplifies the communication more specifically between crowdsourcers and SMEs. The sector to those platforms that provide such possibility.

This system provides numerous benefits for both its buyers and its sellers. (Gonzalez-Ladron-de-Guevara 2012) has also identified eight characteristics every crowdsourcing platform has.

1. The existence of a clearly defined crowd;
2. The presence of a task with a clear goal;
3. A clear compensation received by the crowd;
4. An identified crowdsourcer;
5. A clearly defined payment to be received by the crowdsourcer;
6. An online assigned process of a participative type;
7. The use of an open call of variable extent;
8. The use of the internet.

(Estelles-Arolas, Enrique, & Gonzalez-Ladron-de-Guevara, 2012)

By following the points above, when creating a network of people and companies that can quickly and successfully communicate, we obtain a service that provides a more globalized economy that can connect two agents from different parts of the world.

Crowdsourcing approach

Now that we established what Crowdsourcing is, we can proceed to define more in detail what types of platforms exist. Their approaches when addressing the crowds and the companies that use them, so that once we have an idea of the different kinds of crowdsourcing providers (platforms), it is easier to define what type of platform fits best the marketing and branding activities for SMEs.

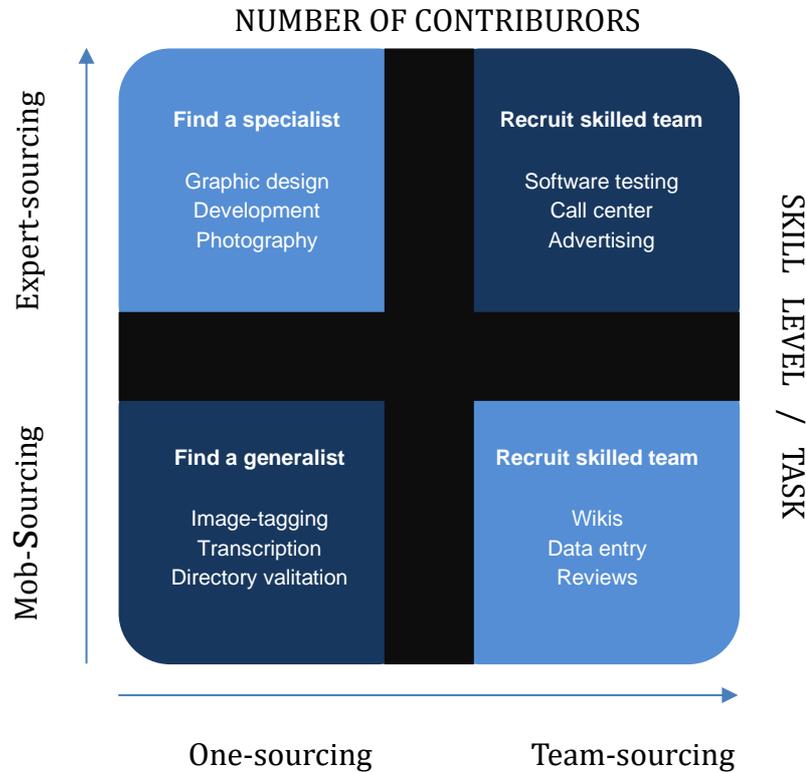
The existing platforms can be separated into different categories, but for now, we will divide them just into two major groups: *innovation-driven activities* and *service-driven activities*.

The first group taps the crowd for innovative ideas. This type of Crowdsourcing replaces the traditional research and development (R&D) departments with the crowds' knowledge through an open call for ideas or solutions to a complex problem (Helen, 2017).

The second one is service-driven Crowdsourcing, which focuses on getting the crowds to complete tasks once performed by the outsourcers (companies). For instance, a design studio could hire freelancing designers for a certain type of activity. Those different categories can be better distinguished by the number of contributions are offered by the freelancer and the skill level they have to have to do the task. We have to keep in mind that those two groups are not separated by a clear and well-established line (Helen, 2017).

To better understand this concept, here, we can see it visually represented.

Figure 1



Expert Sourcing Vs. Mob Sourcing

Expert sourcing refers to complex tasks that need specific skills and commitment over some time from online workers. Examples include graphic design, essay writing, algorithm design, software development, and testing.

Mob sourcing denotes those activities that do not need high-level skills for complex tasks. It publishes simple online tasks such as image tagging, transcription, directory validation.

One Sourcing Vs. Team Sourcing

One-Sourcing means that a crowdsourcing project consists of many small independent tasks, and team-sourcing means a project with many dependent tasks needs a group of workers teaming up for the job (Bari, Johnston, & Wu, 2016).

In our case, we are concentrated around marketing and branding activities, which require both finding a specialist for a one-sourcing job (such as developing a logo) and recruiting a skilled team, to create a marketing/advertising schedule at a later stage. For this reason, we will have to concentrate around expert-sourcing platforms and both one-sourcing and team-sourcing capabilities to provide what is needed by local SMEs.

Crowdsourcing components

To correctly analyze Crowdsourcing, it is essential to understand the components that make a crowdsourcing platform perceived as useful by its users. This part is vital to understand what interests different actors have in this reality, freelancers ones as well (considering the open call). The better the system is organized, the easier it is for the intermediary to fit inside these complex interactions network.

Being an open task, meaning that a freelancer can decide whether to participate in a task/service request, there should also be some type of incentive that attracts users to participate in public tasks. There are different ways to gather agents for the same activities, and the platform provider should decide which one fits best for a defined set of actions (for example, hourly wage Vs. single payment). There is also other types of incentives used (such as reputation and peer recognition or enjoyment and habits) (Helen, 2017).

In literature, we found four major components when developing a crowdsourcing platform, the first one being: concentrating on the *crowds* themselves, so creating a system based on:

- **Diversity**
Grant access to different levels of education, different employment status, and profession (Surowiecki, 2004)
- **Participatory movement**
The crowds empower themselves to share, fund, produce and even own the content or service generated (Jeremy & Henry, 2014)
- **Collection of individuals with different backgrounds and abilities**
Collecting people with different backgrounds, purposes, capacities (Helen, 2017)

The second component is on *motivation*, which is crucial to attracting the agents needed to perform different tasks, to incentive someone to do something, the right incentive determines whether or not the job is done in the best way possible.

The *motivation* component breaks into four major categories of incentives used in Crowdsourcing:

- Payment;
- Skills and self-improvement;
- Reputation and peer recognition;
- Enjoyment and Habits.

Process Design is considered to be the third component, meaning what is needed to manage the communication inside the crowdsourcing system. It is fundamental to determine how the different agents interact between themselves. For this component, there are three types of approaches:

- **Competitive**
Includes the ability for agents to comment and vote as well as an appropriate system of rating for the products or jobs other users developed
- **Collaborative**
Participants and contributors can create and modify each other's content online through technology.
- **Co-opetition**
A situation where competitors simultaneously cooperate and compete with each other

The final component is *outcomes*, useful for determining whether or not the quality of the outcomes acceptable by its buyers (companies). This part is difficult to be determined when it comes to innovation-driven Crowdsourcing. Given that idea evaluation takes time, and crowd members often spend little time in developing their ideas or give little attention to learning from others' ideas (Helen, 2017).

To better understand the use of Crowdsourcing and the platforms existing today, it is useful to define a clear list of the existing platforms and which category they represent.

- **Flexible staffing & recruiting capacity augmentation**
(LiveOps, ODesk, Applause)
- **Convenience**
(Taskrabbit, Fiverr)
- **Access to special skills**
(Elance, ODesk, 99 Designs)
- **One time and one-off project**
(Innocentive, TopCoder)
- **Doing the previously impossible or impractical**
(Kickstarter, Applause)
- **Cost reduction & digital ditch-digging**
(Mechanical Turk, Crowdfunder)
- **Sharing hard assets**
(Uber, AirBnB)

(Bari, Johnston, & Wu, 2016)

When do we rely on Crowdsourcing?

We have seen different ways to implement Crowdsourcing by now, but in which situations can this strategy be considered as a good approach to solving companies' problems? In the following list, we have numerous factors regarding crowdsourcing implementation:

- The firm's expertise is low.
- The likely availability of expertise in the crowd is high.
- The firm's expertise is distant from the potential solution to the problem.
- The problem to be solved is not implicit, immobile, unique, or complicated.
- Relevant expertise is dispersed.
- The problem is modular
- Relevant expertise to solve the problem is implicit, immobile, unique, or complex
- IP associated with the problem (not necessarily with the solution) is protected
- Firm's relevant complementary assets are valuable or inimitable
- The firm has a monopoly/monopsony position

Crowdsourcing is a service that can help whoever is looking for a solution to a problem, by providing simplification of the whole process, basically providing an easier way for companies to access tools or services they are not familiar with (Afuah & Tucci, 2011).

Now that Crowdsourcing and what it needs to be functional in general terms has been defined, we can proceed by focusing more on details on which systems exist today. To do so, we have separated those platforms into more categories. This way, we see how different services require different approaches and how they change shape the structure of a crowdsourcing platform in different ways.

The seven categories highlighted below, distinguish the different types of systems platforms can adopt when deciding to create a crowdsourcing organization.

1. Media and data

Covering the creation of media, content, and data by crowds

2. Marketplaces

Matching buyers and sellers of services and financing through mechanisms including bidding and competitions

3. Platforms

Including software and processes to run crowd works partially by crowds

4. Crowd services

Services that are delivered fully or partially by crowds

5. Crowd ventures

Ventures that are predominantly driven by crowds, including idea selection, development, and commercialization

6. Crowd processes

Services that provide value-added functions or aggregation to existing masses or marketplaces

7. Content and product markets

Sale of developed content or products, or selected by crowds

8. Non-profit

Tapping to create non-financial value

This separation is needed because of the wide range of activities that cover a marketing service, those can be very different from each other and can require different approaches when it comes to hiring an agent to work on one of them. Especially when an intermediary must manage the whole operation, it is crucial to select the right type of platform, to be able to work in the most efficient way possible both the cash-flow and the processes (Gatautis & Vitkauskaite, 2013).

When are different forms of collective intelligence useful?

All the different approaches we have seen when adopting Crowdsourcing are suitable for different kinds of services. Therefore, to know which method is best for our situation, we have to establish where those approaches are applied.

(Malone, Laubacher, & Dellarocas, 2010) have produced a table (as you can see on table 1) that represents when these forms of collective intelligence are useful, based on four basic questions: *Who? Why? How (create)? How (decide)?*

Table 1

Question	Gene	When useful
Who	Crowd	Resources useful in doing activities are distributed widely or in places not known in advance. Activities can be divided into pieces satisfactorily (necessary information can be shared; gaming and sabotage can be managed).
	Hierarchy	Conditions for crowd are not met
Why	Money Love Glory	Many factors, too complex to list here, are relevant with two rules of thumb <ul style="list-style-type: none"> - Appealing to Love and Glory, rather than Money, can often (but not always) reduce costs; - Providing Money and Glory can often (but not always) influence a group's direction and speed.
	Collection	Conditions for Crowd, plus <ul style="list-style-type: none"> - Activity can be divided into small pieces that can be done (mostly) independently of each other.
How-Create	Contest	Conditions for collection, plus <ul style="list-style-type: none"> - Only one (or few) good solutions are needed.
	Collaboration	Activity cannot be divided into small independent pieces (otherwise Collection would be better). There are satisfactory ways of managing the dependencies among the pieces.
How-Decide	Group Decision	Conditions for Crowd, plus <ul style="list-style-type: none"> - Everyone in the group needs to abide by the same decision
	Voting	It is important for the Crowd to be committed to the decision
	Averaging	Conditions for Voting, plus <ul style="list-style-type: none"> - Decision consists of estimating a number - Crowd has no systematic bias about estimating the number
	Consensus	Conditions for Voting, plus <ul style="list-style-type: none"> - Achieving consensus in reasonable time is feasible (group is small enough or has similar enough views)
	Prediction Market	<ul style="list-style-type: none"> - Decision consists of estimating a number - Crowd has some information about estimating the number (biases and non-independent information are okay) - Some people may have (or obtain) much better information than others - Continuously updated estimates are useful
	Individual Decisions	Condition for Crowd, plus <ul style="list-style-type: none"> - Different people can make their own decision
	Market	Money is needed to motivate people to provide the necessary effort or other resources
	Social Network	<ul style="list-style-type: none"> - Nonmonetary motivations are sufficient for people to provide the necessary effort or other resources - Individuals find information about other's opinions useful in making their own choices

Source: (Malone, Laubacher, & Dellarocas, 2010)

Table 1 is useful to understand the reason for standing behind choosing certain types of crowdsourcing systems to obtain services. We will use it to find where marketing services are situated and what kind of collective intelligence gathering would fit best for our situation.

In the marketing activities highlighted in the “crowdsourcing platforms offering marketing / design activities”, we have different kinds of situations, and almost all of them require innovation to be developed. As a consequence we will also use of solutions proposed by crowdsourcing platforms that provide R&D solutions as examples.

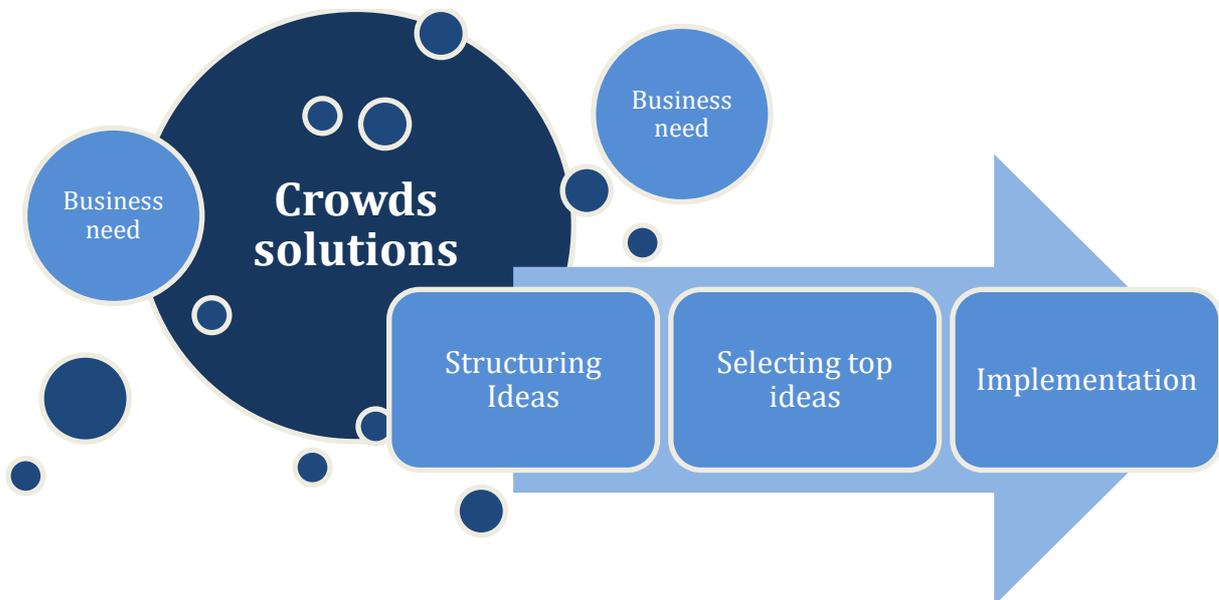
How to apply previous crowdsourcing theory

To simplify what has been said before about different types of approaches, there's a visual representation of how demand-driven and supply-driven platforms are structured and how they provide the outcome to the SME. The purpose of this separation is to understand the case study we are going to analyze further in this document.

Demand-driven Crowdsourcing

The following drawing took inspiration by research conducted in 2010 by (Alexy, Salter, & Criscuolo, 2010). It showcases some steps inside the process of crowdsourcing R&D services (demand-driven).

Figure 2



As we can see in figure 2, there is a process that occurs when an idea goes from the crowds to an actual company and is then implemented by the latter (when we decide to adopt the "open call strategy"). This process, which is represented by the arrow, has to be followed by someone that evaluates the results, ranks them, and decides which one to implement in the final project.

(Pisano & Verganti, 2008) conducted a study, with the purpose to understand whether an "open call" to the crowd is the best way for a company to address a problem. We have a framework that, is concentrated around the "openness" of the call. In other words, if it is best to expose the problem to a more massive crowd or a smaller circle of people. According to the researchers, an open call is considered the best option when the evaluation of ideas proposed by users can be done both easily and cheaply (Pisano & Verganti, 2008).

*Supply-driven Crowdsourcing***Figure 3**

Source: elaborated from https://it.freepik.com/icone-gratis/profilo-utente_774880.htm

There is one other approach to crowds, which would be the complete opposite of the one we saw before, where it is the crowd that publishes the activities they are willing to do on the platform, as well as their price. An example of this kind of crowdsourcing platform would be Fiverr, in which every "seller" post their offer on their account page, where potential customers can access (Maity, et al., 2016).

These kinds of online platforms contain "Gigs", which are literary posts of services published by its providers in Fiverr and grouped into categories and further subcategories (Maity, et al., 2016). This way, every "buyer" (the company that is looking for a service) can filter more easily all services, therefore increasing efficiency. Once they find someone that offers it, they can directly contact that person through the chat available on the platform and request a proposal (Fiverr, s.d.).

Before getting into the case study we're firstly going to identify where those crowdsourcing platforms leak and what are the main issues related to adopting them into a business model. Then we'll determine why and how an intermediary figure could help the adoption process for SMEs that are interested.

Crowdsourcing benefits/limits

A Crowdsourcing based business model is when a company decides to outsource a part of its activities (searching for competitive advantage) to crowds through typical crowdsourcing systems such as the ones we have seen in previous pages.

Implementing that strategy when facing real company issues (as for instance getting the design for a logo, manage their website) can be very useful and challenging at the same time. The reason is the size of both the number of products/services sold and the number of subjects that take part in the whole process (many freelancers offer many solutions).

In this part, we are going to examine the significant benefits, and the difficulties that can be found once a company decides to add crowdsourcing to its business model.

To examine the benefits, we will take as an example, SMEs that turned to Crowdsourcing for product development in manufacturing services. Which is very similar to general marketing specialized activities (being creative, design, brand consistency common point in both cases).

In product development, Crowdsourcing brings an increased innovation in the creation. At the same time speed and cost-effectiveness, of all generated solutions. Simultaneously, it improves the ability to dynamically scale up (or down) around internal processes and direct contact with customers (which this later translates into a constant update of clients' needs) (Verzija, et al., 2014) (Poetz & Schreier, 2012).

Having easy access to professionals around the globe, SMEs can allow themselves to scale up their production well above their employment capacity (having crowds at their disposal instead of employees. Capabilities go beyond the size of the offices). That brings a significant improvement in design performance and quality (Maiolini & Naggi, 2011) (Qin, Velde, Chatzakis, McStea, & Smith, 2009).

On the other side, there are two significant limits found in the literature. The first one is focused on inventive crowdsourcing activities, where it is critical to have a clearly defined problem to solve. Once the solution is determined, it is essential to be able to protect it (through patents). The authors that identified this limit also predict inventive crowdsourcing activity will not occur in those sectors where knowledge is not recognized, and the protection of outcomes is absent (Burger-Helmchen & Penin, 2010).

The second limit regarding outsourcing certain activities to crowds is the lack of internal knowledge development within the company itself. Outsourcing a job implies reduced possibilities for companies' staff to learn or renew core competencies based on such knowledge. This issue becomes magnified if the company already has employees that are internally active, adding personal motivation issues on top (Alexy, Salter, & Criscuolo, 2010).

2.2. SMEs and Technology

Our goal is to help local SMEs access technology (in particular Crowdsourcing) in a way that allows them to obtain marketing/branding services, once performed by outsourced companies to crowds. Therefore, to achieve that, we have to precisely define what SMEs are and then analyze how they perceive digitalization and what are the difficulties correlated with its adoption.

What is an SME

An SME is, by definition, a small-medium enterprise, which indicates a company with a restricted number of employees and does not operate on a large scale as multinational companies. There are different ways to identify an SME, as already mentioned, one way is by looking at the number of workers the company hired (in Switzerland, a business is "SME" when the number of workers is below 250) (admin.ch, 2020). There are at least other two ways to identify whether a company is an SME or not according to the European Commission:

- Turnover
- Balance sheet total

(Commision, 2015)

Technology adoption

From a global point of view, SMEs are transforming themselves in fundamental ways to compete in an environment of higher connectivity, emerging markets, and fast-changing technologies. The changes that are taking place include different types of business models, products, go-to-market strategies, and using technology to compete with more prominent companies (Telefonica, 2016).

Switzerland is a great starting point for technology-based services, considering there is one of the highest number of SMEs and start-ups in the world. According to (Weber, Christen, & Hunziker, 2018)'s research, the competitiveness of countries increases when the number of SMEs is higher. The same study affirms that those same companies recognize the development of technology more of an opportunity than a threat. According to SMEs, it should increase the level of efficiency, provide a favorable context for the creation of new products, and finding new clients.

The only downside we can find in this topic is that in the near future, SMEs are planning to adopt technologies only at a marginal level (Weber, Christen, & Hunziker, 2018).

Issues correlated with technology adoption

This research being concentrated on marketing and branding activities, in the analysis, we will consider technologies and difficulties correlated with those specific activities. The first key factor (by importance) that influences the final adoption of technology when it comes to small-medium enterprises is the *owner/manager*, who is the subject that takes the final strategic decision to either make his business evolve or not. This crucial component has to be considered throughout the whole analysis and conclusions of this research. In the following list we have all others barriers for technology adoption by local SMEs.

Resources

The first difficulty that is often encountered with technology upgrades is the lack of resources. Given the fact that high-value revenues and assets do not characterize SMEs, the monetary resources are not a strong point when it comes to adopting new technologies. The other significant resource small business owners do not have, is time. This one can be interpreted and managed in different ways because adopting a new technology usually requires the acquisition of new skills and the management of new activities. Small businesses do not have or want to invest such assets for technology development (Page, 2015).

Know-how

According to research by Credit Suisse (Weber, Christen, & Hunziker, 2018), in Switzerland, the know-how has a major role in the adoption of change for local businesses, and as consequence, likelihood to adopt new technologies differs significantly between newly established companies and already existing businesses. Considering this fact with the analysis of (Page, 2015), we can indeed affirm that small companies are more likely to implement new technologies when seeing a concrete benefit to its business and future development. This consideration does not imply that the business owner does not see use out of a marketing technology implementation. The vast majority of SMEs knows that digitalization is fundamental for future business development – but rather, it exposes the lack of knowledge by the business owner on how to use such technology.

For example, a manager is aware of the need for its business to have a website, but he does not know how to use such a website for its business activities. As a result, we have a company website that is unused and does not have any definite purpose because non-integrated with the business strategy (Page, 2015).

Strategic view

To be able to offer a technologically based service such as the one we are analyzing in this thesis, the offer will have to consider the possibility of difficulties linked to poor management skills and communication. According to (Sellito, 2003), SMEs' management tends to opt for a just doing approach rather than for formal planning, which later could result in missing insights on the effectiveness of marketing actions. Technically speaking, the digitalization of such actions should ease the process of gathering information about campaigns. Still, it is undoubtedly a point to keep in mind when producing a crowdsourcing solution for marketing

activities, which should have a well-defined system that provides precise and useful data integrated (Page, 2015).

Wide range of activities

At the beginning of the internet revolution, the main focus for all businesses was to get a website that could deliver more information to a bigger pool of clients, since other channels (such as social media) were not developed yet. Now exists a broader range of technologies to communicate, such as mobile apps, application program interfaces, and social networks. This evolution brings a more articulated system in which companies have to take action. The wider the number of ways there is to market a certain company or product, the more skillful and competent the marketer has to be (he has to be able to choose from a wider range of communication tools and know how to use each one of them). Furthermore, there could also be differences between different locations on how to approach marketing for specific types of businesses (Page, 2015) (for example, customers in Europe could be more keen on buying products online; therefore it is likely the client prefers receiving adds digitally as well)

The points exposed above highlight how while often technology is well developed and ready to be distributed, but the businesses that should implement them are not ready yet, or not well informed enough to use them in the best way possible. As a consequence, in our analysis, we will consider the possibility of implementing an intermediary that can facilitate the entire adopting process

2.3. SMEs in marketing activities

Now that we have defined the basic issues that a company can generally face when adopting digital solutions, we will focus on how their approach marketing activities and what differentiates SMEs from other big companies.

When we think of a small-medium business, we should think of a company that, in most cases, has a small number of employees and mostly flat organization design, making the strategy of the enterprise dependent almost exclusively by the owner.

The managers tends to be generalists rather than specialists, a factor that positively influences the approach they have toward the implementation of marketing strategies and activities, in addition to the limited resources, as already mentioned before. These considerations beg the question as to how SMEs do to develop their own marketing strategy.

From a strategic point of view, SMEs' owners make most decisions on their own. They tend to respond to current opportunities and circumstances. As a consequence, decision making occurs haphazardly and chaotically, according to personal and business priorities at any given point in time (Scase, 1980). Those facts positively influence the way SMEs approach marketing activities, and indeed it makes them not conform to the conventional marketing characteristics of marketing textbook theories. Instead, decisions are made accordingly to resources, know-how, lack of strategic view and complexity of the activities (Audrey Gilmore, 2017).

Marketing by Networking

There is a particular method SMEs use to market themselves, and it is called "marketing by networking". It is one of the ways SMEs promote themselves. Introducing this topic is essential, considering it could substitute every other marketing activity. Especially when it comes to what SMEs do to bring new clients or to keep old ones.

Networking is a naturally inherent aspect of SME's manager decision making, particularly for those decisions relating to marketing. That is because owners must leave the businesses' physical confines to close deals. Therefore it is part of a broader range of marketing-led activities.

To do marketing by networking, managers rely on their face-to-face communication skills. Those are performed in interactions and while participating in social, business, and trade activities. Those are considered to be people-oriented activities; they are informal, discreet, interactive, interchangeable, integrated, and customary, and can either be passive or proactive.

Moreover marketing by networking is done through personal contact networks, carried out with people with whom the owner-manager has had a relationship, either in the past or currently. This strategy is often pre-determined by industry behaviors and norms through regular or irregular meeting occasions and industry activities or in just doing business.

This method is used because the costs of networking are implicitly hidden, and direct costs or expenses are low in the immediate term. For example, in networking, the expenses area club or trade membership, the cost of dinner at trade functions, or the cost of entrance fees to exhibitions. Therefore owners-managers do not consciously consider the value of those "intangible", difficult to access operations. Furthermore, it is challenging to measure in their marketing strategy as opposed to the more tangible, easier to define aspects of conventional marketing (Audrey Gilmore, 2017). Being implicit and hard to measure strategy managers are not aware of the real cost behind it. Considering the low expertise level for other marketing strategies, it is possible some managers rely on networking because of the lack of knowledge for other type of activities.

Digital Marketing activities

Marketing by networking activities is indeed widely used by SMEs. However, it is a form of conditioning that does not include digitalization, and is more something that businesses do, along with other daily operations.

Now that we know that there are also other ways than the digitalization of implementing marketing for small companies, we can focus more on the digital-based marketing activities and the difficulties that occur when adopting them. It is imperative to keep in mind that SMEs' do not have a structured and clear strategy of implementing marketing activities, and that goes for digital marketing as well.

Even if it is clear that SMEs do not use traditional marketing theories. Furthermore, they do not do any detailed planning for marketing strategies. (Hill, 2001) predicted that as the next generation starts to take over businesses', specialized management will be more common.

This prediction implies digitalization will happen worldwide in a way or another, with no exception for SMEs, where if they want to maintain a competitive advantage in the long term. Having effected the lives of all consumers, especially the way they buy products, it is a clear signal that SMEs will have to change their way of selling their products/services too (PayPal, 2017). This trend is confirmed by the higher income showcased by companies that use digital marketing tools, also characterized by a more comprehensive range of audiences. The increase in their performance and efficiency provide better growth opportunities and stronger competitiveness (B. Spurge, 2005) (D. Schideler, 2012) (Galloway, 2007).

To have a big picture of what kind of activities there are (regarding SMEs), we should separate them into different categories and select what differences between different groups are (two-way and one-way communications) (Taiminen, 2015).

Table 2

	High company control	Low company control
One-way	Website Email newsletters Online directories Banner advertising	SEO (Search engine optimization) SEA (Search engine advertising)
Two-way	Company generated blogs Company's communities	Social Media

Source: (Taiminen, 2015)

One-way

One-way communication channels usually include marketing tools that send the information to customers, but do not generate a response. The client does not take part in an active conversation with the company that is sending him the advertisement.

Two-way

In this case, once the company delivers a piece of information to its clients, it does not end up being a monologue. Instead, it generates a response from the crowds; that kind of marketing is called "soft selling" because the company does not directly try to sell its products and services. Instead, there is a co-creating operative process of value creation (both customers and companies contribute to the social media platform with their own contents) (Hennig-Thurau, et al., 2010).

Reasons for digital marketing utilization by firm size

Based on a survey made by (Taiminen, 2015), we have primary data about the reasons different companies do turn to digital marketing. The main reason was to change customer behavior, while increasing sales to existing customers was only on the second place (Taiminen, 2015).

Reasons for digital marketing utilization

Table 3

	All	1-2 employees	3-20 employees
Speed of communication	3.67	3.53	3.89
Cost savings	3.46	3.45	3.47
Changing customer behavior	3.46	3.35	3.63
Customer acquisition	3.43	3.29	3.65
Building awareness	3.41	3.29	3.59
Better targeting of messages	3.39	3.2	3.68
Enhancing customer service	3.32	3.2	3.52
Increasing sales to existing customers	2.93	2.83	3.08
Facilitating dialogue with customers	2.7	2.61	2.86

Notes: Scale anchored with 1=not at all important and 5=very important

Source: (Taiminen, 2015)

Table 3 presented above shows the driving factor that gets SMEs to adopt marketing activities through more digitalized tools. It has nine different reasons that were evaluated on a scale from 1 to 5 of importance by big and small SMEs.

We can see that smaller companies and larger ones have different perceptions of digital marketing tools, considering that the companies with more employees overall have given a higher score to the reasons behind implementing digital tools in their marketing activities.

How SMEs use digital marketing tools

In the same survey conducted in 2015, we can find the following table, which explains more in detail what channel companies use for different purposes.

Different purposes for different channels

Table 4

	Increasing sales to existing customers	Enhancing customer service	Facilitating communication	Facilitating advertising	Strengthening brand	Facilitating dialogue with customers	Recruitment
Company's own website	55.3%	43%	37.5%	29.2%	27.3%	9.3%	3.1%
Email marketing	41.3%	35.6%	30.2%	16.4%	12.1%	23.0%	1.7%
Social media	27.6%	22.3%	23.8%	16.6%	20.7%	18.3%	3.1%
Search engine marketing	46.8%	15.4%	22.1%	28.5%	16.6%	5.4%	1.4%
Online directories	29.5%	18.1%	16.2%	16.9%	7.1%	3.8%	0.7%
Online advertising	21.6%	7.1%	10.7%	12.8%	9.7%	3.3%	1.0%

Notes: Respondents nominated a maximum of three main objectives for each channel

Source: (Taiminen, 2015)

According to table 4 the main goal for SMEs in the majority of communication platforms was to increase sales and then to enhance customer service and facilitating communication with customers. This piece of information suggests that the mindset of SMEs' business owners are looking for a growth that does not include new customers, instead concentrating around the already existing ones.

Even though the website remains the main channel for most of the objectives highlighted by the managers, once interviewed, the majority of the owners did not have a real purpose for their online business platform. There was even more confusion when it comes to social media use. The main purpose of this tool is to post company news, considering it is primarily viewed as a communication tool (Taiminen, 2015).

An interviewed company's description of the use of its company page on Facebook states as follows:

"We have 50 active followers on Facebook. So what, when we don't know what to do with them! The time we know how the 50 people open their wallets for us, we can actually use that information that there are 50 of them! Otherwise, it is plain charity."

(Marketing Producer, Case H)

The citation above comes from the research (Taiminen, 2015)

It is also important to notice that all companies that take part in this survey stated that they were aware of the possibility of measuring the results generated by digital marketing activities. However, only a few of those companies were able to identify which part should be measured and what marketing goals should be set.

SMEs crowdsourcing marketing activities

Risk correlated with low digital adoption

We have seen that SMEs are not using just digital tools to market their product/service. They also rely on marketing by network activities, so we have to shortly define why companies should embrace digitalization in the first place.

SMEs need to know the risks related to not evolving or doing it slowly. For SMEs, it is essential to remember there are many other potential competitors ready to digitalize. Therefore the high risk of losing competitiveness is high if the company's strategy does not follow the general trend. Either the company adopts novelties and takes its market share through more interesting offers or marketing activities, or a new digital-oriented company will (Taiminen, 2015).

A concrete example of this phenomenon is manifested in the context of online shopping. In Finland, a study found out that local customers increased their online shopping (of merchandise coming from other countries) by 15% in 2012, and in 2015 the total amount of the online shopping market was 15% (Helsinki, 2013).

A more recent study done by PayPal (focused on the EU market) on offline and online SMEs found that digital tools fuel growth and strengthens the single market. For this example, we will assume that businesses that decide to sell on an online website or abroad have also adopted digital marketing tools (overseas sales require an e-commerce website to manage orders and some way of promoting it) (PayPal, 2017).

The reason this online selling boosts growth is probably the fact that most of the European citizens have internet (in 2016, over 80% were internet users and 85% of EU's households had an internet connection in their homes) (Johnson, 2020).

This kind of environment gave six times faster growth to those small companies that decided to adopt digitalization (by selling online their products and services) compared to their counterpart. They also have increased their employment more than their competition (93% versus 50%) (Miloseski-Reid, 2017).

Difficulties companies have with digital marketing adoption

In the previous chapter (SMEs in marketing activities), we have seen what SMEs pursue in their daily business routine. Now it is necessary to determine what the difficulties they have on adopting those new technologically advanced tools are.

In this case, the lack of resources is the most significant barrier when it comes to adopting digital marketing tools, even though money is not the main issue for the vast majority of businesses. Instead, it is the lack of knowledge and human resources that is the driving factor that prevents companies from getting into digital marketing. In other terms, what firms need the most is a better understanding of how digital tools work and finding the right person to take care of this part of the organization (Taiminen, 2015).

Based on the survey submitted to numerous SMEs. It turned out that companies that hired internal personal for marketing activities grew more than those that did not have internal human resources (suggesting that those that did have internal personal, had professionals with stronger know-how). It has also been stated that IT affinity of the staff influences SMEs' online engagement (Taiminen, 2015).

From a knowledge point of view, managers are confused over which content to publish and how to do it online. Also they need to understand how to apply different contents to different channels (contents on Instagram are different from the ones sent through email). This lack of knowledge and strategy resulted in a general investment aimed for different channels (without focusing on a single way to communicate), ultimately leading led to a weak marketing strategy. (Taiminen, 2015).

"We are wasting huge amounts of money just because we didn't have a crystal ball. We are using too many channels and vehicles to advertise and our efforts are to a large extent useless."

(CEO, Case C)

The citation above comes from (Taiminen, 2015)

Another issue was the lack of trust managers showed towards new technologies (as social media), considering the lack of familiarity with the platforms was a common reason to avoid using social media like Facebook for marketing purposes. This unfamiliarity led managers to have unfounded assumptions, which created a barrier that did not necessarily stop their adoption, but surely slowed down the whole process (Taiminen, 2015).

2.4. Crowdsourcing platforms offering marketing / design activities

Marketing activities done through Crowdsourcing

Before getting into developing a service, we need to determine more precisely what the activities where Crowdsourcing can provide a concrete added value are. (Vukovic, 2009) has created a list of 5 major activities that see crowdsourcing deployment opportunities:

Product management

Crowds have proven to be excellent product developers and can also provide product testing services. This kind of activity is an innovative kind of process, as we will see in the “possible solutions chapter” (Qin, Velde, Chatzakis, McStea, & Smith, 2009).

Distribution management

They are intended both as information and physical distribution of the product in the market. The creation of design, flyers, banners, etc. It would be considered as distribution management. In this case it has been proven that the best results occur when there is a reward for the best ads or proposals.

Communications management

Companies can allocate different communication tasks to users through Crowdsourcing. In the preview pages, we have found which tools SMEs use for different kinds of activities. Communication is mainly managed through the company's main website, email marketing, social media, and SEO activities (Taiminen, 2015).

Marketing research

Crowdsourcing enables companies to get feedback and opinion from the crowd. However, engagement and quality assurance issues are critical. From a marketing research standpoint, Crowdsourcing can allow reaching larger potential consumer groups. Motivational or gamification elements are necessary for keeping respondents interest and involvement. Still, in many cases, it could bring cheaper and quicker opportunities for gathering market information.

Content marketing

As examples of several companies (Intel, FedEx) show, Crowdsourcing is actively deployed in content marketing activities. (Marsden, 2009) affirms that companies could crowdsource the promotion of their brands to volunteer brand enthusiasts (by using some variation free-stuff-for-feedback model² to drive word of mouth promotion for brands). Specifically, to outsource content creation to the crowd (companies can reduce costs and often increase marketing effectiveness by curating user content rather than paying agencies to create content).

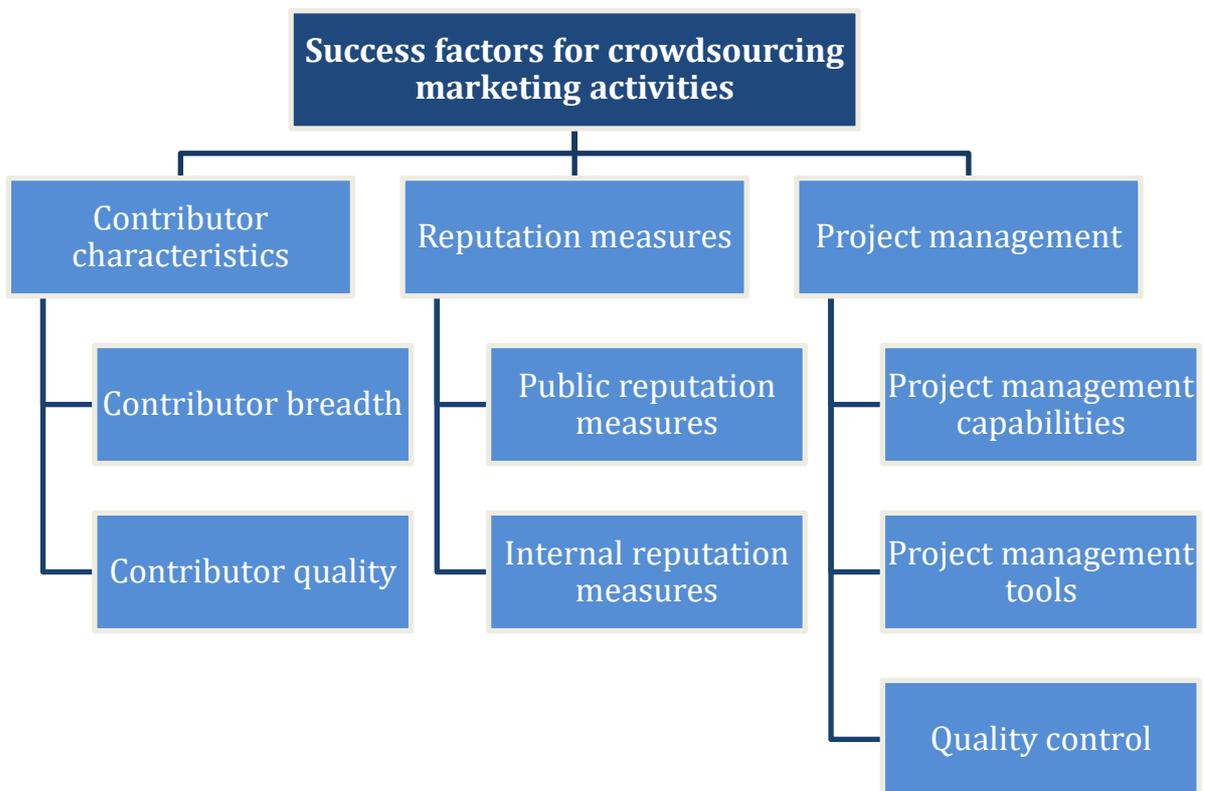
²Instead of hiring agencies for promoting products, companies rely on curating the content it's users provide directly on social-media platforms

Success factors for crowdsourcing marketing activities

A critical factor useful for a successful crowdsourcing system is given by (Beard, 2013). This is done by, exposing how important it is always to be connected to the crowds. This connection can only be achieved by listening to its feedbacks and then giving it credit by responding accordingly (acknowledgment of the work) always with transparency and empathy.

In figure 4, you can find a scheme highlighting ten key success factors for implementing crowdsourcing models and services. The authors divide these factors in three different categories, namely the characteristics of the contributor, reputation measures and factors linked to project management.

Figure 4



Source: (Dowson & Bynghal, 2011)

Contributor Characteristics

In this section, we find the contributors breadth, which would enhance the importance of having a large pool of contributors, as is the base for any crowdsourcing-based platform. Under this title, there is the contributor's quality. If we have a large pool of non-experts who are not able to deliver qualitatively useful solutions, the platform cannot be a successful crowdsourcing tool (Dowson & Bynghal, 2011).

Reputation measures

Public reputation measures imply that a company that decides to interact with in this network of people should be able to develop and maintain a good reputation, in order to have access to the most reliable and highest quality contributors. On the other side, there are also have internal reputation measures, which is the ability of single companies to search and select the appropriate contributors (Dowson & Bynghal, 2011).

Project management

Relying on crowds for marketing activities requires project management capabilities. To reach a satisfying result, we need a person or a team responsible for the management of the whole process. It is like a project initiative (this activity requires proper project management tools as of software, for example). Quality control is the last important point that every successful crowdsourcing system should have. It is crucial because the outcomes should be high quality and respect the needs of the companies (Dowson & Bynghal, 2011).

Barriers in adopting Crowdsourcing into SMEs business model

We have determined that SMEs have substantial barriers dictated by a lack of resources, knowledge, confidence, and low strategy skills. Now we have to determine whether or not these issues can already be solved by Crowdsourcing activities, and what could help solve them if not.

We know Crowdsourcing is very useful when it comes to reducing costs and increasing efficiency. Still, it is not yet optimal, as there are some elements are keeping companies back from fully incorporating that system into their everyday activities.

Past researches found that the first barrier is the unawareness of tools and models that are available on the internet. SMEs were aware of the existence of Crowdsourcing. However, interestingly they did not implement them. That is because of the low level of knowledge in the sector. They did not know in detail how the system worked and which tools/platforms existed for different types of needs (Qin, Velde, Chatzakis, McStea, & Smith, 2009).

A point that is in common with the general marketing digital tools we analyzed before is the lack of know-how, Particularly referring to how to use those tools in order to benefit from them concretely. Companies were not able to determine which platform to use for their specific needs (Qin, Velde, Chatzakis, McStea, & Smith, 2009).

At a managerial level, few owners are aware of the potential behind accessing broad virtual communities. They also do not have a concrete vision and willingness to pursue this opportunity. This issue is mainly driven by the lack of adequate crowdsourcing support for product innovation and the crowdsourcing design of tasks (Verzijl, et al., 2014) (Maiolini & Naggi, 2011) (Chang, Chen, & Lee, 2014).

The lack of support mentioned before is not the only issue. The missing strategic or long term view carried by SMEs when deciding which task to crowdsource is also a well-known problem (Tran, Hasan, & Park, 2012) and even why to crowdsource it (Zhao & Zhu, 2014).

Another crowdsourcing-related issue that often occurs with is that adopting this structure requires a cultural change. This barrier is so relevant because it implies managing more considerable human resources (considering that the number of workers extends significantly). Sometimes it also means managing a larger number of propositions (raw solutions that have to be selected) (Evans, Gao, Mahdikhah, Messaadia, & Baudry, 2016) (Ramos, Souza, Mourao, Adams, & Silva, 2012).

In particular, according to research a company that understood the importance of Crowdsourcing inside their organization (for innovation purposes, such as solving inside problems), also, understood the need to change their internal philosophy altogether. In fact, the authors affirmed that:

"No matter how bright their internal staff were, others would likely exist outside their organisational grounds."

(Qin, Velde, Chatzakis, McStea, & Smith, 2009)

The manager of the company involved in the research states:

*"We need people to recognise that problems don't just need to be solved within a supply chain,
or within a customer base...they can be solved on the boundaries... it is a bit of a cultural shift."*

RS, P&G

(Qin, Velde, Chatzakis, McStea, & Smith, 2009)

Above, we have also stated that SMEs find external benefits (such as new clients, for example) by relying on their network of people. The same can be applied when looking for external resources to solve internal issues, which comes handy to compensate for the lack of in-house resources (Qin, Velde, Chatzakis, McStea, & Smith, 2009).

In Crowdsourcing, another element that has to be taken under close watch are trust issues between the company that's looking for a solution and the crowds responsible for providing it. Not only is it essential for companies to build trust, but also there has to be reciprocal trust between the partners. The crowds be able to feel confident about the project they are going to participate in. Clear roles and a good understanding of the value that has to be created are fundamental to reach the final goal (Qin, Velde, Chatzakis, McStea, & Smith, 2009).

The last problem found in the literature is related to the whole process management and the resources necessary to get to a successful final solution. An issue could have different stages, and it could require different expertise for each stage of the process in order to get to the final solution. According to the research we analyzed, this issue is still not solved by today's platforms, which do not offer tools to develop such problem-solving solutions (Qin, Velde, Chatzakis, McStea, & Smith, 2009).

Possible solutions found in the literature

Expertise

To find a solution to knowledge issues, we can look at Dell's method. Dell is a well-known company in the computer industry. They have a platform called IdeaStorm (which is used as a crowdsourcing platform for R&D solutions), it is managed by a senior-level idea review team, whose task is to review all the ideas that come out of the crowds and decide which ones are worth pushing forward into the implementation process.

SMEs cannot select and manage such complex and complicated systems. Therefore a possible solution for them to be able to have a similar type of approach would be to adopt an intermediary crowdsourcing system, characterized by a third (internal) element that acts as support.

Another solution would be to create a very easy to use the system, which enables business owners to understand the mechanism and then getting familiarised with the process (Qin, Velde, Chatzakis, McStea, & Smith, 2009).

Trust

It is undoubtedly challenging to build a relationship, based on reciprocal trust. It requires constant dialogue and communication. The fact that a larger company has a more static decision-making process makes it very different from the other smaller businesses, which can make much quicker decisions. That is thanks to their less bureaucratic system and direct involvement of the management. An intermediary is considered to be a useful resource that could very much ease the whole communication process by supporting SMEs in key crowdsourcing challenges. Such as defining problems, finding appropriate experts, filtering multiple responses, and managing terms of engagement across different stages (Qin, Velde, Chatzakis, McStea, & Smith, 2009).

Process

As we saw before, it is very likely that to meet a single SME's need, it would take multiple experts for different stages of the process, that providing different services to resolve many smaller issues. Literature suggests platforms should deliver easy to use tools for information sharing, which should also come at a low-cost. This kind of solution should consider the simplification of filtering and the validation of responses, including their quality check (Qin, Velde, Chatzakis, McStea, & Smith, 2009).

The role of an intermediary figure

Apart from all solutions found in the literature, we will also consider the introduction of an intermediary figure. As anticipated in the introduction of this thesis, the aim is to find an offer that simplifies the relationship between freelancers and companies that look for solutions to marketing activities. We already defined the issues that SMEs encounter both on implementing new technologies and on doing marketing activities.

Now we are going to investigate whether the intermediary figure could solve some barriers highlighted above. Moreover, how to find its right place inside the process.

Why?

The first fundamental question that has to be answered before considering the intermediary figure is:

"Why should there be an intermediary in the first place?"

To find the answer, we have to define what is an intermediary and what their purpose is inside the buyer-seller conversation is.

In literature, this kind of figure is defined as someone that has the actual *know-how* of a certain topic. Moreover, that person is supposed to have a knowledge that goes over the rule-based and fact-based "*know-that*"³ towards an experience-based one "*know-how*"⁴ (Dreyfus & Dreyfus, 1986).

The purpose of implementing an expert intermediary into a process is to lower the users' need to invest time into learning new expertise, therefore allowing them to spare more time, possibly for other more useful activities. For example, customers that are looking online for products could rely on intermediaries that will take the time and effort to look for the ideal product. The reason for this adoption comes from the high cost, in terms of time and cognitive effort, needed to reach the intermediary's level.

Since intermediaries do more transactions more frequently than their counterparts, they can afford these transaction costs, as they will spread them over many transactions, making it accessible (Chircu, Davis, & Kaufman, 2000).

Who?

Now that we know why and when an intermediary can be used, we can start defining who best fits that role in our specific case.

We want to implement Crowdsourcing in marketing activities. Therefore the intermediary that will fill the know-how gaps would have to be someone that has solid knowledge about the marketing sector.

Not only should they be an expert in marketing, but considering we are looking at digital marketing tools, the subject should also be familiar with crowdsourcing systems and activities. This should already help draw a guideline on how to select subjects that will be able to deliver a qualitatively high support to SMEs.

³ Know something at a basic level, allowing to know the existence of a topic but not enough to know how to operate in that environment

⁴ Expertise level knowledge that goes beyond information, implying that person knows how to professionally operate in that environment

2.5. Effective crowdsourcing-based service for marketing activities

In this segment, we are going to connect the different points analyzed before. The aim is to define the logic that stands behind a crowdsourcing-based marketing service.

First, we saw that Crowdsourcing is an open call to the public, where actual companies rely on crowds to solve internal needs, so this enabled a broader picture of the topic. Then saw what Crowdsourcing is and the different approaches platforms can adopt to provide efficient communication between different subjects.

In the second part of the literature analysis, we saw in general how SMEs approach technology today and what are the possible difficulties they encounter when trying to adopt new digital tools. At this point, we had a broader picture of what could be the crucial elements to focus on when developing both a new digital tool and, at the same time, have an idea of how this adoption changes when integrated with Crowdsourcing.

Once we had a big clear picture of how those tools and systems work, we exposed more in detail what the activities that SMEs use today when practicing marketing activities are. Subsequently we studied the difficulties that they can encounter in the process are. This point is essential because we aim to develop a possible offer to help small businesses to implement marketing activities. If there is no need for additional support, the offer is useless. We also found that small businesses not only have issues with marketing activities, but we also identified problems with the implementation of Crowdsourcing due to similar reasons.

The understanding of the issues involved with marketing activities, digital evolution, and Crowdsourcing was not enough to concretely see what the offer we are creating needs in order to be effective. Considering the problems found in the literature, we will extend this research to determine whether or not the introduction of an intermediary would be beneficial to connect the subjects inside the crowdsourcing system. In the crowdsourcing literature, in particular, the one regarding marketing services, it is highlighted what the platform needs to have in order to be able to successfully meet SMEs' marketing needs.

All previous theory and analysis we did were aimed at understanding how the crowdsourcing platform's framework is set, and what the critical points regarding them are. Always keeping in mind the main focus is marketing activities. Therefore it was important to define what services we have to look for. We did that by finding what SMEs do in their daily marketing actions. At the end of this information gathering, we had a more precise point of view about crowdsourcing issues/benefits and about what issues SMEs have to deal with.

To summarise what has been found, we found SMEs are virtually small entities that often get confused by complex fast-changing environments, where they more often than not, lose track and get left behind. There are still different systems are trying to simplify the implementation of new digital tools. In our case, we are referring to crowdsourcing platforms creating an effective system that helps to ease the communication between freelancers and small-medium companies.

Now that we have a more general point of view of the set of issues and opportunities regarding crowdsourcing and marketing activities, we are ready to get more in detail on how one of the first design crowdsourcing systems is actually trying to solve that problem.

3. Methodology and analysis of data

3.1. Methodology

In this chapter of the thesis, we are going to look through 99Designs' platform as a case study. In particular, we are going to make a qualitative analysis of the services available on the company's platform (in order to understand what clients' needs they want to address). After seeing the benefits, we are going to define how freelancers interact with it. Specifically, we are going to do that through a qualitative evaluation of data gathered by (Araujo, 2013).

The qualitative analysis of the platform is important to gather more concrete information about how it works and what issues it is trying to solve. In the literature focalization, we have seen what solutions are from a theoretical standpoint. Now we see how that translates into services and quality management. In the first part, it will be useful to know why we have chosen 99Designs as a case study and have a brief description of it. Then we will go deeper into detailed information and qualitative analysis.

The case study's purpose is to understand what are the downsides and the upsides in demand-driven platforms and, through their more specific services, understand how they are approaching their users. In the following pages, we will analyze a case study made directly on a Design and Marketing crowdsourcing provider (99Design).

We decided to adopt a Demand-driven Crowdsourcing platform. This choice is because a "gigs economy" such as Fiverr's one, are full of different kinds of services, which could often be very different from each other. Therefore their system is not optimized for services similar to marketing activities.

In the interview, we did another qualitative analysis; the purpose is to gather information about how that particular SME is applying its marketing activities. This way, we can see whether previous theory applies to Ticino's environment. It is also useful to see if its owner would be interested in adopting crowdsourcing (the reasons behind that and if an intermediary figure would be accepted). The approach was open. Therefore the interview had a small number of open questions (the purpose was to let the manager expose as much information as possible).

Once we have all information, in the "evaluation of data" chapter, we will proceed by connecting it to what has been found in the focalization of the thesis. This way, we should confirm/deny the hypothesis that an intermediary figure can improve crowdsourcing in digital marketing services.

This observation is done through a wider range of sources to provide the most objective and realistic results possible.

3.2. Case study

According to (99Design, 99Designs.com, 2020), they are the first online design platform in the world. They provide a connection between talented designers and companies that look for this kind of service. As we have seen in previous research, there are many ways to structure a crowdsourcing service, and it mostly depends on the type of service one wants to offer.

This company was founded in 2008 as a small online forum that later grew and became a global scale community of talented designers usually hired to provide design services to businesses, agencies, and individuals. This big company generates 60\$ million in revenues every year and started to be profitable in 2017. In 2018 there were 10'000 designers online at any moment ready to develop new designs in 90 different categories. Those operators come from 192 different countries in the world (99Design, 99Design.ch, 2018).

It is important to notice how relevant this platform is in the crowdsourcing market. In December 2018, 99Design announced that the amount of earnings generated by designers would reach \$250 million by the end of the month (from the moment the company was founded to that date) (99Design, 99Design.ch, 2018). In July 2020, a new press release 99Design stated this amount got to a new high, reaching \$300 million (99Design, 99Design.ch, 2020).

Being the first design platform, we took 99Designs as a case study to see how operators (designers) interact with this kind of system and why this kind of system could be useful for marketing services through Crowdsourcing. We will also define what incentives drive users to participate in such a competitive type of system.

In this part of the thesis, we will concentrate mainly on design services, which are considered as an essential part of a larger marketing plan, as well as being the only service 99Designs concentrates on.

How 99Design works

This platform has been active for 12 years, and its service has grown exponentially, adding new services and solutions. Even though they have been mainly focused on designers, according to Pamela Webber (99Designs' COO), also looking to implement new types of freelancers such as writers (Pofeldt, 2020). By looking at the 99Designs website, we can see that as years went by, they have developed a wider range of products we are going to analyze, in particular the process that stands precisely behind the contests 99Design arranges.

As we have already said, 99Design is a crowdsourcing platform, which provides a system that enables more accessible communication between freelancers and companies that look for designs. The way they decided to implement their service is through *contests*, which are open calls where only one subject gets selected and wins the award. The incentive that attracts creators is monetary (once a designer wins a contest, the full amount goes to him as a reward or payment for the product he/she delivered). In the following pages, we will see that money is not the only incentive that drives designers.

A contest can have several design categories that include logo design, website, business card, book, etc. those contests are characterized by a small title, used as a short description to let designers know what is needed. A design brief is a longer description of the job that has more details fully describing the project and a package, which is additional specific information that defines how much the winner gets paid and whether the payment is guaranteed or not. Once a contest starts, it lasts seven days by default. During those days, we have "qualification rounds" where operators submit their proposals to the contest's holder, who later evaluates them on a scale from 1-5 and gives feedback through comments. The contest owner also can eliminate any design from the competition and leave individual feedback to its creators. At the end of the first round, six designers get to move to the next one, but if the contest is not guaranteed and no one gets to move to the next step, the contest ends without a winner.

In case one designer is chosen, it becomes a guaranteed contest, meaning the person that made the submission is guaranteed to be paid at the end of the project.

From one round to another, only selected designers can add new submissions, and after three days, the contest ends. From the designer's standpoint, he can participate in any contest at any time (in the first round). He can also withdraw his design at any time during the event (if he does, the product gets hidden, and it is no longer visible to the holder) (Araujo, 2013).

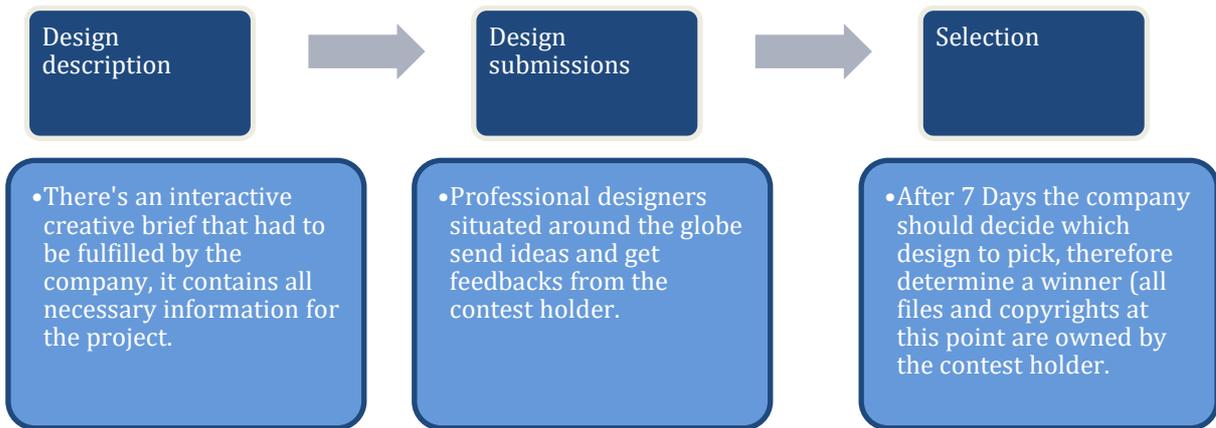
99Designs' services for companies

99Designs has a very close range of services. Meaning there is a small number of services and a large number of design categories (such as logo, visit cards, web site, etc.). We will analyze those services in order to understand what this company does to solve clients' problems and how they concretely approach Crowdsourcing for those services.

Design contests

As we mentioned before, this is the leading service 99Designs offers. The process behind it is as follows:

Figure 5



(99Design, 99Designs.com, 2020)

Contests are not limited to a small number of categories. In fact, This service can be applied to many of them, such as logos, brand, websites, and other categories. This service is different from the others because of the large number of outcomes the client gets in this case.

Guaranteed design contest

There is one option that can be enabled by the contest holder, which is called a *guaranteed design contest*. This option, once enabled, sets a condition where clients guarantee the prize to the participating designers. Therefore, it has forfeited any option for a refund. Usually, such a term is added to the contest with the purpose to attract more designers and have more designs submitted than in a regular open contest (99Design, 99Designs.com, 2020).

The page recommends this service to those customers that do not have a clear idea of what they would like to use and need to explore different ideas, styles and concepts. It is highly recommended for *logo designs* in particular, but other categories are also obtainable through this system. A list of, major categories with their relative starting prices is presented in table 5 below.

Table 5

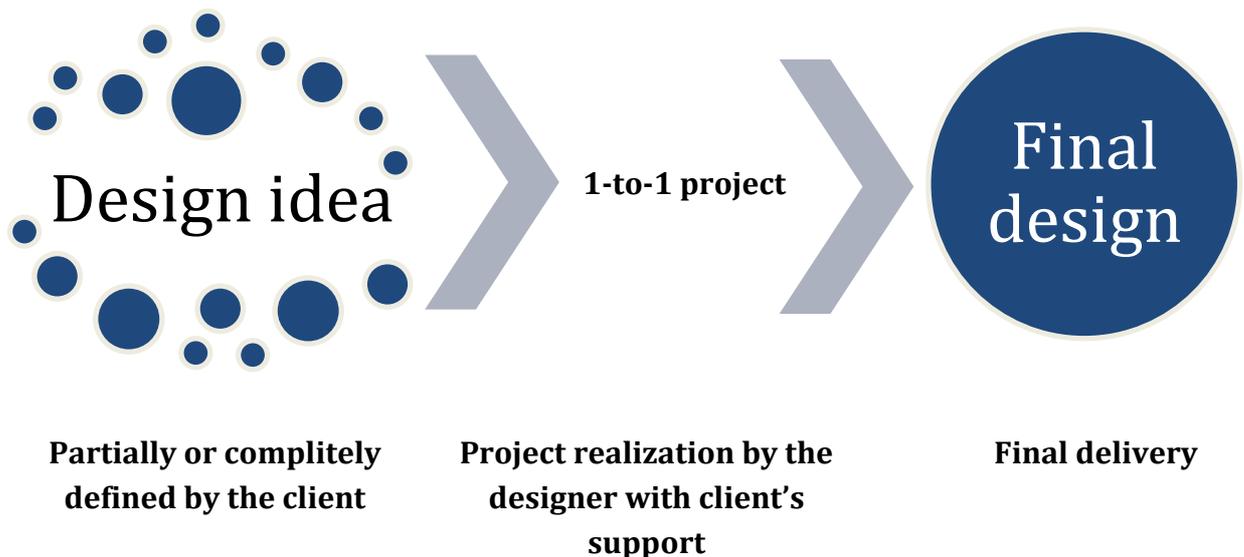
Illustration or graphics	CHF 269
Product packaging	CHF 319
Product label	CHF 269
Postcard, flyer, or print	CHF 209
Social media page	CHF 79
Book cover	CHF 309
Email	CHF 309
Poster	CHF 209

Source: (99Design, 99Designs.com, 2020)

1-to-1 Projects

Another way to obtain design products is by directly hiring a designer to handle the whole project. Usually, who chooses this way instead of the contest already has a clear idea of the design concept and only needs an operator to develop it concretely. Companies also use this service when they found the right designer who can meet their needs (99Design, 99Designs.com, 2020).

Figure 6



Source: Author of the thesis

This hiring method is divided into three different steps, which we are going to explain below:

- *Step 1*
At the beginning of the project, the company should provide basic information that can help the designer start the whole designing process (this phase includes useful attachments)
- *Step 2*
During this part of the preparation, the client informs the designer about the deadline and the budget range
- *Step 3*
The last steps include some detailed information about the company, that should help the designer during the project realization

99Designs' services for agencies

99Designs for agencies (also called 99Designs Pro) is an additional service that provides a strategic approach that enables to lower the costs of finding a designer and eases the process of managing a project.

This service is usually used by agencies, which already offer a marketing or design related service. According to 99Designs, the purpose of this tool is to enable agencies that offer marketing or designing service to hire a more comprehensive number of designers for a limited number of projects, and so expand their "production" resources.

The service is currently used by more than 2000 agencies to scale their team. The idea behind it is not far from the other two services exposed above; the major difference between 99Design Pro and the regular version is mainly the free access to premium tools. This version also includes onboarding support with 99Designs' account managers, who will be at the client's disposal for the first 60 days to help them learn how to use the platform to augment in-house resources.

Financially speaking, in order to have access to this service, agencies have to pay an annual 500\$ membership fee, then to get designs it has one of two ways to do it:

- Hire a designer and collaborate directly
- Launch a contest and invite many designers

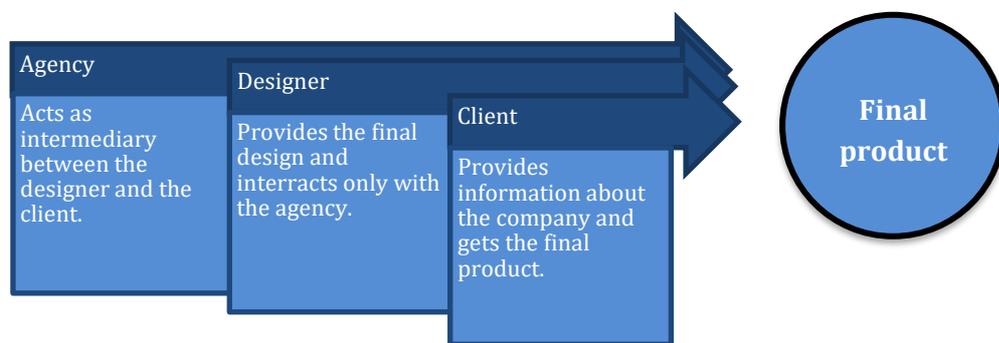
(99Design, 99Designs.com, 2020)

During the whole process, the client's project can be kept private and protected. In case the agency decides to directly hire a designer, they can be asked to sign a Non-disclosure Agreement (NDA). On the other side, if the agency decides to publish a contest, it can turn private and make all participants sign a non-disclosure agreement (99Design, 99Designs.com, 2020).

In figure 7, we have a simple representation of the workflow that occurs when an agency decides to use 99Designs Pro service to solve its clients' needs, instead of its own designers.

Subjects involved:

- *Agency*
The agency is a company that already offers marketing and design services
- *Designer*
The designer is a freelancer hired by the agency through the platform to realize the final product (design)
- *Client*
The client is a SME or company looking for marketing and or design services. It communicates with the agency

Stakeholders**Figure 7**

Source: Author of the thesis

Freelancers

In this section, we are shortly going to analyze the freelancers operating in the 99Designs platform. The purpose of this analysis is to understand what kind of experience designers have and how they operate in the designing market. Being freelancers (often unknown), the operators that are going to provide the service, it is essential to have a good measure of their expertise and behaviour.

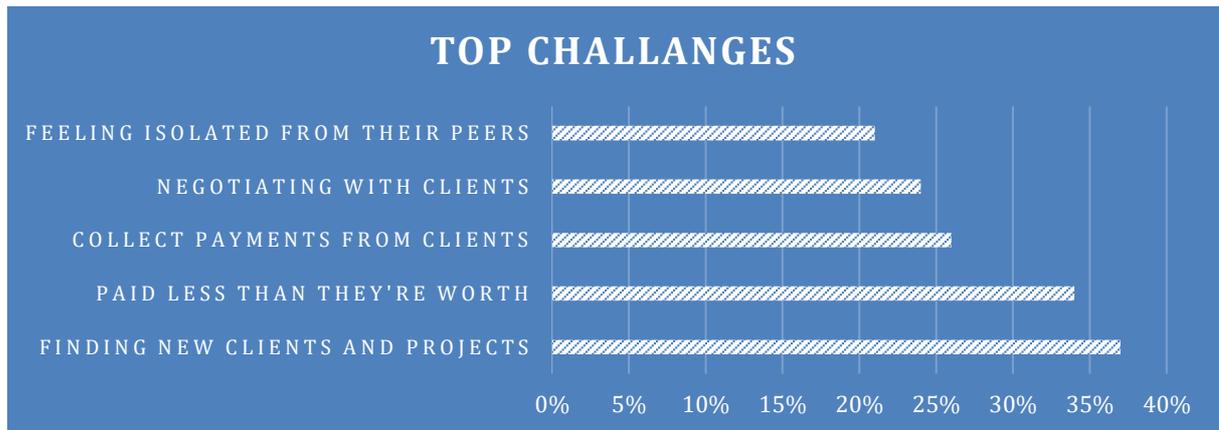
The portrait of a freelancer

We are going to start by defining the portrait of a freelancer that works in the 99Designs system. A typical designer has an extrovert personality, but in North America and in Australia, people would rather relax than build new networks and meet people. Usually, freelancers prefer to contact clients through email rather than in-person meetings, and European designers are more likely to work with a partner than the rest of the world.

The promise of freedom and flexibility is the primary motivation when it comes to being a freelancer. Freelancing implies having extremely varied workplace locations as well as working hours; furthermore, there is a wide range of available jobs designers could do. Many designers work as part of a team, and almost all of them are working with international clients, bringing their satisfaction at high levels (99Designs, 2019).

Challenges

Figure 8



Source: (99Designs, 2019)

In Figure 9 we can see the graphic, where top challenges encountered by freelancers. The majority of the designers have problems finding new clients and projects, while their number one source for finding clients are online platforms (taking 57% of all sources) (99Designs, 2019).

Typical clients

The range of clients designers have is wide open and includes both small and large companies coming from all industries. In particular, freelancers reported that they have worked in more than 35 different sectors (99Designs, 2019). The ten most popular were:

- Digital Products / Services
 - Entertainment / Art
 - Education
 - Advertising
 - Food / Beverage
 - Marketing
 - Fashion / Clothing
 - Social Media
 - Sport / Fitness
- Real Estate (99Designs, 2019) *In the future*

According to 99Designs' survey, freelancers have a common answer when asked what their future as freelancers. A part of them (45% of the total) would like to establish an agency or studio, affirming that the best position inside an agency is at the top of it. On the other side, 44% of those designers would like to work full time as freelancers.

It is important to note that an important share of designers left agencies before becoming freelancers (41%). The majority of them left their employer before the two-year point, and younger freelancers are leaving even earlier. A crowdsourcing system cannot exist without the crowds participating, so it is also fundamental to keep track of freelancers' movements (99Designs, 2019).

Quality management

In this part of the analysis, we are going to see how 99Designs' system manages the quality of the final outcome of each contest. In other words, we are going to see how this platform matches the outcome of the crowdsourced service and the need of the company that requested it.

Measure through several winners

As we have seen before, implementing an open call such as the one 99Design is offering implies a high number of submissions given by a numerous amount of freelancers. Therefore at the end of each round of submissions, there has to be a selection of the designs. The research found that in this case, the resulting outcome should be of higher quality when the number of submissions is higher, given that the probability of finding an appealing design is higher when looking to a larger number of designs.

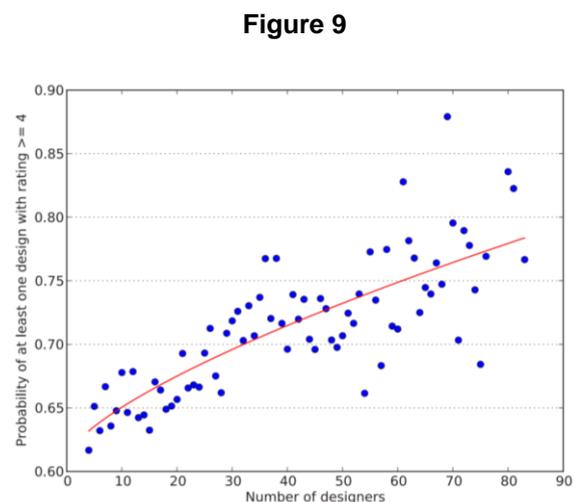
In order to measure quality, researches rely on the number of successful contests (a contest is considered to be successful when there is a winner at the end). However, having a winner does not guarantee that the customer is satisfied with the outcome he got at the end of the contest. The reason for that is that many contests are guaranteed from the start, meaning there will be a winner even if the quality of the final product is suboptimal (Araujo, 2013).

Measure through evaluations

To find out whether or not the final product has been satisfactory for the contest's holder, we look whether there has been at least one high-quality submission made according to ratings contest holders give at the end of each of the rounds.

In this case, we cannot make an average of the ratings because there could be a very high number of low-quality designers followed by a small group of high-quality ones (Araujo, 2013). Considering we need only one high-quality design in order to have a successful contest, it doesn't make sense to make an average out of all ratings.

According to research, if we take ratings as a measure for successful contests. Then we correlate the number of designers participating in the contest with the percentage of ratings over 4.



Source: (Araujo, 2013)

We would find out that there is a strong correlation between the two, indicating that the higher the number of designers participating, the higher the quality of the outcome.

What influences quality

As we have seen previously, the quality of the outcome freelancers provide should match the need of the companies that send the request for new services. As a consequence, we will take the *measure through evaluation* as the primary way of understanding whether or not the offer is working or not.

Now that we have that we know how to measure quality and we know what drives it (number of participants), the next step is to see how exactly is quality influenced and how it can be controlled.

Incentives

The first incentive in Araujo's (2013) research is financial. It is important to understand whether monetary motivation is an effective way to control the quality of the service. The monetary motivation is the award that the winning designer gets at the end of each contest. Araujo assumes that the higher the prices are, the higher is the probability to attract more designers; therefore, more talented designers as well.

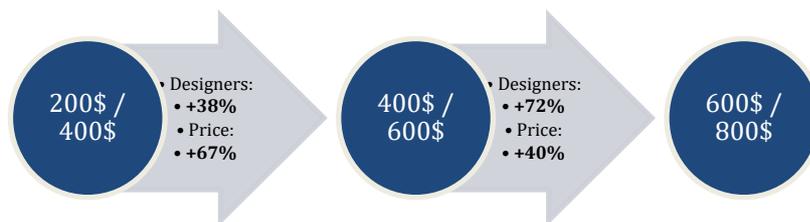
If we look at other literature, on the other hand we would find that financial incentives do not always guarantee a higher quality (Mason & Watts, 2010). That is why it is necessary to determine, in our specific case, whether the financial motivation is a good enough tool for managing quality.

By looking at empirical analysis found, we can indeed affirm that a higher award translates to a higher number of participants to the contest. Having already identified this variable as crucial for a successful result, we can also say that a higher price does positively influence quality.

In the figure 10, we see exactly how the price influences the number of designers at different price points. We can observe that the higher increase of designers at a lower increase in price is between 400\$ / 600\$ to 600\$ / 800\$, where the price increases only by 40%. In comparison, the participants' number is higher by 72% (the price is for a logo design contest done in the USA) (Araujo, 2013).

Price influence on the quality

Figure 10



Source: (Araujo, 2013)

Considering we are interested in quality management, we have to determine whether or not the increase in success is only due to the increase in price or if there are other influential factors. To do so, the researcher took the number of submissions as an indicator to see if the higher price increases the effort⁵ designers put in the project. The result is that the participants

⁵ Effort is measured through number of submissions

do not change the effort, considering the number of submissions does not go higher; Instead, it stays the same. That leads us to understanding that higher prices attract higher quality designers, and doesn't make low quality designers submit more options.

Another way to increase the number of designers is to set a *guaranteed contest*, which gives the designers the security to get paid from the start. The number of participants increases by 25% compared to non-guaranteed contests.

We have previously determined that the success of contests depends on the number of participants. Later we affirmed that the price of the award does influence the number of designers, translating into higher quality. However, we have also seen that higher prices do not help incentivize designers to work harder, considering the number of submissions does not change at different price points. A higher number of designs proposed by participants implies that the designer listened to the holder's feedbacks and comments, and fixed what was not appreciated in previews proposal.

These results suggest that higher price points attract more professional designers that are not willing to work for smaller price points. In other words, increasing the number of designers participating increases the odds of finding good designers at each contest (Araujo, 2013).

3.3. Interview of local SME

The interview aims to concretely see if a local SME (in Ticino) knows what Crowdsourcing is and whether they would find it useful for marketing activities. Another important factor we are going to see is what the issues the owner would have in adopting a crowdsourcing solution are.

The company that has been interviewed for this thesis is a trust local SME called Fidedocs Sagl, which offers numerous digital services related to accounting, consulting, and digital management of documents. Currently, its marketplace does not go beyond Ticino's borders, and the owner has clarified that he does not plan to export its services to other regions in the near future.

Marketing activities

In this segment of the interview, the main topic was the strategy perceived by the manager in marketing activities. Furthermore, we identified how he sees digital marketing tools and how he would use them in future marketing strategies.

The most valuable marketing tool, according to the manager, is its network. When asked what marketing activities he is adopting now, he replied that in the last year, two new acquisitions took place along with the acquisition of a client's portfolio from another trust company, where he incorporated the clients of other trust companies through acquisition.

After explaining the first strategy, from a more digital standpoint, he affirmed that he is also planning to strengthen his company's website and Facebook page, while also promoting the business by exposing billboards on busy local streets. Furthermore, the company is planning on integrating digital marketing only as a support to its "marketing by networking" strategy. He claims to be well aware that acquiring clients directly from other trust companies is not a real marketing activity, but he considers it to be the right way of bringing more work to its business.

Once we clarified the future strategy of the company and that he has already done some marketing activities online, we proceeded by investigating how he organized those marketing projects (through online tools). We found that he hires local individuals that are professionals in this sector. Usually, that would be self-employed professionals that do that for a living (there is no studio or team dedicated. It is just an individual) (Dedic, 2020).

Crowdsourcing adoption

In the first part of the conversation, we investigated how informed the business owner was about the general topic of Crowdsourcing, where he immediately clarified that he never heard about it before this interview.

After asking him the reason for hiring someone from outside the country, if he were to do so. He replied that the reason would not purely be due to cost reduction, even though he recognizes the price advantage.

Being an activity that can be efficiently completed remotely, the business owner affirmed that he would also consider hiring people from other parts of the world. In fact, he stated:

"The world becomes one country when it comes to the market."

(Dedic 2020)

In the last part of the interview, we discussed more in-depth the option of adopting an intermediary that manages single projects for the SME. In this part, the manager highlighted that delegating the work to others would be useful to have more time to dedicate to its core business.

4. Results evaluation

We collected all the needed information both in the literature, in the case study, and in the interview. Here we will see how all of these elements connect and determine a possible solution to some of the issues SMEs have when adopting technology in marketing activities.

We can see 99Designs separated its services into two categories: "services for companies" and "services for agencies". The first one is a service indicated for those companies that look for a design meant for their purposes. Therefore, it is built so that clients can choose between contests or 1-to-1 Projects.

The contests are made to provide more design submissions, translating into having a more comprehensive range of samples to choose from. While 1-to-1 projects are meant for those companies that know exactly what they are looking for and therefore do not need a large number of proposals to understand what design direction to take. In both cases, we know that the client is the one that has to follow both processes, which require at least seven days (for the contest option) to get done. Even after that, the result is not 100% guaranteed (we saw that having a winner does not always mean the contest has been successful) (99Design, 99Designs.com, 2020).

As we saw in the "Crowdsourcing approach" chapter, we know there are different ways to find a freelancer. There we found in figure 1, the crowdsourcing landscape is based on expert/mob sourcing and one/team sourcing. 99Designs showed it is coherent with that table, considering that in their platform, we find experts who are mainly hired individually (no service provides team-sourcing) (Bari J.-T. M., 2016). The fact that team-sourcing is not possible leads us to confirm that it is not possible to get advertising services through that platform.

Through (Pisano & Verganti, 2008)'s research, we found an open call to the crowds (demand-driven crowdsourcing) is useful only if the selection and management of the ideas are cheap and quickly applicable. In our case study, we have the confirmation that design services are indeed a marketing service that can be provided through that method (the whole process of outcome generation is pretty much the same, as shown in figure 2). We have to consider this point in order to select the right crowdsourcing provider for our marketing purposes. We concentrated on communication tools (considering digital marketing is done mostly there). That is also why we analyzed a case study and an interview around marketing concentrated around communication tools and objectives (the case study is a platform concentrated around graphic designs). We also found confirmation through a list provided by Vukovic in 2009 that this kind of activity is ideal for crowdsourcing adoption.

We know that 99Designs based its offer on contests because those are useful when the customer needs only one or a few reasonable solutions, and graphic design needs are just solved by providing one good submission (99Design, 99Designs.com, 2020) (Malone, Laubacher, & Dellarcas, 2010). However, that is not enough if we are generally looking for complete marketing service. We are missing many services found in the literature:

- Company's own website management
- Email-marketing
- Social-media
- Search engine marketing
- Online directories
- Online advertising

(Taiminen, 2015)

We only touched a part of the services needed by companies that market through digital tools. Therefore, once the company gets its design, it still needs to find other service providers to complete the service.

At the same time, major issues are not solved, such as the strategic management of tools. Know-how is also a problem that is only partially solved. We saw that the platform that provides support on the searching process of the designer, but this does not include individual support for the SME should manage its internal marketing activities (which is one of the more significant issues SMEs have) (Page, 2015) (Taiminen, 2015).

From a time-consumption standpoint, we found that a contest on 99Designs lasts seven days, which is a relatively short time, but still, what the client gets at the end of the process is a design, which is not enough if we look for a complete marketing implementation. Furthermore, every contest requires the fulfilment of a design description, which is also done by the contest owner (99Design, 99Designs.com, 2020). This implies the SME has to invest considerable amounts of time and energy in this process to obtain a complete marketing service.

This part is crucial. We found both in the interview and the literature that time is a very scarce resource for SMEs. Furthermore, it is one of the most significant barriers when it comes to marketing activities and technology adoption (Taiminen, 2015).

According to our research on quality management (in contests), one of the factors influencing the outcome is the financial reward. As we can see in the previews graph, the higher the number of participants, the higher the probability of a successful outcome. Being the price a major driving factor, we can say it actively influences the outcome quality. Another way to increase the number of participants is to guarantee the payment at the end of the contest, which influences in a meaningful way the number of participants (Araujo, 2013).

Through the interview, we saw a discrepancy from literature in the trust issues topic. The owner of the SME stated that he is comfortable with the idea of hiring foreign experts, as long as it is possible to check the quality of the worker. In any case, The trust issue is already solved by different kinds of rating systems crowdsourcing platforms have in place today (Helen, 2017).

99Designs is no exception, thanks to its competitive structure and selection process of submissions (99Design, 99Designs.com, 2020).

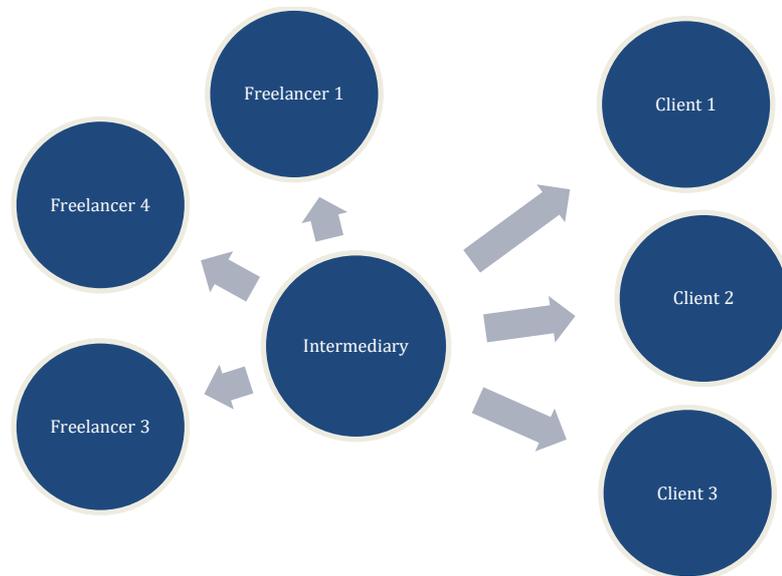
On the other side, we have 1-to-1 projects that are even more challenging to realize, considering the client also has to search for the right designer (99Design supports searchers through the platform), taking significantly more time than the contest. In both cases, we can say the business owner has to dedicate time and effort to have a satisfying result.

We can see that 99Designs offers an interesting service for agencies, which could be easily be seen as similar to the intermediary figure we are trying to implement. Being a service intended for agencies, with the specific purpose to help them manage a substantial demand increase. It represents a prototype of intermediation between crowdsourced services and the final customer (the agency would be the intermediary in this case). This highlights that there is actual room for this role inside the crowdsourcing platforms world.

In fact, during our interview, the business owner stated he is only interested in getting a good service when he needs one. Therefore, the adoption of an intermediary does not bother him; instead, he would consider relying on one to get marketing related activities done. This way, he stated, he would have more time to dedicate to his core business.

In the “The role of an intermediary figure” chapter, is highlighted that intermediaries are subjects needed when customers do not want to invest resources (time and intellectual effort) into learning new expertise (Chircu, Davis, & Kaufman, 2000). Therefore, we can confirm that intermediation can be applied to our specific case as a solution.

Figure 11



Something the manager is concerned about that has not been found in literature is *price fairness*. Having recognized that hiring foreign freelancers is cost-saving, he notes that there is the possibility that a local intermediary would hire a worker for lower price points and then raise its service prices to local SMEs. This way, the added value generated is all taken by the intermediary figure, and very little of it is transmitted to the SME.

This is an interesting point, but in the long term, this problem will most likely get solved by itself. If the crowdsourcing provider is accessible to all agencies (intermediaries), the price should get lower as competitiveness increases. So the fairness of the price paid by local customers should be respected in the longer term.

In “success factors for crowdsourcing marketing activities”, we find what elements should be applied to get to a satisfying marketing outcome. In particular, we can apply those factors directly to the intermediary, by doing so we get a brief definition of the intermediary’s profile.

To have a successful crowdsourced marketing activity, we have to have a large number of qualitatively good contributors as well as a reputation measure. To get there, the intermediary can rely on already existing platforms (as we already saw, 99Designs offers this service already). Something that is not always provided (or just partially) is project management skills, which is essential to ensure good results from the team working on the project (Dowson & Bynghal, 2011).

One of the questions we submitted to the SME is about its current marketing activities. There we came to learn an informal marketing activity small enterprises implement to find new clients. It is called “marketing by networking”, and we also find a more detailed description of it in the “SMEs in marketing activities” chapter. This is typically hard to measure marketing strategy that SMEs adopt globally, where they manage to increase their client’s pool by relying on already existing relationships (Audrey Gilmore, 2017). The business owner we interviewed confirmed that the primary way of getting new customers is through this system. This topic has not been deeply analyzed in this thesis, but it must be considered, being a direct substitute to both digital and traditional marketing activities.

Even though in Ticino, word of mouth is strongly adopted by SMEs (according to the interviewed company), (Weber, Christen, & Hunziker, 2018)’s research highlights that Switzerland has a large number of digitalized SMEs, and even more willing to adopt new technologies. Therefore the more traditional/informal marketing should not be seen as a concrete threat.

In the “Barriers in adopting crowdsourcing into SMEs business model” chapter, we found a problem that has been discussed in the interview as well. It regards the lack of knowledge about virtual communities (in particular crowdsourcing platforms) and their potential by SMEs. The manager we discussed with stated he never heard about these systems before the interview, highlighting how overlooked this opportunity is. Furthermore, in the literature, researchers affirm that this is due to missing support from crowdsourcing platforms that do not provide a clear enough design of tasks (Verzijl, et al., 2014) (Maiolini & Naggi, 2011) (Chang, Chen, & Lee, 2014).

5. Conclusions

Through this thesis, we wanted to study the application of crowdsourcing to digital marketing activities. We started by analyzing how companies perceive digitalization and how they organize their marketing strategies. There we found many limits small enterprises encounter in both situations. The most recurrent problem we encountered was the lack of time and strategic view by business managers (Page, 2015) (Taiminen, 2015).

Therefore, we continued by determining what solutions would crowdsourcing brings to the whole process. The result was that Crowdsourcing provides businesses the opportunity to scale by giving access to large numbers of experts that can cost-effectively deliver much-needed services (Verzija, et al., 2014) (Poetz & Schreier, 2012). However, SMEs are still tightened to traditional marketing activities such as “marketing by networking”, meaning they rely on personal relationships to gather new clients (Audrey Gilmore, 2017). They present a critical lack of knowledge about how crowdsourcing works, as well as how digital marketing should be strategically adopted (Taiminen, 2015) (Tran, Hasan, & Park, 2012).

This analysis is concentrated around local Swiss companies (situated in Ticino), where knowledge is a driving factor when it comes to technology adoption (Weber, Christen, & Hunziker, 2018). Through our interview, we found out that the SME’s manager was not even aware of the existence of crowdsourcing and its future marketing strategy was unclear, confirming what was found in the literature. The interview also highlighted the little time business owners have to dedicate to new technology adoption and marketing activities (Page, 2015).

Through our case study, we came to learn that 99Designs, does not provide a solution to all of these issues; instead, they only concentrate around providing support on graphic design activities (99Design, 99Designs.com, 2020). This observation suggested that there might be an element that could help to ease the whole adoption process of crowdsourcing.

That is where we looked through the literature and found that, in some cases, an intermediary figure can be helpful. The first example comes from Dell, where they incremented a senior-level idea review team whose task was to review ideas proposed by crowds. Through this example, we found that intermediaries are adopted in crowdsourcing to easier manage systems that require high expertise or are hard to manage due to their complicated framework (Qin, Velde, Chatzakis, McStea, & Smith, 2009).

Our case study also provided insights on how to manage quality on their crowdsourcing system. Where we observed price levels and contests’ openness positively influence the outcome (Araujo, 2013).

By definition, an intermediary is someone that invested resources to become an expert in a specific topic, with the purpose to later deliver that knowledge to subjects that did not want to specialize (Chircu, Davis, & Kaufman, 2000). Through our local investigation, we found the local enterprise would turn to the intermediary for marketing activities, as long as the quality of the outcome is guaranteed. Therefore, bringing us to the conclusion that an intermediary figure could be considered as a valuable solution to the adoption of crowdsourcing for marketing activities.

It is clear that increasing competitiveness both at a local and international level pushes SMEs to more complex and confusional environments. Where tools and activities get increasingly harder to understand and use, that is why it is suggested to delegate all those jobs that are not directly related to the core business. However, when doing so, it is important to adopt the most efficient and efficacy solution. Therefore, the best solution for SMEs would be to learn more about crowdsourcing when possible, if not find someone that can help have access to such world (an intermediary).

To verify the sustainability of the solution, it would be necessary to analyze further the conflict of interests that can occur during intermediation and clearly define the communication process (how different subjects should interact to reduce misunderstandings as much as possible). Another essential part of this topic that has not been discussed is the legal part of the whole hiring process, where freelancers are considered to be self-employed subjects (like single individual companies). Also, the taxation element has not been discussed (in different countries, we have a different set of rules that have to be taken on account).

Being freelancers and not employees, their interests are not protected; there is no syndicate controlling if workers' interests are respected. Furthermore, neither do companies have guaranteed results once they hire someone on platforms. Therefore, I would suggest SMEs to embrace crowdsourcin

6. Bibliography

- 99Design. (2018, december 03). *99Design.ch*. Tratto il giorno 09 1, 2020 da 99Design: <https://it.99designs.ch/about/press-releases/250m>
- 99Design. (2020, July 15). *99Design.ch*. Tratto il giorno 08 15, 2020 da 99Design: <https://it.99designs.ch/about/press-releases/studio-select>
- 99Design. (2020, August 28). *99Designs.com*. Tratto il giorno 08 20, 2020 da 99Designs: <https://en.99designs.ch/how-it-works>
- 99Designs. (2019). *99Designs.ch*. Tratto il giorno 08 28, 2020 da 99Design: <https://en.99designs.ch/design-without-borders>
- admin.ch*. (2020, 08 28). Tratto il giorno 08 25, 2020 da admin: <https://www.bfs.admin.ch/bfs/it/home/statistiche/industria-servizi/impres-adde/struttura-economica-impres/pmi.html>
- Afuah, A., & Tucci, C. (2011). Crowdsourcing as solution to distant search. *Unpublished manuscript*.
- Alexy, O., Salter, A., & Criscuolo, P. (2010, August 17). No Soliciting: Strategies for Managing Unsolicited Innovative Ideas. *California Management Review*, p. 116-139.
- Araujo, R. M. (2013). *99Design: An analysis of reative competition in crowdsourced design*. Brazil: Federal University of Pelotas.
- Audrey Gilmore, D. C. (2017, 10 17). Marketing Intelligence & Planning. *SME marketing in practice*, p. 6-11.
- B. Spurge, C. R. (2005). Broadband technology: an appraisal of government policy and use by small-and medium-sized enterprises. *Journal of Property Investment and Finance*, p. 516-524.
- Bari, E., Johnston, M., & Wu, W.-T. T. (2016, August 18). Software Crowdsourcing Practices and Research Directions. *SftwareCrowdsourcing*.
- Bari, J.-T. M. (2016, August). Software crowdsourcing practices and research directions.
- Beard, N. (2013, October 21). *How to use Crowdsourcing for Content Marketing Inspiration*. Tratto da TopRank Online Marketing: <http://www.toprankblog.com/2013/09/crowdsourcing-as-content-inspiration/>
- Burger-Helmchen, T., & Penin, J. (2010). The limits of crowdsourcing inventive activities: What do transaction cost theory and the evolutionary theories of the firm tech us? *Workshop on Open Source Innovation*. Strasbourg.

- Chang, D., Chen, C. H., & Lee, K. M. (2014). A crowdsourcing development approach based on a neuro-fuzzy network for creating innovative product concepts. *Neurocomputing*, 60-72.
- Chircu, A. M., Davis, G. B., & Kaufman, R. J. (2000). Trust, Experties, and E-Commerce Intermediary Adoption. *Americas Conference on Information Systems (AMCIS)*.
- Commision, E. (2015). *ec.europa*. Tratto da [ec.europa.eu: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en](https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en)
- D. Schideler, B. (2012). Broad impact on small business growth in kentucky. *Journal of small business and entreprise development*, p. 589-606.
- Davis, J. G. (2016, October 13). From Crowdsourcing to Crowdservicing. *IEEE Internet computing*, p. 92-94.
- Dowson, R., & Byngnal, S. (2011). Getting Results From Crowds: The definitive guide to using crowdsourcing to grow your business. *San Francisco: Adbanced Human Technologies Inc.*
- Dreyfus, H. L., & Dreyfus, S. E. (1986). Mind Over Machine. *The Free Press*, 16-51.
- Estelles-Arolas, Enrique, & Gonzalez-Ladron-de-Guevara, F. (2012). Towards an Integrated Crowdsourcing Definition. *Journal of Information Science no 38*, 189-200.
- Evans, R. D., Gao, J. X., Mahdikhah, S., Messaadia, M., & Baudry, D. (2016). A review of crowdsourcing literature related to the manufacturing industry. *Journal of Advanced Management Science*, 224-321.
- Fiverr. (s.d.). Tratto il giorno 07 30, 2020 da [fiverr.com: https://buyers.fiverr.com/en/article/finding-a-service](https://buyers.fiverr.com/en/article/finding-a-service)
- Galloway, L. (2007). Can broadband access rescue the rural economy? *Journal of small business and enterprise development*, p. 641-653.
- Gatautis, R., & Vitkauskaite, E. (2013). Crowdsourcing application in marketing activities. *Contemporary Issues in Business, Managment and Education* (p. 1243-1250). Kaunas LT-44303: Elsevier.
- Helen, K. L. (2017). Crowdsourcing Designs: A Synthesis of Literatures. *50th Hawaii International Conference on System Sciences* (p. 2751-2760). Hawaii: The University of Hong Kong.
- Helsinki. (2013, December 20). *Online shopping statistics*. Tratto da [tns-gallup.fi: http://www.tnsgallup.fi/doc/uutiset/Verkkokauppatilasto_2012.pdf](http://www.tnsgallup.fi/doc/uutiset/Verkkokauppatilasto_2012.pdf)

- Hennig-Thurau, T., Malthouse, E., Friege, C., Gensler, S., Lobschat, L., Rangaswamy, A., & Skiera, B. (2010). The impact of new media in consumer relationships. *Journal of Service Research*, p. 311-330.
- Hill, J. (2001). A multidimensional study of the key determinants of effective SME marketing activity: Part 2. *International Journal of Entrepreneurial Behaviour & Research*, p. 211-235.
- Howe, J. (2006). The Rise of Crowdsourcing. *Wired magazine N. 14*, 1-4.
- Jeremy, H., & Henry, T. (2014). Understanding New Power. *Harvard Business Review* 92 (12), 48-56.
- Johnson, J. (2020, February 10). *Statista*. Tratto da Statista: <https://www.statista.com/topics/3853/internet-usage-in-europe/>
- Maiolini, R., & Naggi, R. (2011). *Crowdsourcing and SMEs: Opportunities and Challenges*. Springer.
- Maity, S. K., Jha, C. B., Kumar, A., Sengupta, A., Modi, M., & Mujherjee, A. (2016, September 20). A Large-scale Analysis of the Marketplace Characteristics in Fiverr.
- Malone, T. W., Laubacher, R., & Dellarocas, C. (2010). Harnessing Crowds: Mapping the Genome of Collective Intelligence. *MIT Sloan School Working Paper*, 4732-09.
- Marsden, P. (2009). Crowdsourcing: Your Recession-Proof Marketing Strategy? *Contagious Magazine*, 24-28.
- Mason, W., & Watts, D. J. (2010). Financial incentives the "performance of crowds". *Explorations Newsletter*, 11.
- Miloseski-Reid, P. (2017, January). E-commerce Crib Sheet for Local Authority Regulators.
- Page, P. A. (2015). Marketing technology for adoption by small business. *The Service Industries Journal*, 11-12; 655-669.
- PayPal. (2017). *Paypal*. Tratto il giorno 08 15, 2020 da Paypal.com: <https://www.paypal.com/stories/de?categoryId=company-news>
- Pisano, G., & Verganti, R. (2008). Which kind of collaboration is right for you? *Harvard business Review*.
- Poetz, M. K., & Schreier, M. (2012). The value of crowdsourcing: can users really compete with professionals in generating new product ideas? *Product Innovation Management*, p. 245-256.
- Pofeldt, E. (2020, February 15). *Forbes*. Tratto da Forbes.com: <https://www.forbes.com/sites/elainepofeldt/2020/02/15/this-years-fastest-growing-freelance-industries/#9bb133c46086>

- Qin, S., Velde, D. V., Chatzakis, E., McStea, T., & Smith, N. (2009). Exploring Barriers and Opportunities in Adopting Crowdsourcing Based New Product Development in Manufacturing SMEs. *Chinese Journal Of Mechanical Engineering*.
- Ramos, I., Souza, L. A., Mourao, L., Adams, C., & Silva, C. E. (2012). Crowdsourcing innovation: a proposal for a brokering architecture focused in the innovation needs of SMEs. *Connexio*, 9-27.
- Scase, R. a. (1980). *The Real World of the Business Owner*. London: Croom Helm.
- Sellito, C. A. (2003). A review of the web sites of small Australian wineries: Motivations, goals and success. *Information Technology and Management*, 243-263.
- Surowiecki, J. (2004). The wisdom of crowds. *Random House LLC*.
- Taiminen, H. K. (2015). The usage of digital marketing channels in SMEs. 29.
- Telefonica. (2016). *business-solutions.telefonica.com*. Tratto il giorno 07 29, 2020 da telefonica.com: <https://www.business-solutions.telefonica.com/en/>
- Tran, A., Hasan, S. U., & Park, J. Y. (2012). Crowd participation pattern in the phases of a product development process that utilizes crowdsourcing. *Industrial Engineering & Management Systems*, 266-275.
- Verzija, D., Derojeda, K., Nagtegaal, F., Sjauw-Koen-Fa, J., Probst, L., & Frideres, L. (2014). Crowdsourced Manufacturing Business innovation Observatory: European Union. *Smart Factories*.
- Vukovic, M. (2009). Crowdsourcing for Enterprises. *World Conference on Services*, 686-692.
- Weber, S. C., Christen, A., & Hunziker, T. (2018, July 13). In prima linea nella concorrenza mondiale. *Il settore delle PMI svizzere 2018*, p. 2-33.
- Zhao, Y., & Zhu, Q. (2014). Evaluation on crowdsourcing research: Current status and future direction. *Information Systems Frontiers*, 417-434.

Attachment: Interview to local SME

Tool: Zoom	Guest: Sulejman Dedic
Date: 06/09/2020	Function: Manager
Time: 16:30 minutes	Company: Fidedocs

Hai mai sentito parlare di Crowdsourcing? Sai cosa sia?

“No, sinceramente no, solo quando me l’hai chiesto per l’intervista. In effetti avevo capito che fosse outsourcing, poi mi hai spiegato che non è quello ma un’altra cosa.”

Che servizi usi ora di marketing? Che attività svolgi?

“Adesso, dagli ultimi 6 mesi abbiamo iniziato 2 acquisizioni, cioè non negli ultimi 6 mesi, negli ultimi 12 mesi scusa. Il primo settembre 2019 abbiamo acquisito una fiduciaria e il portafoglio clienti. Dal 2021 abbiamo cominciato la ripresa di altri mandati di un’altra fiduciaria del luganese, quindi questo è già più che sufficiente come marketing. In secondo luogo ci siamo accorti che c’è il passaparola, qui a livello cantonale sembra funzionare molto bene. E nello stesso tempo, se ricordi anche te, abbiamo iniziato a sviluppare una pagina internet, vogliamo fare un po’ di più su facebook e stiamo facendo dei design per i nostri uffici. Tipo dei cartelloni, così ce li abbiamo sulle facciate, quelle sulle strade dove ci sono anche delle vetrate, pensavo di mettere lì delle insegne e sfruttare questo spazio. Altro marketing non lo facciamo.”

Possiamo dire che principalmente hai usato il passaparola?

“Giusto. Ecco le acquisizioni non possiamo considerarle come marketing ma è stata un entrata considerevole di lavoro. Quindi abbiamo detto: è inutile fare altre pubblicità se ne abbiamo già abbastanza.”

Avresti pianificato di fare pubblicità al di fuori del Ticino?

“No. Solo su suolo Ticinese e nei vicini Grigioni, fino a Roveredo.”

In futuro avresti intenzione di fare più attività di digital marketing? (basate su social media e sito web)

“L’intenzione è quella di fare anche del marketing una volta che ci stabilizzeremo con questi nuovi clienti (provenienti dalle due fiduciarie acquisite). Volevamo puntare sulla diversificazione dei prodotti. Sia la pagina web sia Facebook verrebbero usati come informazioni secondarie, (su facebook) vogliamo usare modelli di pubblicità mirate per poi attirare il cliente sulla pagina web.”

L'obiettivo è quello di usare la pagina web per spingere la persona a contattarti?

“Giusto”

Poi la vera attività di vendita avviene quando entri in contatto direttamente con il cliente?

“Giusto”

Considerando comunque che in tutto questo tu avrai bisogno di qualcuno che ti faccia il sito web, piuttosto che di qualcuno che si occupi della tua pagina facebook, quindi del social media, oppure per fare design. Come organizzi queste attività?

“Io mi rivolgo a delle persone del settore. C'è da dire che ora ho delle conoscenze, di alcuni ragazzi che fanno questo lavoro. Andrei a chiedere per prima a loro, sia il design sia, ... delle proposte insomma. Recentemente è successo così, avevo bisogno del logo e quindi mi sono rivolto a queste persone del settore.”

Queste persone del settore hanno un loro studio locale?

“Non hanno uno studio però hanno un'attività indipendente e fanno questo come mestiere.”

Avresti mai considerato di assumere qualcuno dall'estero?

“Sì, quello sì.”

Per ridurre i costi? O per altri motivi?

“L'attività stessa essendo fatta tramite computer, non ha il problema del limite doganale. Quindi il mondo diventa un paese. Non è esclusivamente per i costi anche se può essere vantaggioso.”

Pensi che avresti il problema della lingua se ti decidessi di rivolgerti a qualcuno all'estero?

“Parlando inglese ho un po' tutte le porte aperte, poi avendo origini straniere, con un 30 milioni di persone proveniente dall'est dell'Europa si riesce a comunicare. Però più che la mia lingua madre è l'inglese quello che mi apre le porte.”

Ti fideresti di incaricare qualcuno all'estero?

“Per il design del logo e così? Ovvio che se mi chiede l'anticipo dell'intero importo concordato. Qualche dubbio mi viene. Però si verifica, non vai dal primo del Google a dare un lavoro, di solito si contatta, si verifica chi è. Si verificano i lavori precedenti, un po' come per tutto il resto.”

Avere un intermediario che si occupi di questo progetto, un po' come un project manager che poi viene licenziato al termine del progetto, pensi che sia utile o pensi che riusciresti a gestire questo freelancer da solo?

“Diciamo che è il fattore tempo, uno alla fine se ha un lavoro si concentra su ciò che si è specializzato e tende a dare il lavoro agli altri perché non ha tempo di seguirlo. Se dovessi seguire solo quello riuscirei, ma se prendo in considerazione il tempo a disposizione ovvio che non riesco. Preferisco darlo in carico a qualcun altro del settore. Dopo se questo qualcun altro si appoggia ad un fornitore estero, a me non interesserebbe neanche tanto perché il mio rapporto è con la persona scelta qua sul territorio ticinese. Più che altro rimarrebbe un po' da vedere se questo suo vantaggio di avere una fornitura all'estero, che forse gli costa meno, ne ridà una parte al cliente oppure se lo tiene tutto per se. Dico questo perché al cliente finale non interessa tanto come uno va a completare il servizio richiesto quanto invece può interessare il costo del servizio stesso, ecco.”

Il risultato e il costo immagino quindi

“Giusto, alla fine sono quelli i fattori che si guardano un po’ sempre, la qualità e il prezzo. Quando dico qualità non intendo solo la risoluzione o il design. Ma quello che ne contempla i tempi di fornitura, la precisione della fornitura del servizio, eccetera. Se uno richiede il logo qua e uno se lo fa fare in america latina è tutta un’altra cosa. Vengono riproposti questi loghi colorati o non so io. Uno potrebbe anche dire che non è interessato.”