



Market Sensing to Uncover Market Demands and Opportunities

For the people, who are not familiar with the term crowdsourcing, please check the article "The rise of crowdsourcing" in Wired magazine, June 2006. Although the article dates from over a year ago, the result of crowdsourcing may still be underestimated.

This is just the beginning of a trend. Imagine the results of crowdsourcing to solving various organizational problems, to book reviews, to R&D using open innovation models. Think of companies that are now focusing on developing competent staff, providing good working conditions. Do these companies, at some point in time, need to reevaluate their business models? Simply the fact that sourcing innovation from one million people will be more successful than from hundred people.

To me it seems that something big is happening on the web, that will transform a lot of businesses. Economists or politicians are probably not aware of this process. I will keep watching and reporting on crowdsourcing and open innovation from time to time.

One of the cases whereby a company is using open innovation techniques to obtain a clear view on customer's needs is Philips, a Dutch multinational offering technology products for lifestyle and healthcare sectors.

Philips is tapping into the minds and ideas of their customers to source knowledge on trends and future developments. This is an important aspect of crowdsourcing called market sensing. How can we effectively sense new demands and opportunities? Philips has launched two market sensing platforms: Lead Users and Live Simplicity. On the Lead Users website Philips conducted studies with lead users on specific topics, such as video technology or sleep quality. The initiative was aimed at gaining customer's knowledge on specific subjects while sensing new product demands and opportunities.

The Live Simplicity website is partly a marketing tool, but it also acquires knowledge on people's preferences. The sensing platform is divided in six discussion areas, Business, Communication, General, Internet & Technology, Lifestyle & Social and Wellness. Each discussion starts with a short description and two contrasting viewpoints (A and B). Visitors are either invited to vote for a viewpoint, or to register as a contributor and write a comment. For contributors a rating/reward incentive system has been set up.

This way, contributors are able to develop into well respected members of the site. The reactions and opinions on the platform are high quality feedback. In addition to this, high-rating contributors are often selected to contribute to certain discussions. Philips also developed a visual tracker, which enables contributors to track their favourite topics from their desktop.

So, what is the takeaway? As one of the leading companies in the areas of open innovation, Philips now provides a leading example of how a multinational can sense new ideas and preferences from lead users and large crowds. Next time I would like to present other examples of how multinationals are dealing with open innovation and crowdsourcing. And being very successful too!

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