



A look at bazaars, wikis and evolving approaches to customer information generation.

Welcome to the Bazaar

By Grace J. Johnson and Paul J. Ambrose

As businesses morph to new realities of a knowledge-based 21st century, an information paradox confronts them. The paradox is that, in spite of companies being awash in data and being indulged by almost cost-free data processing capabilities, the information gap between decision makers and consumers is actually widening, not narrowing. Esteban Kolsky of Gartner Research, for example, is quoted as saying, “Companies have spent billions of dollars on CRM systems and know ‘zero’ about customers.” Further evidence of this gap is provided by the increasingly high new product failure rate, often 50 percent or greater, greatly attributable to a flawed understanding of consumer preferences and needs.

Marketing research (MR), whose primary function is to provide timely, accurate and relevant information about consumers and markets for decision-making, is failing us. Exhibit 1 illustrates the typical MR process. Many problems present themselves to the marketing manager, who prioritizes them and selects one or a few to explore. This initiates the research process, if solving the problem requires information that is not currently available, about markets, marketing or consumers. The manager then designs the research to help systematically gather the needed information. Because consumers are outside the boundaries of the organization, the research process samples from the population of interest (POI), conducts the research (using methods such as surveys or focus groups) and then generalizes the findings from the sample back to the POI with acceptable levels of accuracy. The results are then presented as information to aid decisions related to the problem. The process is linear and structured in that, once initiated, it is difficult to go back and significantly redesign or alter it.

The middle column of Exhibit 2 evaluates conventional MR approaches along several parameters. Increasingly, these approaches are proving to be cumbersome white elephants, generating data but unable to span the ever-widening information gap.

Traditional MR has, in recent years, attempted to ameliorate many of these shortcomings by utilizing technologies, especially Internet-based ones, in the process. This has inarguably improved efficiencies, but whether these technologies have added substantial value to the information generation process is debatable. The new technologies have merely been superimposed on, or used to enhance,

Executive Summary

“Companies have spent billions of dollars...and know ‘zero’ about customers,” says Esteban Kolsky of Gartner Research, verbalizing a frustration that firms feel as they face the escalating costs and declining effectiveness of marketing research today. We explore reasons for this complex problem and propose a revamping of the traditional research process to an alternative “wiki-style” model that substantially addresses these limitations. This approach reaps strategic spillover benefits in terms of fostering and strengthening long-term bonds with customers.

existing methods of research. Traditional surveys have become e-mail or Web surveys, questionnaire design has been automated and the MR process has become more integrated with design, distribution, collection, analysis and dissemination moving online.

These automations do not represent a transformative way of generating customer knowledge, harnessing the full potential of these technologies. There have been calls for a drastic departure from these “old world” methods of market research that fail to capture effectively the fragmented, dynamic nature of the information world today.

Existing MR approaches are falling short. What is needed is a transformation of marketing research into an approach that generates consumer and market intelligence in a radically different way—one that is continuous, agile, dynamic, adaptive and involving for participants. We propose a “wiki” model for generating research information, inspired by the principles involved in open-source software development.

Inspiration from Open Source

One area where there is a highly successful and flexible model of knowledge generation is open-source (OS) software development, the software being the knowledge product. The conventional approach to software development has been described by author Eric Raymond in his book *The Cathedral and the Bazaar* (O’Reilly Media, 2001) as “cathedral” in style. This characterization involves the building up of a carefully designed, elaborate project through a closed, structured, centralized and scheduled process. Source code is restricted, as it is seen as a competitive advantage and a source of power. The focus is on conservatively releasing reliable versions once every six months (or less frequently), with frenetic debugging between releases. In contrast, in the open-source method, source code is open, freely accessible and modifiable from the early stages, making possible the development of customizable, reliable, high-quality software significantly faster and cheaper, through continuous development.

Development proceeds “bazaar” style, involving the collaboration of software developers who are often globally dispersed. The ongoing project is in constant public view. It evolves as users read, modify and redistribute the source code. Anyone can participate, contribute and provide feedback, regardless of status or training. Versions of software are released frequently, enabling quick testing, feedback and ongoing evolution. The high degree of versatility in the process promotes a high degree of innovation. Examples of OS software are Linux and Mozilla Firefox.

The core differences in philosophy and style of working are summarized in Exhibit 3. Principles of OS have diffused to other areas of knowledge generation, too. Examples are Wikipedia and its associated family of wikis such as Wikispecies and Wikisource. Wikipedia.org is an expanding universe of information in the form of an open, online encyclopedia to which any user can contribute. As of our publication date, it contains more than 3 million articles. Unlike traditional encyclopedias, content is dynamic, being updated every moment of every day.

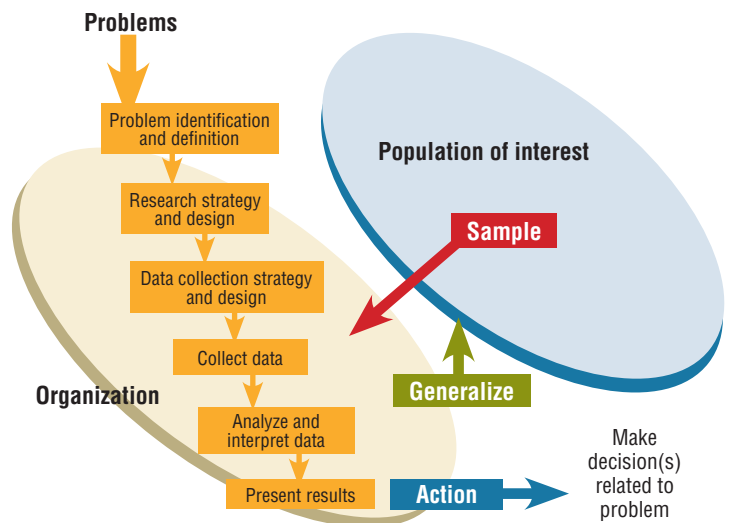
The conventional approach to harvesting consumer and market information in organizations is largely cathedral in nature. The alternative described here is dynamic and bazaar in nature and based on the open-source philosophy. This model will enable organizations to build flexible, elastic, two-way information highways to bridge the information gap.

Web 2.0

Organizations today are inundated with innumerable sources of customer data: customer complaints, calls to 1-800 numbers and contact centers, studies (e.g., of customer satisfaction, product and service quality), retail encounters, salesperson reports, sales and purchase histories from the

Exhibit 1

Schema of the typical marketing research process in firms



firm and affiliates, Web site visits, credit reports and formal MR studies. Companies are beginning to cope with the challenge of integrating these diverse data sources, with the help of customer relationship management (CRM) strategies and technologies, and processing them to get useful, actionable information. While many of these sources represent initiatives by companies to actively obtain information from and about customers, outside the boundaries of organizations, consumerization of information technology (IT) is churning out an ocean of unstructured and spontaneous customer-generated data. This wealth of data is known as consumer-generated content or CGC, and the technologies used are collectively known as Web 2.0. According to Gartner Research, consumerization will be the most significant trend affecting the IT world over the next 10 years.

The term “Web 2.0” does not refer to a new generation of the Web, but rather to novel uses of the existing Web. It is associated with technologies such as wikis, blogs and blogger communities, micro-blogs, podcasts, videocasts, social networking sites and social bookmarking. It is also associated with online chat rooms, forums and discussions, customer-to-customer e-mail, consumer-controlled Web sites where consumers post and share product experiences, opinions and reviews on retailer Web sites and customer feedback to specific company Web sites. The technologies are very diverse—what unifies them is the extent of participation they afford consumers. CGC is growing at a rate of more than 30 percent per year. This vast quantity of unsolicited consumer information can be harnessed to generate useful marketing and customer intelligence. Web 2.0 would become the platform for the bazaar approach.

The Marketplace

The overarching purpose of the new model is organizing and managing this informational raw material so that it can be used for timely, effective decision making.

The process begins with creating a marketplace (term originally used by Watson, Pitt, Berthon and Zinkhan in a 2002 *JAMS* article) on the Web, an informational bazaar where customers are the suppliers of information and firms are the procurers. This marketplace is integrated with the firm’s Web site. Consumers gain membership when they make a purchase and register on the firm Web site to join a community built around the brand. The firm provides an infrastructure for the community and is only a support for it. Brand affiliation cannot be coerced or persuaded, but is a natural by-product of membership and loyalty to the community.

Members are encouraged to join, provide feedback about the purchase experience and make free use of the tools available, including online help desks and customer service and support resources, customer chat rooms, blogs and forums. What happens in the marketplace is essentially a barter of information, bazaar-style. Consumers trade information with other consumers, and the firm exchanges information with its customers.

The organization is embedded in the population of interest through its marketplace and has semi-permeable boundaries. What this means is that the firm, in its entirety, is constantly open to information from the marketplace environment, but can be selective about what information is exported. The reinvented marketing research process proceeds wiki-style within the marketplace. The research process here is less formal, less structured, more fluid and nonlinear, but also one in which latency can be greatly reduced. (See column 3 of Exhibit 2.)

Features of the Bazaar Approach

The most important foundational principle is participation. This refers to consumers’ eager adoption of technologies that facilitate reciprocal or interactive communication. This has

Exhibit 2

Evaluating conventional and “wiki” style research along key parameters

Parameter	Conventional marketing research	Wiki-style consumer research
Timeframe and response latency	Bounded (has onset of project and end); there may be gaps in information flow; slow—can vary from weeks to months	Ongoing, unbounded; latency is compressed—can be as brief as a few days
Population of interest (POI)	Firm is typically separate and distinct from POI	Firm is embedded in POI
Process	Linear; cumbersome; generally structured	Nonlinear; flexible and adaptable; can be structured to the extent desired
Participation and motivation of respondents to research	Declining response rates; difficult to solicit; low involvement and motivation (survey fatigue)	Participation is voluntary and high; relatively easy to solicit; high involvement and motivation
Flow of information and power balance	Structured; one-way; asymmetric	More natural, spontaneous and interactive; balanced
External validity	Generally valid; problematic with some types of research	High validity because firm is embedded in POI
Timeliness, relevance and accuracy of information	Increasingly problematic	Can provide timely, relevant, accurate, insightful information
Competitive context	Often excluded	Can be incorporated
Cost	High; can be prohibitive	Relatively low; affordable

greatly increased their ability to participate in marketing communication, which till now, because of the limitations of mass communication technologies, has been primarily one way—from the firm to the consumer. But does increasing consumer participation contradict the evidence of consumers’ declining response rates to research? Consumers do exhibit a marked disinclination for company-initiated, structured and organized research, which they increasingly perceive to be intrusive and an invasion of their privacy, as demonstrated by Center for Marketing and Opinion Research (CMOR) studies. The participation principle, however, implies that consumers will participate in dialogue with firms, provided it is volitional and on their own terms.

Till now, firms have done very little listening to customers’ spontaneous communication. The strong negative perceptions associated with 1-800 call-center experiences, for example, have conveyed the justifiable impression that marketers are not as interested in listening to their customers as they are in talking to them. In fact, on average, companies spend 90 percent of their marketing budgets talking at customers rather than listening to them.

The participatory nature of Web 2.0 greatly democratizes commercial communication, satisfying customers’ needs to be heard. Under such a framework, companies are called to be continuously attentive and responsive to what customers

say. One of the major advantages is that, by listening more, continuous involvement with customers and the market is facilitated. Tracking the flux of customer preferences can be more efficient, with fewer gaps in the information flow.

Baking Circle, an online community for bakers set up by King Arthur Flour (KAF), a small Vermont-based seller of flour and baking supplies, exemplifies how this principle is put to use to gather customer research. The site provides an opportunity for KAF to interact with more than 100,000 national customers and gain rich insights into how they use KAF’s products. The community aims to help members become better bakers as they interact via message boards and trade recipes, tips, baking hints and experiences. Customers benefit as participation adds value to their product experiences. The firm benefits by being continuously involved and in tune with their customers by mining the message boards and through surveys and instant focus-group-like conversations hosted on the community site. The community is credited with building a premium brand in a mundane product category, with an enviable 20 percent growth since 2002, when the community was launched. The technology is kept simple intentionally and is developed in house.

Rewards for Participation

So why would consumers participate? Research has shown that the strongest motivators for such involvement are abstract, intangible, psychosocial or value-satisfying factors: the feelings of worth and value generated by consumers’ individual contributions; the bonds of association with other users of the brand; standing among peers (symbolized by the feedback score and stars awarded by eBay, for example); or peer-generated esteem and admiration for cumulative contributions, expertise and longevity of participation. These tend to be deep rather than shallow motivators such as credit card rewards or airline frequent flyer miles. This does not, however, preclude these; they are just not the prime motivators. The Baking Circle offers “baker’s points,” which members can accumulate and cash in for purchases.

Firms need to be creative in generating a mix of activities (e.g., contests, forums, posting photos, experiences, etc.) to keep consumers engaged and active in the community. These may not be even indirectly related to the product, but they give consumers a reason to frequently visit and revisit the community.

“Customer councils” or “customer advisory boards,” specifically set up within the marketspace to provide insights and opinions, can be a company’s biggest strategic asset, where the continuous interactions with customers weave bonds of loyalty to the firm and brand.

Impact on response latency. The marketspace for a given firm is constituted by a network of customers and firm members, each participant being a “node” in the network. From an information gathering or generating perspective, the nodes can be thought of as sensors scattered around the vast market environment, helping the firm keep in touch with customers geographically dispersed. Networking’s most dramatic impact

Exhibit 3

Comparison of “cathedral” and “bazaar” styles

Cathedral style of working	Bazaar style of working
Project is built up or constructed	Project evolves dynamically
Carefully predesigned and scheduled	Continuous collaborative design and development; modifiable from the earliest stages, easily customizable
Elaborate and time-consuming	Faster
Closed and restricted; centralized	Open, freely accessible by anyone worldwide
Expensive	Cheaper
Reliability through periodic, controlled, testing	Sturdy and reliable because of extensive, ongoing peer review
Structured process and therefore rigid	Flexible—quick and effective response to rapidly changing conditions
In-house, managed, process of innovation	Spawns greater degree of innovation

is on decreased response latency. Simply because participants are members of a readily available network, access to their opinions is dramatically improved. Spillover effects include rich, insightful observational information on customers' behavior, language and attitudes as they flux.

The networked marketspace combines under one umbrella the best features of existing research methods such as panels, focus groups, surveys and observation ("netnography") utilizing technology to overcome some of their traditional inefficiencies.

Hallmark's Idea Exchange, a set of online communities consisting of a few hundred consumers, was constructed specifically for the purpose of allowing Hallmark and consumers to talk to each other on a daily basis. Hallmark has reaped significant efficiencies in terms of cost savings and timeliness of the information gathered, using Idea Exchange for research. In some cases, information is available for decision-making within 48 hours after a complete cycle of planning, gathering, tabulating and analyzing data. Hallmark has also found the information obtained to be reliable and often insightful beyond that obtained from traditional focus groups, enabling deeper understanding of customers, their language and lifestyles. Breadth of information is backed by depth, something difficult to obtain in a single study with traditional MR. Is the marketspace information valid? Hallmark has been able to establish the validity of the online research information by extensive parallel testing, comparing virtual and conventional research results.

Innovation. Marketspaces spawn ideas for innovation. Although innovation does not directly come under the purview of the marketing research function, research is traditionally used to reduce the risk of new ideas. With the new model, MR's role in innovation is expanded and more direct. Innovation does not have to be a closed, expert-biased, intra-company process; by listening in on dialogues between consumers and also participating in them, managers can glean insights that can spark innovation and continuous product improvement. One of the authors, while sifting through Amazon's customer reviews for a hardwood floor cleaner, for example, encountered expert consumers' suggestions to the manufacturer about engineering changes that could be made to improve the product.

Managers can sniff out fashions, trends or problems early. By listening keenly, they can glean unexpected uses of the product that lend themselves, at the very least, to innovative inputs for advertising or for developing new channels and markets. The community can be used to demonstrate and test virtual prototypes. Properly managed, the marketspace can be a wellspring of interesting ideas to explore.

Collaboration and quality. Collaboration is a cornerstone principle. It involves wikis being created around specific problems, ideas or product-related questions thrown into the

community, soliciting discussion. There does not have to be a highly structured and well-formulated problem. Managers can even begin with a hunch or a nebulous idea requiring exploration because there is so little cost to doing so.

Consumers suggest solutions to the problem posed. Because all contributions are open and visible to registered users, other consumers can comment on their feasibility and improve on these ideas. The original contributors are able to view their peers' feedback. This spurs further contributions. The iterative process constructs a solution whose evolution can be tracked through the cumulative contributions at every stage. If needed, participants can vote on or rate the solutions offered. The rating system can help sift the most feasible solutions out. By a process of "natural selection," the best ideas will survive. Quality is ensured by collaboration, as participants generate, refine, build on and improvise ideas. A thousand consumers working on a problem may generate a better solution than a handful of managers on the product management team.

A wiki system is a Web site content management system that allows such collaborative creation, linking and editing of content. Because any participant can contribute to the knowledge plate, quality control is maintained by continuous editing and by keeping track of changes made, and who makes them, through a versioning history.

Experimentation and VR research. The marketspace can incorporate, for those who wish, cutting-edge virtual reality (VR) based research. Examples include using Second Life-type (www.secondlife.com) shopping experiences

to gain insights into consumer decision-making that include the competitive context. This can improve external validity in simulations and other test marketing experiments in designing in-store layouts and in merchandising such as the Innovation Design Studio used by Kimberly-Clark.

Customer Power, Truth and Transparency

With the diffusion of the Internet has come an undeniable growth in customer power vis-à-vis that of marketers. When companies or products fall short, customers' gripes can be global in their reach and impact. The challenge for firms is to channel that power into the marketspace, where it can be transformed into usable knowledge.

The marketspace provides avenues for customers to share product experiences with other customers and the firm. Customer blogs, opinions, ratings, reviews, message boards, discussion forums, chat rooms and e-mail all provide a continuous stream of feedback. When companies provide such avenues, and customers know that firms are listening keenly to what they have to say, they will be less motivated to post their grievances outside the marketspace. The elegance of such CGC is that all conversations and postings are digitally captured and can therefore be exhaustively analyzed and archived. So-

By listening in on dialogues between consumers and also participating in them, managers can glean insights that can spark innovation.

cial media analytics (distinct from web analytics) provide tools for mining useful information in such communities.

Such openness forges mutually beneficial relationships based on truth and trust. Companies will be increasingly called to unflinchingly face the facts about their products, people and services. At the same time, such round-the-clock interactions with consumers can give firms a richer, truer picture of their customers and their needs than can be obtained from numbers of conventional MR studies. Profiles of customers become richer as they spend more time in the community and participate more. Companies will be forced to provide accurate and truthful information about their products and those of competitors. (See Urban, G.L. (2005), "Customer Advocacy: A New Era in Marketing?" *Journal of Public Policy & Marketing*, 24(1), 155-159.) In order to do this, firms will be more motivated to use the rich customer information gathered to continuously upgrade the quality of their offerings.

Other methods of mutually beneficial information sharing and gathering can involve sessions for training customers in the use of more complex products or to ask questions of experts. As customers develop deeper knowledge about the firm's products, there will be positive spillover effects such as an increased potential for purchase of replacement, extension or complementary products from the same firm. A logical

extension would be integrating the contact center function with the marketplace. The input from the center can be completely integrated with the other sources of information in the marketplace to help build a multi-layered picture of each customer.

Limitations and Challenges

Where collective wisdom is generated, collective foolishness is also capable of prevailing in and destroying a community. Hence the need for moderation, regulation and supervision.

Concern: Consumers may initially participate because of the novelty. When it wears off, participation will decline.

Comment: There will always be an in-flow and out-flow of consumers in the marketplace, but the experience of many companies has been consistently high participation rates. Marketplace management needs to be active, pro-active and hands-on to prevent stagnation. Numerous metrics are available to gauge in an ongoing manner the health of a community, such as number of posts, percent replied to and percent change.

Concern: Participants may be unwilling to give negative feedback. **Comment:** Experience has shown that emotions are freely expressed. Participants provide considered, thoughtful comments, both positive and negative.

Concern: Security, confidentiality and privacy. **Comment:** Guaranteeing the security, confidentiality and privacy of customer information by the firm is of primary importance. Any breach of these will destroy the carefully nurtured trust, the foundation for the network relationships.

Concern: ROI—will we recover our investment? **Comment:** Unlike with many CRM technologies, initial outlays can be limited and affordable as firms dip their toes in the marketplace waters. These can be scaled up as the firm learns and gains confidence in their use. Marketing efficiencies of even a scaled-down space can be substantial.

The conventional approach to MR in companies has been time-consuming, inflexible and cumbersome, failing to span an ever-widening information gap. It has severe shortcomings in the turbulent high-paced business environment of today. The wiki-inspired marketplace approach discussed here provides a more effective, and often efficient, alternative. The new approach's strength is that it holistically tries to understand customer behavior and how the company's product fits into their life, self-concept and lifestyle by engaging in continuous interaction with them. In doing so, it also reaps strategic spillover benefits in terms of fostering and strengthening long-term bonds with its customers. ●

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