

# The opportunities and challenges with the 'consumerisation of things'

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With the proliferation of the internet, a lot has been written about the information economy...

The information economy along with the exponential growth of social media, has taken us into the era of the sharing economy.



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## A deeper level of collaboration is emerging

The notion of companies collaborating with their customers to gather insights and crowdsourcing ideas from those customers has been around for a while and there are many historical examples of companies who have done this successfully. But the sharing economy is much more than crowdsourcing... it is a deeper level of collaboration between organisations, customers and their would-be customers.

One of the earlier examples of crowdsourcing is the Starbucks case study, where their users got to log ideas and see them get implemented. With the rise of the information era and consumers being more educated about their options and product choices, companies are not just crowdsourcing ideas from their customers, but they are now collaborating with consumers in order to design products and services as well as take them to market. They are doing this by re-thinking the way in which they gather insights on customers and no longer see this as only a function of the company together with their marketing agency.

## Leveraging collective intelligence and a workforce other than your own

Companies are leveraging the collective intelligence of their captive audience in order to gain insights and those insights are no longer limited to their customer base, but consumers at large. These examples are no more prevalent than on social media. In leveraging the collective intelligence of consumers, they are able to tap into a whole new non-regular workforce of people not on their payroll, but people who are connected to their products and services, because the designer and the consumer are now one and the same.

A Microsoft South Africa example is how we run hackathons, where we bring together communities to solve problems and design solutions based on customer need. In doing so we establish a culture of open science between our customers and our partners, with our technology front and centre. We are indeed growth hacking new products and solutions designed by our customers and partners, which are fit for purpose for usage and consumption by our customers and partners.

## **Matching need and supply**

Some of the new-age technology disruptors are doing no more than matching need and supply, bringing consumers together in order to facilitate consumer to consumer commerce, which also benefits the company bottom line. One of the earliest historical international examples of this is eBay and you need to look further locally than Gumtree South Africa with close to one million fans on Facebook alone.

But there is another interesting consumer trend emerging. One of the age-old principles of financial strategy is all about utilisation of assets... To borrow a phrase "making your assets work for you" or commoditising idle assets. FNB famously did this with FNB Connect, giving free data to its users as a reward, Amazon did it and now this principle is applying to consumers too. Technology is now just making this easier than ever to achieve.

New age companies or disruptors are taking to market products which in fact do not belong to them, but belong to the consumer. The example of Uber, which is famously referred to as "the largest taxi company with no taxis", or Airbnb "one of the largest hospitality companies with no hotels". These are companies which are making a business out of matching supply and need and the age old financial principle of utilisation of idle assets.

What is the total amount of time in a month that you utilise the assets which you as a consumer own? What is the percentage of time that you utilise your car, your toaster oven, your office space, the devices that you own? Recently I had a friend tell me about an entrepreneur who started a company where you could lease your idle car out to someone in proximity looking for that particular brand. How many of us would not choose to lease that Bentley for an evening in order to impress a new love interest? Sure, such an approach would have challenges in our South African market, but we cannot be that far off this emerging global trend. And the opportunity is there for the disruptors to grab market share in this growing open economy. These open and sharing economies satisfy the very important the need for businesses to make a profit without large sums of investment, bypass their traditional competition and the need for consumers to earn an income.

## **Growing levels of trust**

This open economy is also indicative of growing levels of trust between online communities, most likely brought about by social media. A simple example would be the recent accommodation I booked via Airbnb. As a first time user of the service, there was an implicit level of trust between the Austrian on the other end and myself. Trust which was likely facilitated by us likely scraping each other's online presence before making the offer and acceptance decision.

## **The challenges which come with the sharing economy**

The sharing economy does not come without its own share of challenges. One such challenge is 'ideas management'... How do you differentiate a good idea from another and measure the ROI for a good idea? Not every good idea is implementable or should be implemented. The general rule of thumb is that any good idea should have the criteria that it should be able to be implemented quickly, with a positive net present value and short payback period. It is probably also worth a consideration implementing ideas incrementally, in order to allow your organisation to growth hack the concept without spending too much on go to market. Another challenge is how to distinguish between an implementable idea and one which isn't? Protecting intellectual property is also a vital consideration in an open economy. Who does the idea belong to? The company who facilitated or the generator of the idea (the consumer)? Companies should take the necessary precautions in order to ensure that they have the correct protection on their terms and conditions in order to prevent future intellectual property claims. Nimbleness is also a challenge that most organisations face, especially the larger you grow. A culture of listening first customer centricity will take your organisation a long way.

The sharing economy presents great opportunity for those who dare to disrupt and those who have a philosophy of consumers-first. This may challenge the traditional methods of product design and marketing design, but the benefit and pay off could be huge as many of these successful case studies have proven. In the digital and sharing economy you don't always work for your customers, but sometimes your customers work for you too. The consumerisation of things is opening up new possibilities for matching supply and demand and a growing trend of utilisation of idle assets in the consumer to consumer space. Disruptors are leveraging the trends of digital, social and technology enablement in order to create market and consumer impact. Will your organisation be the disruptor or the disrupted?

## ABOUT FARREN ROPER

Microsoft global engagement lead for collaboration. Farren is also a divisional director for the Schools Division of the Advtech group appointed for his expertise on innovation and technology. Farren has his roots in technology and applications, having formerly founded his own businesses, run a dynamic internet service provider and taken to market Apps which have topped the South African App stores.

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