Chapter 1
The Crowd Economy: From the Crowd to Businesses to Public Administrations and Multinational Companies

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ABSTRACT

A digital transformation is underway. One that is redefining the essence of human interaction and with ideas, share unused resources and create new on-demand services that are customisable and unique. These are only a few examples of real productivity that when layered on the Internet creates an abundance of resources and opportunity. This people-powered abundance is called the crowd economy. It is the way the society lives, works and plays. There is a new paradigm shift that challenges traditional notions of the “norm” while expanding possibilities. The hallmark of the digital age is social connections that are boosted by the web and mobile networks. These technological advances have taken collaboration and cooperation to a level never seen before. Social connections through the web have gone beyond social media likes and shares and has evolved into social productivity - a phenomenon that arises when networked crowds collaborate to solve problems, raise funds, and come up with innovative ideas and solutions.

BACKGROUND ON THE CROWD ECONOMY AND WHY THE DEFINITION MATTERS

If one follows the emergence of these new solutions that rely on networks and their interdependencies, you will find they thrive on collective action. And this collective action is more than a bunch of people coming together. We are seeing the maturing of the sharing economy to save resources, open innovation for idea enhancements, P2P funding for startups to scale or crowdsourcing for a user generated video or design. The author is making the argument that all these interactions are not just about sharing or collaboration but fall under a more powerful human-powered umbrella called the crowd economy. The new democratic economics has evolved with a number of different definitions that Rachel Botsman (2013), Founder of Collaborative Lab has described in a post on Fast Coexist.
• **Sharing Economy**: Economic model to share underutilised resources.
• **Peer-to-Peer Economy**: Person-to-person marketplaces that facilitate the sharing and direct trade of assets built on peer trust.
• **Collaborative Consumption**: An economic model based on sharing, swapping, trading, or renting products and services, enabling access over ownership.
• **Collaborative Economy**: An economy built on distributed networks of connected individuals and communities versus centralized institutions, transforming how we can produce, consume, finance, and learn.

These definitions surely fit many of the new models of economics that have become popular over the last 5-8 years but a more powerful term that encapsulates the democratic nature of thinking is presented in the word the ‘crowd economy’. The fundamentals of the crowd economy is anchored in crowdsourcing. It is a synergy of elements like, networked crowds, a democratic mind set, self-awareness, exponential problems that need collective action and technological advances that morph the crowd economy into a more purpose-driven and valuable ecosystem. It is very important to anchor oneself on the true fundamentals of crowdsourcing to maximize the opportunities of crowd economy. The broad crowd economy is characterized by five fundamentals - people, purpose, platform, participation and productivity.

The crowd economy is a dynamic ecosystem of productive people who participate through a platform with a purpose to achieve mutually beneficial goals.

**The 5 P’s of the Crowd Economy**

Inspired by 4 P’s of the marketing; Product, Price, Place & Promotion, the 5 P’s bring a deeper understanding about the complexities of crowd interactions and the interplay between people, purpose, participation and productivity (see Figure 1).