

Following the crowd

 By [Wayne Powell](#)

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Any entrepreneur worth their salt will tell you that the key to business success lies in differentiation. "Buck the trend!"; "Break the mould!"; "Pave your own way and definitely don't follow the crowd!"...

Oh. And carbs are bad for you now. Eggs magically stopped causing cholesterol, bacon is the new broccoli and, apparently, the more butter, the better. What we're learning is that not everything we've come to accept as an undeniable truth remains as such.

Previously, everyone in the business world knew their place. Good business fences made good business neighbours, companies and consumers understood each other and everyone lived happily ever after. Until consumers were dragged through a recession. And then debt. They then realised that, if they were honest with themselves, they owned a lot of things that they weren't really using as much as they could be. At around the same time, they'd become masters of using social media and sharing useful, relevant information.

So, in a moment of entrepreneurial brilliance (...or desperation), the social media-savvy consumer decided to wire-cut a hole through the business fence and see what was on the other side. Curiosity killed the corporate cat and social, crowd-driven business models were born.

So, how does this whole crowd thing work? If you have an unused resource like a car, a room in your house or a kitchen - yes, even your kitchen isn't safe from the crowd - you advertise this unused resource through the relevant social media platform (Uber, Airbnb, Feastly, etc.) and simply wait for the requests to reach you. The platform provider makes money from a service fee and the rest goes into your back pocket to buy butter and other fatty stuff that makes you skinny. Apparently.



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The crowd models are so popular that traditional channels like taxis, caterers and guesthouses are feeling the effect. And it's serious: Globally, 157,143 bums are transported in Uber taxi cabs each day; 375,000 people stayed in someone else's home instead of a traditional guesthouse during August 2014; 1,500 meals are delivered by Munchery (shared kitchens) daily; and more than \$8.7m in peer-to-peer loans are issued every 24 hours. It's real. Whether you call it a socio-economic model, a crowdfunded business model or a collaborative economy, the reality is that it's revolutionising the way people do business... and, more specifically, how they do life.

What's happening is a modern spin on something that we, as Africans, have been doing for generations. Take stokvels, for example. These are invitation-only clubs of twelve or more people serving as revolving credit unions or saving schemes, where members contribute fixed sums of money to a central fund on a weekly, fortnightly or monthly basis. The name 'stokvel' originated from the term 'stock fairs', as the rotating cattle auctions of English settlers in the Eastern Cape during the early 19th century were known. History lesson over.

Stokvels generally have a constitution that dictates the size of the contributions, when the accumulated money is to be paid out, and the roles and responsibilities of the members. Each month, a different member receives the money in the fund that was collected during that period.

Defaults on contribution are quite rare as other members will know if you haven't paid your contribution, and also because the regular meetings serve as a reminder of what you'll gain when it's your turn. Depending on the type of stokvel, the members can use the collected funds for their own use, for payment or for investment purposes. It's estimated that one in every two black adult South Africans is a member of at least one of the 89,000 stokvels nationwide. Black adult South Africans invest approximately R12bn in stokvels a year!

Through observing how the crowd is reinventing the way we do business, we start to witness a shift in the consumer's perception of value: "I don't need a drill - I need a hole in the wall". You need what the product does for you; not the product itself. You don't need to own a car; you need to get home. You don't need a kitchen; you just need lunch, for goodness sake. And this is where the major shift happens: the product becomes the service. The platform becomes the marketplace, and the value you provide along the way becomes the reason your customer will come back. By the looks of things, the world can't get enough of crowd-based business. It's a revolution and whether you're gluten-intolerant or not, everyone is welcome!

The news isn't good for everyone, though. These crowd-driven businesses are shutting down traditional enterprises at an alarming rate. Unions and industry lawmakers are at a loss about how to regulate these new business models, which seem, for now, to fall into an annoyingly practical and undramatic grey area where exciting new business is turning into business as usual.

Closer to home, we can expect a watered-down adoption of the revolution - diluted primarily because of our social ills, mainly in the form of crime. The crowd-driven accommodation model, for example, is one of the most successful and has been proven to work all over the world. But, in a society where people can't risk stopping on the side of the road to assist a fellow motorist in a time of need, and where they live in neighbourhood jails of security estates within security estates - opening up one's home, kitchen or living space for a random stranger may not appeal to popular sentiment ...or common sense.

That being said, the crowd is real - it's taking over and it's most certainly not going away. The only question that remains is whether or not you should join in as a willing supporter of the crowd. In fact, take a moment to consider the possibility that you might already have done so, without even noticing.

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