Open innovation in creative industries. Part II: The case of Threadless

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Abstract. The digital world is playing a significant role today, as evidenced by recent research on digital marketing and virtual consumers. They have revealed the increasing involvement of consumers / stakeholders in all aspects of marketing processes, from product innovation to print and broadcast advertising. Consequently, switching from a traditional business model to a business model based on open innovation is a major step taken by many companies that have understood its importance for the ever development of their businesses, focusing on the 3C: co-creation, crowdsourcing, and community. Nowadays companies agree that for product/service development the communities, the crowds, the stakeholders represent the driving force, the main engine. In order to achieve an interactive development of the product / service companies delegate the main tasks to the crowd (people empowerment). Based in Chicago since 2000 when first opened, Threadless is an online community of artists and an e-commerce website that started as a T-shirt company but has managed to expand into a full lineup of apparel. The company is constantly searching to find new ways to offer creative minds different and more possibilities / opportunities to get their art seen, to succeed, and to achieve their ultimate goal: to make great together, to help art unknowns to become art totally-knowns. The purpose of this paper is to present the importance of the creativity as a source for open-innovation, according to the critical analysis presented in the first part of this research about open innovation in creative industries. This paper emphasizes the relevance of open innovation methods for company's growth, establishing innovative organizational culture, idea generation from creative assignments, enhancement of creativity and free will. In order to emphasize the key features of open innovation in creative industries with the accent on design sector, there will be used a case study approach. Based on the analysis of Threadless platform the following will be illustrated: the use of open innovation in company's interaction with the clients, open innovation process within design stage of product development, different actors implication in co-design, the relevance of their creativity, and designers' future development from personal and business point of views.

1. Introduction

The co-creation term also known as co-design, user innovation, or open innovation with customers refers to the development of a product where customers are invited to actively get involved in order to take part in the design of their desired product. Thus, co-creation is a creative, active, and social process, which is based on the direct collaboration between producers and users, having as main objective the generation of value for the customers [1].

This open innovation method fits into the modern practices of developing new products. It is about giving a voice to the crowd, using their capabilities and knowledge within the innovation process. The

main advantage of customer co-creation is to constantly increase the information base on the needs, applications and technological solutions that are found in the field of customers and users of a product or service [1] that are organized in communities either by the direct manufacturer or by an intermediary [2].

Crowdsourcing, in turn, is based on giving the opportunity to people to create great ideas for a business, occurring when a company decides to outsource a specific project to the public [3], with the purpose to use the crowd's knowledge and capacities, in order to solve a problem.

Based 100% on creativity, creative industries, whose definition and brief presentation was made in the first part of this research, are aware of the need to broaden their vision of implementing open innovation strategies. Due to the fact that these industries are characterized by often changing trends (what is today in fashion/trend, tomorrow might not be anymore, but the day after tomorrow, after a more or less wide-ranging review, it will become fashionable/in trend again) the demand is uncertain, this being one of the conditions for a company to embrace open innovation instead of close innovation.

2. Conditions for co-creation to make sense

Co-creation is not considered a suitable or beneficial strategy for all, and most importantly, this open innovation strategy must not be seen as a substitute, but more a supplementary strategy for product development. For this reason it is relevant for a company that decides to embrace open innovation, co-creation in particular, to consider a number of conditions that will tell if a customer co-creation makes sense or not to be integrated into company's politic for future product development.

In this respect, according to his research Pillar considers the following conditions to be considered in a company's decision to adopt co-creation:

- First of all, companies have to face an uncertainty about the demand. If it operates on a volatile market, influenced by trends that change very quickly, customer integration in a different, much closer way is more appropriate;
- Secondly, the product must be of the modular type so that it can be divided into predefined components, which could be prefabricated to reduce execution time and others which may be subject to co-creation. This division reduces the complexity of the whole process, allowing external contributors (co-producers, co-creators, co-designers) to focus only on one aspect of co-development. Dividing the product into such an "internal" and "external" should start at the uncertainty level about market demand. Thus, components that enter the process of a product development that is fairly safe, with a low risk will become pre-defined, while components with a higher level of uncertainty will become co-created by customers;
- Third, consumers need to be interested and motivated to co-create the product, which is why a company must pay close attention to the benefits it can provide as a motivator for stakeholders' involvement in the co-creation process;
- Finally, the company must be able to create a community of loyal contributors/supporters or connect with an existing one, this being often the most difficult task. An important condition for success is the complete disclosure of the whole process from the initial consumer comments to final product commercialization. Co-creation, like open innovation, requires an open and transparent process of development contrary to the conventional practice of maintaining private and secret innovation. Being able to make this mental change is probably the most important condition for implementation [1].

Given the definition of crowdsourcing presented in the first part of this research, and the above conditions it can be noted that some of them can also be taken into account if a company wants to implement this open innovation strategy as well. Crowdsourcing cannot be embraced if the general public is not interested in becoming part of different online communities with the purpose to either solve a problem (solver) or seek different answers to their problems (seeker).

3. Case study: Threadless

In order to better understand the importance of open innovation strategies, particularly of crowdsourcing, to help bring forth online creative communities that are engaged within crowdsourcing marketplaces, a research based on case study of Threadless's crowdsourcing functioning was conducted for this paper.

As a part of creative industries, the (graphic) design sector, Threadless has adopted open innovation right from its birth in order to support designers to promote and sell their art.

3.1. Threadless: origins and story

The company has opened its doors in 2000 in Chicago in order to support artists and creative to succeed [4]. What started as a T-shirt company, registering more than 400 million sold since it first opened [5], has evolved to home and accessory items, Artist Shop being the newest edition of the company, the online place where interested people are given the opportunity to create individual online stores [4].

Threadleass important mission is "to support artists globally to the best of our ability, and this new structure will have a massive impact on the earnings potential for every Threadless artist. We believe and hope this change will inspire artists to continue to create, submit, and share their next level, original designs that make Threadless… Threadless!" [6].

This crowdsourcing and co-creation online platform has managed to create an online creative community that not only makes art but also can support and buy it. Thus, thousands of freelance artists from all over the world have already submitted their designs in order to be scored and picked, as this is how it works at Threadless: the designs that score the highest get made into different items, from the famous t-shirts to bags, wall art, or a wide selection of accessory, apparel, and home items [7].

3.2. Threadless's marketplace

As a designer, especially an unknown one, selling his/her designs can be an issue. In order to eliminate this problem for them, online marketplaces represent the perfect place to start with. Threadless's marketplace, Artist Shops, has been successfully doing this for years. Besides assuring designers to get the earnings and all customizability that they deserve, Artist Shops also helps them with manufacturing and shipping of the final products.

3.3. Threadless marketplace's structure

The Threadless's marketplace is structured into three main sections: Shop, Discover, and Participate, which in turn contain several subcategories [8]. In the following, a brief overview of these categories will be provided in order to present the main information that they provide, and the processes behind them.

3.3.1. Shop

Divided into nine departments, the Shop section presents the wide selection of products manufactured based on artists' design. Threadless's products are destined for everyone, from men and women to kids, toddlers, and babies [9], coming in different styles, sizes, prices, colors. As the company evolved the design of various artists began to be found on home items, such as art prints, pillows, duvet covers, rugs and canvases, and so on, as well as on various accessories, such as phone cases, beach towels, notebooks, hats, and so on [9].

Also, within this category, the marketplace offers the opportunity to purchase a gift card when someone wants to make a gift but cannot decide on the design, leaving the gift card holder to choose himself from the variety available on Threadless marketplace [10].

Another feature of this marketplace is that it offers the possibility to shop for a good cause with the help of Shop Charity Design. Thus, proceeds from some designs are donated by artists to social causes that are briefly presented online [11].

3.3.2. Discover

The major difference between Threadless and other crowdsourcing marketplaces, which offer quite the same things, consists in the presence of the Artist Shops platform, which allows designers to sell their artworks, for free, in a customized online store [12]. The company knows how important it is for an artist or creative to make art or to create, which is why they wanted to come to their aid by giving them the opportunity to take advantage from all benefits of the fully functional e-commerce store that was specially created for them. All that an artist has to do to open a shop is to make an account by completing four fields: Your Shop URL.threadless.com, username, Email, and Password [13].

Thus, an Artist Shop has been configured in such a way that a willing person can easily create his/her own shop, without any hassle; the main role of such a shop is to help artists to stand out of the crowd, not get lost into it. Once created, one must bear in mind only a few steps in order to make it work properly, as presented in figure 1 [13]:
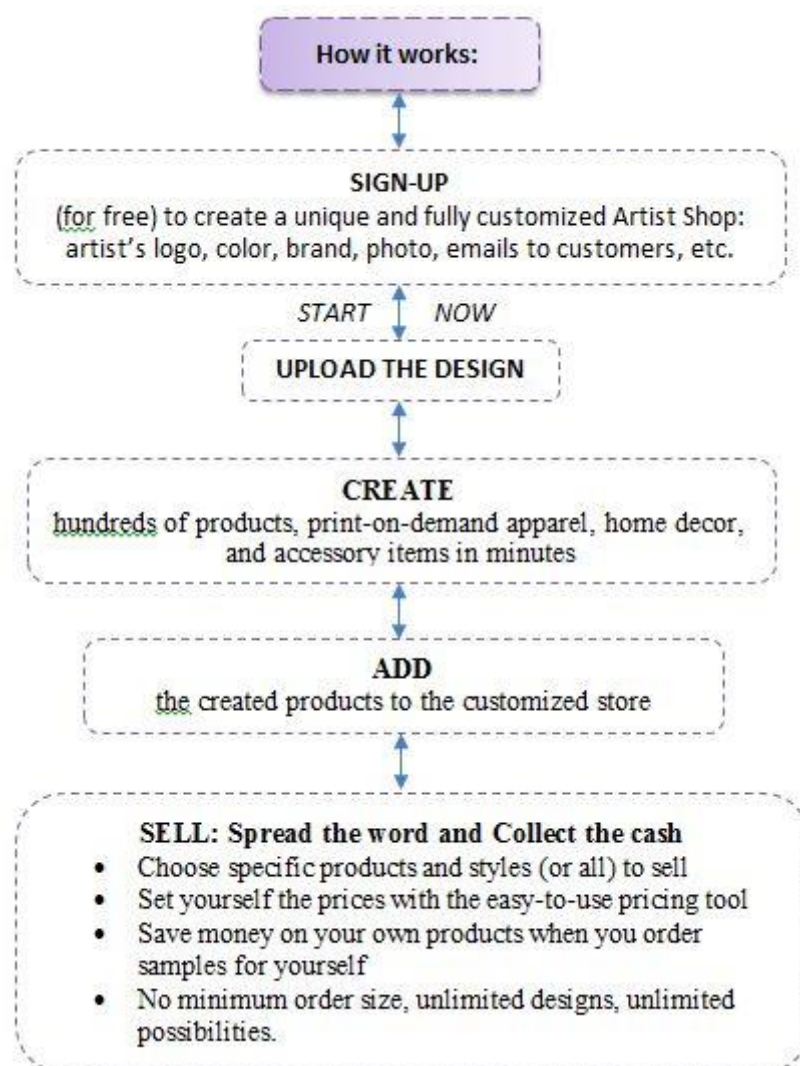

Figure 1. Artist Shop crowdsourcing platform: creation and functioning [13].

Threadless as a crowdsourcing marketplace is not just a simple intermediate between the community of designers (solvers) and their clients (seekers), as it gives artists o lot of benefits if they

choose this crowdsourcing marketplace instead of others. The company's belief is that artists should concentrate more on the creation process than other processes, such as finding material and product's suppliers, how and on what styles of items their designs should be printed in order to make a stock, which are the best advertising and selling channels, and so on. All they have to do is to choose wisely from those offered by the platform.

When a designer chooses a crowdsourcing marketplace to make known and sell his designs, he/she must look first for the benefits that such a platform can offer to best represent the own interests. Artist Shops has offered enough benefits [14] from the very beginning this being what determined company's evolution from an online t-shirt design company into a global community-driven design platform, with a fan base of nearly one million users [15].

Artist Shops' Benefits

- Free Manufacturing
- Free Order Fulfillment
- Free Customer Service
- Free Hosting
- Free Marketing Resources
- Hassle Free Shipping
- No Minimums
- Unlimited Products
- Customizable Pricing

- High Quality Products
- Drag & Drop Product Creation
- Product Ordering
- Merchandising Tools
- Low Base Costs
- Monthly Payments
- Custom Logo
- Custom Colors
- Layout Editor

- Font Editor
- Responsive Design
- Site Analytics
- Facebook Pixel Integration
- In-Browser Editing Tool
- Mobile-Optimized Checkout
- Custom Domains (Coming Soon)

Figure 2. Artist Shops' Benefits for Designers [14].

3.3.3. Participate

The third main section of the platform called *Participate* was designed for co-creation, co-design challenges, where everyone that has an idea submits it in order to be voted with the purpose to be printed and sold.

The no strings attached challenge has registered so far 428.703 submitted designs, and 8676 printed designs, according to the platform [16]. The mechanism is a simple one: artists from around the world, interested in making their creations known submit their designs to the platform so that the Threadless community to vote each of them, giving a score of 1 to 5; finally, the best of all are being printed and sold. The community is allowed to score within 7 days so the new models are chosen for printing every week, and winning artists can take advantage of their designs, some of them being rewarded with big cash prizes if they have participated in special thematic design challenges [17].

Using co-creation as an open innovation strategy, the company manages to exploit a lot of talents and ideas in order to get many new models, definitely much more if the design process had been internalized (closed innovation). The rewards that a creator can get if selected by other users consists in $ 2000, free t-shirts from the company's stock worth $ 500, and his/her name is printed on the t-shirt's label. But the prize is not the main think that designers are looking for when submits their creation. For them it is more important, at this stage, to get known in the design market worldwide if possible, where for a beginner/unknown is hard to enter.

Figure 3. Design Challenge's Steps [17].

Without any restrictions regarding the numbers of designs that a designer can submit, the themes that he/she can approach (no-holds-barred), unless it is a thematic design challenge, Threadless provides a never-ending (open-ended) co-creation process to those interested.

4. Conclusion

From an online community of T-shirts, where designers or anyone interested in graphic T-shirt get together, submit, and either vote-on T-shirt designs, or sell those the T-shirts, Threadless has evolved over the years into a real e-commerce platform where anyone interested especially in art, photography, music, but also in philanthropy, sports, entrepreneurship, so on, can sell on line, in an easy and safe way: their art, or merch for music, schools, a sport team, a YouTube channel, a business online, or even a cause.

From the very beginning, Threadless has started to support artists in their creative process by offering a huge and attractive package of benefits, which led to the creation of a powerful, gushing, and large online community, mainly through word of mouth. This whole idea has helped Threadless to not only to fulfil its mission but also to earn millions of dollars during the years.

Even if the company may have lost a bit of its story's sparkle once the competition began to make its presence increasingly felt, and technological challenges have begun to emerge, Threadless has managed to resist thanks to the large art portfolios enriched in time and the supporter community.

The research on the peculiarities and the way the platform was constructed and operates revealed that Threadless's decision to use open innovation as a growth strategy proved to be a good one. Unlike many other crowdsourcing platforms, Threadless is an internet business that has matured, transforming itself into a stable and sustainable business model, worthy to take as an example.

Acknowledgments

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