

TONGAL CASE STUDY

Tongal: Using the Crowds to Ideate Creativity

Creativity by committee never works. But creativity by crowd is quite another thing.

Consider Tongal, a company that has revolutionized the world of video-content creation as well as the closed worlds of advertising and Hollywood entertainment by opening up the creative process to the crowd.

You've probably seen Tongal's work, or at least the work that Tongal's processes enables. One of its most recent, and popular, efforts involved a spectacularly successful campaign for Pringles potato snacks that tapped into the universe of Star Wars.

"This was a big win for us and for Pringles. It showed that our platform and community could deliver on some of the most valuable IP in this (or any) galaxy," said James DeJulio, Co-Founder & President of Tongal. The Pringles brand used Tongal to produce its next TV commercial and 10 other pieces of web content, leading to an additional half million Facebook fans and a doubling of traffic to its YouTube channel (earning millions of views to the ads posted there) – all for under \$250,000: *well* below typical production costs for a traditionally produced commercial. That's the power of the crowds at work.

The Tongal Process

Tongal currently focuses on short-form content – videos, commercials, documentaries, or webisodes – and works primarily with name-brand products. Tongal has so far run about 350 projects, many of them with some of the world's best known brands. Tongal has more than 50,000 creative members worldwide on its platform, and expects that number to increase a million within the next five years.

The average project runs from six to ten weeks, although many have been completed in a shorter time frame. To initiate the creation of a commercial, companies put up a purse – anywhere from \$10,000 to \$200,000 – that gets awarded and split among winning participants in various phases during a competition.

Tongal users on the creative side are made up of everyone from a consumer with a good (140-character) idea, to filmmakers managing what DeJulio calls “garage studios” – anything from a couple of guys with a 1080 HD camera and a Mac, to a several-person ad shop. For these creative users – “community members” is DeJulio's preferred

term – the service is completely free. All they have to do is log on, browse through the projects, and choose what they want to work on.

Tongal breaks down every project into three phases of a competition: (a) ideation, (b) pitches (including storyboards or sample footage) and (c) production. The platform allows creative users with different specialties and talents: writing, directing, animating, voice, music, acting...even social-media promotion – to focus on what they do best.

In the first competition phase called "ideation," the client-brand creates a brief describing its objective. For example, "We want a 30-second commercial for television to promote product X." A small percent of the total purse (perhaps 10% to 20%) is set aside for this initial competition. Tongal members read the brief and submit their best ideas for what they think the commercial should do, be, or look like. They are restricted to only 140 characters. This phase is intentionally designed to let anyone with a good idea, regardless of skill level, contribute creatively – this openness broadens the constellation of ideas that a customer sees – often, exponentially. The customer then reviews the submissions and picks the ideas he or she especially likes – for example, choosing a top five – and then pays a small portion of the purse to those five winners.

Community participants ("Tongal creatives") can track each other's progress on leaderboards, which shows a record of each individual's winnings: it's basically a personalized résumé of their participation and success. It's important to note that phase 1 "Ideation" winners are also paid again if their idea inspires a winning video submission in later phases. For example, a Tongal community member might win \$500 for his or her idea in phase 1 – but if that idea is used to create a prize-winning video, the idea-creator typically gets a 5% residual check – sometimes over \$2,000.

In the second phase of the competition, the "Pitch" phase, any Garage Studio can choose one or more of the five winning Ideas from phase 1 and submit their storyboard, animation or video – explaining how they would go about bringing the Idea to life in a finished commercial or video.

Pitches are another exponential factor in Tongal's process – they multiply the possible interpretations for all of the winning ideas. "We want to get you where the magic happens – so you have to get out of your comfort zone, and we want you to see lots of creative interpretations," DeJulio said.

Through Tongal, brands get to see a much broader set of options, quickly – freeing their creative executives to make bigger decisions, while allowing the many geniuses in the marketplace to make the multitude of small decisions that compose their unique vision.

Traditional Advertising

Madison Avenue typically charges millions of dollars on annual retainers from every brand, in exchange for a limited selection of content ideas developed internally in their advertising agencies.

"A large brand will typically spend between 10% and 20% of their media buy on creative," DeJulio said. "So, for example, if they have a \$500 million media budget, there's somewhere between \$50 to \$100 million going towards creating content. For that money they'll get maybe seven to 10 pieces of content. And," DeJulio adds, "if you're going to spend \$1 million on one piece of content, it's going to take a long time, six months, nine months, a year to fully develop. With this budget and timeline you have no margin to take chances creatively."

By contrast, Tongal competitions generate an average of over 500 concepts in the idea phase, followed by an average of 20 to 100 finished video pieces in the video production phase. That is a huge return for the invested dollars and time. Tongal's ability to consistently create broadcast-quality outputs has exceeded even their own expectations.

"The majority of the original group of creative people working in the Tongal community were hobbyists who grew up making content for the Internet," said DeJulio, "but as our prize purses have steadily increased in value, we're starting to see professionals, even Academy Award winners – who would otherwise have been hired in traditional advertising industry – opt-in to using our platform. And, as Tongal-generated content gets better, delivering big results in the marketplace, brands are putting more money on the line. It's a very positive, self-reinforcing cycle. So now, it's not unusual to have a \$50,000 or \$60,000 prize purse result in a set of deliverables for which a traditional agency would have normally charged over a million dollars." And compared to those millions of dollars, these purses generate dozens of usable ideas.

Besides the financial savings, the human resources needed to manage traditionally produced productions can severely tax organizations and productivity. In the traditional model, everybody sweats all the details – according to DeJulio: "That's costly, and it also chokes creativity." "What we're finding is that people who are very professional are starting to develop commercials through Tongal because they can be creative and provide quality work with far less bureaucracy." People tell themselves, "I don't have to get on a thousand conference calls. I can self-select, do what I am good at. I can go to the site and say, 'Hey, Gillette is a really exciting brand. I want to work with Gillette.'"

Business Accelerates

Though the prize purse for winners varies from project to project, DeJulio maintains that unlike some other crowdsourcing platforms, participants get consistent work

through Tongal; some even make over six figures. "The business is accelerating amazingly," DeJulio said. "That's why we call it a creative community – because the work is there, and people are staying with us, honing their skills, collaborating, competing. The whole dynamic is humbling. I wish we could say it's all our doing but we know better than that."

"Our volume doubles every six months. We continue to gain new clients. Last quarter these clients included Johnson and Johnson to L'Oreal. We work with McDonald's, Ford, Verizon, Kellogg, MasterCard, Unilever, Colgate-Palmolive, PepsiCo, Procter and Gamble, LEGO, Michelin – seven of the world's ten most valuable brands -- and lots of others, ranging from the big and powerful, to the smart and scrappy.

Tongal's finished works are of remarkably high quality – they're also, quite frequently, unforgettably inventive. For example, a \$10,000 competition that Tongal hosted for ShureTech Brands, the makers of DuckTape, led to an avalanche of off-the-wall submissions. SureTech wanted a 30- to 90-second video to revitalize the public image of DuckTape. After launching the "ideation phase" of the process, "SureTech received *more than 500* video concepts, then used our site to down-select and pick the five they want to see brought to life," said DeJulio.

The pitch phase of the ShureTech competition drove the creation of 60 different completed videos. "My favorite winning video, called [Duck Tron](#), used various colored roles of duck tape to replicate the Light-Cycle race from the movie 'Tron.' It was so good it became a viral Internet sensation. The Internet just took hold of this thing and it just exploded across all kinds of channels," DeJulio said.

When it was all said and done, a \$10,000 prize generated some 500 usable video concepts, over 60 completed videos created by people working in their garage studios, and ultimately led to millions of free video impressions for ShureTech. Everything was done outside of the standard operating procedure of an advertising agency and a client. "This was open to the crowd, and the results were far better, and far more cost effective," said DeJulio, "than would have been possible using the old way."

A Tongal competition to make a 15-second ad can be done in a few days – much less time than it would take a traditional bureaucracy-bound ad agency to even get a first round of creative conversations going.

"We just completed a broadcast commercial for Quaker. It took *exactly* two weeks," DeJulio said, "and resulted in multiple versions of a TV ad. The brand got really excited. It's empowering. They saw a thousand ideas. And statistically speaking, in the pool of a thousand ideas there are going to be some extreme outcomes, ideas, perspectives you never would have had access to otherwise – and that's why this is powerful.

LEGO and Star Wars

LEGO, another well-known and greatly loved brand, tapped into the Tongal community to further its connection with its audience of core LEGO fanatics.

"LEGO is a brilliant content marketer and its business is two times bigger than it was five years ago," DeJulio said. "They've invited people who love this brand to get involved, and that invites creativity – they've done that implicitly and explicitly, which creates a different kind of thinking. LEGO is leveraging our platform to harness the incredible creative energy that's out there around LEGO. Not surprisingly, it gets amazing results across different product lines. It's not canned. It's somebody's true creativity coming to the surface." Lego's investment with Tongal has been a key part of this strategy: Tongal creative now represents over 40% of the content and 50% of the 30+ million views on LEGO's YouTube channel.

Tongal had a huge hit working with Lucasfilm for the Pringles / Star Wars competition: *The Force for Fun*. "We wanted to build a significant digital asset around this unique partnership," DeJulio said. "Star Wars, being one of most valuable intellectual properties in the world, was an automatic win for Tongal and our creative community." The campaign called for the development of a 30-second commercial that tied Pringles with the Star Wars universe, for a total of \$75,000 in prize money distributed among seven finalists. Tongal creatives submitted over 1,000 ideas.

"We knew we could develop stunning content around that marketing partnership. Some of the standard marketing folks didn't know where to go with it beyond putting Yoda on a can. But at Tongal, we knew our community would go bonkers. And they did."

Working within the parameters set by Lucasfilm to protect the image and keep the Star Wars universe intact – Darth Vader, for instance, could enter into a Pringles universe, but no outside creatures or content could be part of the Star Wars universe – creators were able to play with the Star Wars intellectual property, even John Williams' score. "The videos were insanely good, and one is going to be part of the national ad campaign in the fall. Everyone was blown-away by the quality and creativity from our community," De Julio said. "The project initially was designed to have people create a set of internet videos, with Lucasfilm eventually choosing the best, then bringing the producer up to Skywalker Ranch to shoot the commercial for television. But the quality of the submissions was so high that the one they chose is going to television as is."

Kerri Martin, global promotions manager for Lucasfilm, said that she was at first a bit unsure of how it would work out, "making sure internally everyone was on board. In addition, we were turning over our assets to allow these filmmakers to create their content with our intellectual property. But Tongal was great about making sure we were up-to-speed at all levels, and 100% comfortable with the process."

She found the results "incredibly innovative," tapping into Tongal's great community of creative people.

Sam Minardi, brand manager for Pringles, said he and his colleagues were thrilled with how Tongal was able to drive "enthusiasm among the creative community and really engage the Star Wars assets." From a consumer standpoint, the program developed big engagement on social media sites.

Geographic Range

For DeJulio, aside from the high quality and imaginative content for this project, which he called "the most exciting thing we've done this year," he was especially impressed by the geographic range of the contest's content creators. "When I look at the best ideas, they came from Oregon and Wisconsin and Texas. This shows the power of our process: you can be in Paris or London or New York – or Oregon or Wisconsin – and come out with inspired stuff" he said.

"One of the neat things about Tongal is that you can push things further down the chain of development and have less of a human resources impact," DeJulio said. Ideas developed by committee – that is, approved by one department after another as people in firms seek to imprint their ideas on a project – are death to imaginative content. "The road to hell is paved with good intentions," DeJulio said. "In a typical process, when a lot of time and man hours are dedicated to fleshing out a nascent idea and it doesn't work, people are surprised. It happens in creative development all the time." Tongal avoids that pitfall, as it provides customers with the opportunity to react to completed work, rather than conceptualizations.

Tongal is also increasingly meeting the demands of the marketplace, especially for digital content. "The demand for content is growing like never before," DeJulio said. Like the Lucasfilm example, Pringles has been working with Tongal to use its model to create promotional digital marketing. "The digital space is playing a larger and larger role in our brand plans," Minardi said, "and in marketing in general. A lot of it is based on providing a deeper level of content and engagement for consumers. So the Tongal model, where you can generate and source a lot of high-quality videos and content for a fairly reasonable production cost, is an interesting one. We're thinking about how to leverage that further."

"Marketers have finally begun to react to digital. They know that audiences need to be served in digital. Now, some of our stuff is traditional, but it's primarily developed in a digital environment. The next commercial gets developed on the internet and bubbles up to mainstream. Consumer behavior demands fresh and fast...people don't want the same thing for six or nine months to a year. But to try to do new stuff all the time with traditional methods will put *everybody* out of business," he said. So, DeJulio added, "the Tongal way is to scale it. And what I get excited about is how the availability of tools is

revealing – and developing – an ever larger talent-pool. There is a couple of billion people worldwide empowered by technology. Technology for filmmakers that would have cost \$20,000 a day not too long ago is now in your pocket. The last great innovation in filmmaking and creative work was pure technology – ILM, Pixar – and the next one will be connectivity and an exponential increase in the labor market.

Tongal Beginnings

DeJulio began his career in investment banking, but quickly realized that finance was not his world. So he tried Hollywood, "the traditional content development business," as he called it. Like a lot of gifted and highly qualified people in Hollywood, DeJulio started at the bottom. "I couldn't believe how hard it was to get a job that paid so little," he recalled. DeJulio eventually got a position in production at Paramount but grew as disappointed as he had been in the world of finance. "I was frustrated by how many good ideas never saw the light of day, and how there was a small list of people who tightly controlled all the creative work," he said. "It upset me how many talented people there were who wanted to do this work but couldn't break into the system."

DeJulio's experienced this Hollywood mentality firsthand after receiving a pre-publication copy of Dan Brown's mega-best-seller "The Da Vinci Code." He read it overnight, thought it was a real page-turner and pushed the studio to make it, saying, "This is really exciting. We should make this film." The studio passed it off to yet another person to read whose coverage read: "This doesn't have any real entertainment value." DeJulio keeps a copy on his desk for motivation. "That summer I was walking around airports and everybody had a copy of the book under their arm," said DeJulio. "I was getting really frustrated with where we were and how hard it was to get good ideas out there and how every production was based around a financial model instead of entertainment."

He thought about how to tackle this challenge, knowing there had to be a better way to develop content. Eventually, DeJulio and college friend and partners Rob Salvatore and Mark Burrell befriended Jack Hughes, founder of the crowdsourcing software-solutions company TopCoder, who encouraged them to think about ways that a distributed work model could work for creativity: unleashing the imagination and genius of the crowd. In fact, DeJulio used TopCoder to help build the first iteration of the Tongal website.

"I started to think about how we could turn Hollywood on its head and attack the video content creation problem in a very different way, an incentive-based, self-selected way," said DeJulio. "There are so many people who really want to do this. It became our mission to unlock the world's creativity and make it accessible, to set creativity free," he said. "When we say we want to set creativity free, we're doing that by expanding the pool of people who can actually be creative. So, the way we've designed the model is

that anyone with a good idea can participate. And the way our contest or our challenges works is that the ideas move forward through the competition," he said.

"If you think of a traditional competition like *Top Chef*, there are 25 chefs at the beginning of the competition and one person makes it through and is the Top Chef. Tongal is doing the same for top content – content, not contestants move forward. We cast a huge net for ideas, the best ideas move forward so more people influence the ideas. The ideas get better so ultimately the content gets better."

Positivity

Tongal "is about how work is going to get done in the future. The positivity of it, people's vocational lifestyles, or career paths," DeJulio said. "There will be a smaller percentage of people who have 'location' jobs – such as an auditor at a specific corporate office – though some people are wired for that. But there'll be more ability to select your work, and more models like Tongal or Quirky that appear. If you can make a living beyond the scope of the preconceived notions of employment we've all inherited, and it's based on merit, and access and talent, I think this is really powerful, and there will be a big ripple effect as it catches on," he said.

"We've had a 15-year-old in Texas who's earned about \$30,000 using stop-motion to make films about Lego. When I was 15, I worked in a yogurt store. At the current minimum wage in Texas, he would have had to work 40-hour work-weeks for two years to match his Tongal earnings. Tongal is based around talent. Five years from now, this kid may not want to make films, but he was compensated for his time. He didn't have to move to Los Angeles and force himself into this economy," he said.

"I think the workforce will begin to organize around the work," DeJulio said. "Right now, we've got \$1.3 million on the website available for creative work. Crossing \$1 million was a big milestone for us. There are little production outfits and micro-studios popping up, organized around Tongal work, everywhere. We've got a group in Boston that made a quarter of a million dollars in nine months. It's just a great story – to watch unfold before your eyes: how the work organizes around this kind of model. The Boston group had been in debt, trying to make it, doing wedding videos just to make ends meet. They wrote to us that working with Tongal turned their careers around. Now they've done work for all these great well-known businesses, they're a thriving company now.

"Business is being built on the fact that other businesses are turning outside of their own organizations to get work done," DeJulio said. "That's great. Before, labor didn't move freely around the globe the way capital does. And now, with this kind of model, and with what the Internet and the crowd allow, you're bringing equilibrium into the marketplace. It's not bound by organizational or institutional bias. A good model like Tongal can deliver with reliability and sustainability."

How to Succeed Using Tongal

For a business considering using the Tongal approach, here are a few things to consider.

1. Have an open mind – allow different ideas into your way of thinking. "Don't do what's expected," DeJulio said. "Try something new." Allow the crowd to come up with wild-ass, bold ideas that might complement the genius of your brand. "Trust us, trust the process, and don't try to recreate what you're doing normally. The goal is to get something new and fresh."

2. Know the result you want. "If you know where you want to go, the process will get you to that point," DeJulio said. For example, decide whether you want to use Tongal to create a television commercial or a series of YouTube shorts and know what you want the effect on consumers to be. "Once you know that, we can frame everything to get you there -- and the community will do the rest. They always do. That's the brilliant part of this is. Turn the signal on and it will find its way."

3. Offer a good size purse. "This would still be a fraction of what you might normally pay," DeJulio said, "but if you offer a bit more, you're going to attract more players and better content. Typically, higher purses result in greater participation and higher quality of deliverables and more diversity. Of course, there are always exceptions...." A purse size can range from \$2,500 to \$250,000 (and they've been growing steadily). But Tongal projects are generally in the range of a six-figure sum compared to the seven or eight-figure sum that might be charged by a traditional advertising agency for a lengthier process.

4. Allocate less time than traditionally needed for a campaign to be created. The typical Madison Avenue process takes between six months to a year, and sometimes as long as two years for the team to come up with, develop and fully execute on a concept or campaign platform. With Tongal, it can go from concept to execution in weeks, even days. In general, DeJulio said, "Tongal comes in 10 times faster, 10 times cheaper, and, quite often, 10 times better."

5. Use Tongal as a distribution mechanism to drive traffic to your video content. "There are people who are good at coming up with ideas, there are people who are good at producing the content and there are people who are really good at sharing content so we opened up a third Tongal competition phase for them," DeJulio said. "We call it our Exhibition Phase. If someone is good at pushing page views, this Exhibition Phase is a chance for them to shine. Someone with a YouTube channel, and thousands of friends on Facebook or followers on Twitter could earn cash and prizes for sharing Tongal videos with friends and fans." In success, this final phase will drive millions of views to the videos you create on Tongal.

Tongal offers a CEO or CMO the opportunity to "have an open mind, to find new markets, to find a new voice for their brand, and to scale creative," says DeJulio. "The world is changing so fast, and getting hung up on your brand equity from 20 years ago may not be the best decision."

And if you're looking for something new, you may not look for creativity from your traditional sources. "Sometimes if five brilliant people get together you can get to something really exciting and really creative. But why would you ever bet on the same five people over and over again? Remember Joy's Law," says DeJulio, "No matter who you are, most of the smartest people work for someone else. I believe that talent is scarce but I don't think it's just five people — I think it's 50 million people – and Tongal can bring them to you."