

Making the Transition to the Social Web

(First Change Your Marketing Mindset)

The future is here. Remember how national publications, national radio, and national television led to the rise of mass marketing? That was the first period of marketing. The second period—which is just about over—saw the rise of direct marketing through direct mail, telemarketing, and catalogs. This is hardly new news.

Now we're in the third period of marketing, the era of the social web. Your customers (and potential customers) are more in control of what they read, hear, and watch. And not only do they want to talk to other people, they want you—the marketer—to listen to them. It's time to embrace this new reality. But how do you make the transition from the old marketing to the new marketing of the social web?

The first thing you have to do is change your marketing mindset (see Table 3.1). Then you'll be in a good position to change your approach to brand equity, segmentation, targeting, communication, content, virality, reviews, the role of advertisers and publishers, the hierarchy of information, and—inevitably—payment.

This is not just another 12-step program. It's a great way to organize your thinking about the differences between the traditional marketing of yesterday and the new marketing of today and tomorrow, starting with a new mindset.

The New Marketing Mindset

As you saw in the previous chapter, marketing's role has not changed. It's still about defining target markets, communicating with prospective customers, building loyalty, and so on. But the techniques that were successful in the past will be less and less effective in the future. This is where your new marketing mindset comes in.

Clear your mind of all those one-way, one-sided communication techniques, all those ways of spouting only your side of the story. Marketing to the social web is not about you getting *your* story out, it's about your customers. It's about being more transparent, earning trust, building credibility. It's about nurturing relationships and dialogue among customers, prospects, your company, and whoever else is active in the community.

Bring Your Brand Alive

To win the branding war, you have to recognize that brand equity is shifting away from brand essence and brand recall. Those were key elements in the old marketing and resulted in what I call the *stationary* brands, like Kodak, Disney, and Kellogg's.

But a brand is actually a living, changing thing, especially in the new marketing. It is difficult for many marketing people and C-level executives to admit that their brand is a living thing. Yet, in the new marketing reality, the brand is based on the dialogue you have with your customers and prospects—the stronger the dialogue, the stronger the brand; the weaker the dialogue, the weaker the brand.

TABLE 3.1 Old Marketing versus New Marketing

Components	Old Marketing	New Marketing
Marketing mindset	Use one-way, one-sided communication to tell brand story.	Nurture dialogue and relationships; be more transparent, earn trust, build credibility.
Brand equity	Brand recall is holy grail.	Brand value is determined by customers: How likely are customers to highly recommend the good or service?
Segmentation	Group customers by demographics.	Group customers by behavior, attitudes, and interests—what’s important to them.
Targeting	Target by demographics, especially for media buying.	Target according to customer behavior.
Communication	Broadcast style: create and push message out for customers to absorb.	Digital environment for interactive communication through search and query, customer comments, personal reviews, or dialogue.
Content	Professional content created and controlled by marketers.	Mix of professional and user-generated content, increasingly visual.
Virality	A nice feature but popularity too often driven by flashy presentation rather than content.	Virality based on solid content about remarkable products or features that will get people talking and forwarding e-mail.

(continued)

TABLE 3.1 (Continued)

<i>Components</i>	<i>Old Marketing</i>	<i>New Marketing</i>
Reviews	Think Michelin Guide: the experts weigh in.	Think Zagat or Amazon: users review and vote on everything.
Advertiser/ Publisher role	Publisher establishes channel and controls content to gather an audience for the advertisers who sponsor channels or programs.	Build relationships by sponsoring (not controlling) content and interaction when, where, and how customers want it.
Strategy	Top-down strategy imposed by senior management drives tactics.	Bottom-up strategy builds on winning ideas culled from constant testing and customer input.
Hierarchy	Information is organized into channels, folders, and categories to suit advertisers.	Information is available on demand by keyword, to suit users.
Payment	Cost per Thousand (CPM): Emphasis on cost; Advertisers buy with the idea that share of voice = Share of mind = Share of market.	Return on Investment (ROI): Invest in marketing for future growth and profitability based on measurable return.

What makes the social web so important is that it permits companies to have these kinds of dialogues more efficiently and less expensively than ever in the past. Google is a good example of a living brand that fosters dialogue. Its features, in fact, actually enable dialogue between users—features like Google Talk, Google Groups, and Blogger. The brand has become iconic because it's an indispensable part of everyday life for anyone who uses a computer. Google is always developing new features, asking for feedback on "beta" elements, and checking to see what people do with Google.

In the new marketing, companies gauge brand equity not by static measures such as brand recall but by dynamic measures such as customer word-of-mouth. One useful tool is the net promoter score (NPS). A metric developed by loyalty guru Fred Reichheld, the NPS indicates how likely your customers are to recommend your company to friends or colleagues.

To see NPS in action, consider GE Healthcare's experience. The company recently asked 20,000 customers worldwide about the likelihood that they would recommend one of GE Healthcare's businesses. When the NPS score for its European diagnostic imaging business came in low, the company dove deeper and learned that customers wanted GE to respond more quickly to technical problems. By redesigning the response system, the company reduced the average response time from 40 minutes to just 10 minutes.

Not surprisingly, the NPS went up as response time dropped. And GE Healthcare's brand equity clearly benefited, with a direct connection to the bottom line. "GE has thousands of internal metrics on financial and operational performance," says Peter McCabe, GE Healthcare's chief quality officer, "but the only way I'm ultimately going to grow my business is to have customers tell others about us and buy more from us."¹

Segment by What People Do, Feel, Think

As I said in Chapter 1, companies have traditionally segmented their markets according to easily identifiable demographics like age or gender. In the second period of marketing, they added lifestyle factors such as diet or medical concerns. With the advent of the social web, the new marketing means segmenting by what people do and feel—their behavior as well as their attitudes and interests. Your goal is to identify groups of customers within the larger market that you can reach and affect through your marketing.

Segmenting by behavior, attitudes, and interests doesn't depend on faceless numbers (how old customers are or how wealthy they are, for instance). Instead, it groups people by what's important to

them, as indicated by what they do, think, like, and dislike. Once you know what moves your customers, you can target them with marketing activities that are meaningful to them. (It's all about them, after all.)

Targeting by Behavior

The old way of targeting was by demographics. This has probably been beaten into marketers' heads because it tends to be the way to buy media. Not in the new marketing. Now the Web helps us map behavior (on the Web itself) very closely. Age, sex, educational level, income, and other demographic indicators do not even register online (with the exception of websites for children or for products like liquor, where age is very important for legal reasons). As the famous *New Yorker* cartoon pointed out, on the Web, nobody knows if you're a dog. Software can track behavior, however, through the sites customers have been visiting, how long they linger on each page, and many other details. This opens the door to precise targeting opportunities.

Suppose a customer begins visiting websites related to flat panel television sets. One place she might look is on CNET.com. If you are Samsung, you might buy a link on CNET that says, "Special today on Samsung flat panel screens! Click here." The customer doesn't have to deal with the whole Samsung website but is taken right to a description of a very targeted offer.

Ultimately, the social web will lead to targeting customers who say, "Here are the things I like. Make me an offer, instead of my having to do all the work." Customers will be more open to targeting based on behavior because they've made the choice, they have the control. Marketing is not an irritation or an interruption if it relates to something customers want. The ideal is to get your brand in front of just the people who are interested in your product or service at this time.

This applies to paid media as well; paid media needs to support the growth of social media. For example, Samsung should also be sponsoring forums on what people like about its flat panel television

sets or doing consumer comparisons with Panasonic or Sharp sets. It should participate in blogs that talk about flat panel television sets.

One of the big changes happening with the social web is a swing away from one-to-one targeting. I think marketers went too far in that direction, to a point of diminishing returns. We don't need to know every little thing about an individual. We do need to know that an individual participates in three or four online communities of interest on any given day. We might learn, for example, that a customer is interested in a car today because he's visiting a community subgroup about convertibles. Targeting is moving more to groups of interests and behaviors rather than to a narrow one-to-one approach.

Communicate Interactively

The new marketing creates the platform of true interactivity. Add more dimensions to the communication, rather than having most of the communication flowing from the organization. So you might add the ability to search and query, which is similar to search; add dialogue; add comments; add personal reviews of products, services, experiences.

Communication is less about creating contained and controlled messages (as in the old marketing) and more about creating compelling environments to which people are attracted. Remember, the marketer's primary job is to be the aggregator of customers and potential customers. The marketer's secondary job now and in the future is to create compelling environments that attract people.

How do you create an environment that is a shared, powerful experience? Starbucks is a great example of environmental marketing because it is a physical place that people want to visit and stay a long time. Amazon is a great example of early environmental marketing because people actually hung out at the Amazon website. They wrote about the books they liked and didn't like and made lists for other visitors. Oracle and IBM are two business-to-business examples of how to create digital environments that are thoughtful, attractive, and foster interactive communication.

Content Created by Customers

In the new marketing, the best websites will combine professional and user-generated content (contributed by customers and potential customers). You're asking for this—encouraging it—when you create an environment where it's easy to talk about your products or services. Even when you pay for and develop professional content, user-generated content continues the dialogue.

Here's what I mean about balancing professional and customer-generated content. You have every right as, say, a leading energy company to post your thoughts about the future of electricity. Customers will let you know whether they agree or disagree. You can offer podcasts from an expert on energy from the University of California, who talks about the future of renewable energy. Again, customers will react to this professional content with their own content.

Another difference between the old and new marketing is that content is increasingly visual. You see it now with YouTube; you also see it on business-to-business sites like Red Hat, Cisco, and Motorola, which have visual content customers can watch, download, interact with, or all three. It's almost embarrassingly easy to create a video with a video camera, digital camera, cell phone, or computer. Of course, the video may not be very slick, but that is often the point.

Let me point out, at the risk of sounding profound in a clichéd way, that everybody has become media. So as you get into the social web, you are media. Individuals are media, organizations are media. They are writers, editors, and publishers, sorting, prioritizing, and presenting compelling content in an interesting way makes it important.

I had lunch recently with veteran CBS TV reporter, Morton Dean (who has since retired), and former CBS News director, Ed Fouhy. They told me that for many years the huge expense of broadcast journalism was the filming and editing. Today, however, the quality of visuals made on a shoestring is quite amazing. Small to midsize companies with a video camera and a computer can produce acceptable-quality videos to post on a website or e-mail to interested customers.

For example, a local dry cleaner can hand a camera to an assistant and produce a show called, "Here's how we take care of the spots on

your dresses. We don't use harsh chemicals. We are environmentally friendly." The chef at an Italian restaurant can produce a show called, "How we put together today's special from my grandmother's recipe." Or, even more basic, "Going to the market with Chef Umberto," following the chef as he picks out tomatoes or cuts of meat. Be sure to allow questions for interactivity. "Gee, Chef Umberto, my zucchini soufflé didn't turn out. What did I do wrong?"

Viva Virality

Viral marketing is interesting because it is word-of-mouth over which you have no control. Before I go on, a word about silly virals such as the "Subservient Chicken." At www.subservientchicken.com, a camera reveals a person in a chicken costume standing in a dingy living room. The chicken responds to typed commands, such as "tap dance," "take a bow," or "do push-ups." In the 17 months after it appeared, the site was visited more than 422 million times.

The site won a Grand Clio in the Internet ad category for Crispin Porter & Bogusky in Miami. Although the site barely mentioned Burger King and I've never seen anything to indicate what it did for the company, the Subservient Chicken's popularity prompted the entire advertising industry to look for viral ads that were funny, charming, sexy, or controversial, then e-mail them to friends or post them on websites.² My 10-year-old son, who is interested in Google video now, thought it was a howl when he found an animated hippopotamus singing a song, and he kept e-mailing it to his friends. So even at a 10-year-old's level, we can see the effect of virality.

Yet silly virality, for all its popularity, is not really word-of-mouth. The concept we should be talking about is content-based virality. How do companies get solid viral content, something that does more than simply attract attention to itself? In healthcare, the content could be about lowering cholesterol or improving quality of life. People talking to other people about these topics will create a viral dialogue with content.

Also, because of the stupid Subservient Chicken, marketers have created this expectation for virality of millions—422 million hits. I

think virality can work in a far more controlled and smaller community-based way than having to reach a hundred million people to be “a successful viral campaign.” In any event, marketers should always be thinking about powerful content that people will want to share and make it really easy to share.

A whole new generation of technology companies is working on this very issue. There’s ExpoTV, sort of a cross between YouTube and *Consumer Reports*. ExpoTV makes it easy for anyone with a video camera to share ideas, information, and opinions about everything from arts and crafts to video games and players. This field is evolving, but the point is: Be sure your site passes the share test. Stop thinking about the Subservient Chicken and think about more engaging content that will interest smaller groups of customers.

Five Stars for Reviews

In the old marketing, customers turned to professional book, theater, movie, and restaurant reviewers for knowledgeable opinions. Once Zagat and Amazon invited ordinary people to give their opinions, there was no stopping the trend, the “Zagatization” of everything. *Consumer Reports* and the experts will always have their place, but in the new marketing, expect customers to vote on everything from cruise lines to cookware.

Customer reviews become particularly important for things that people don’t do very often—such as rafting down the Grand Canyon or buying an ultralight airplane. Reviews include big ticket items, drugs, cosmetics, and many other things that affect the body. They will also be important for local and small businesses to enhance the experience of being part of a family of customers. If you add local search—the ability to find an Indian restaurant in San Diego or a bed-and-breakfast in Ashville—the reviews become exceptionally powerful. You may keep your ad in the Yellow Pages, but why not spend a little time, effort, and money to build your social media site?

In short, don’t try to control your customers. The difficulty in the movement toward the social web is the natural instinct of marketers

and corporate culture to control the message and the customer. It's difficult to give up control completely, but realize that reviews, as user-generated content, serve to demonstrate your company's transparency.

Advertiser and Publisher Roles: No Paper Needed

We have fewer reasons to kill trees because advertising and publishing for the social web requires no physical objects. Many of us simply throw away the instruction manuals that accompany our products, anyway. In fact, let's put all manuals on the Web. If I threw the manual away when I bought my microwave four years ago, invite me to download another copy from the website or click to watch a brief video.

The new marketing will be collateral free, with material that is more compelling, customized, visual, and up-to-date. Information can be a powerful customer relationship tool, but it doesn't have to be printed in an ad or booklet. Not long ago, while talking with a senior Home Depot executive, I suggested the retailer offer downloadable videos showing customers (and prospects) how to install a deck, build a shed, replace a light switch, winterize a home.

Ideally, you want to make content available at the exact moment customers need it. Let people choose what they want to see and when they want to see it, in effect making customers copublishers. The same holds true for advertising. Give up control, give customers real choices (and real content), and their collaboration will make the dialogue more meaningful. You can sponsor a site or community and associate your brand with it, but don't expect to control the dialogue.

Strategy from the Bottom Up

Strategy has traditionally been imposed from the top down. Now it has to be bottom up. As marketers, we have to learn from the people who are really paying attention to our products. Companies should test ideas and products and let the strategy bubble up from there, instead of trickling down from top management. Through the social

web you can quickly test, say, 2,000 versions of a new yogurt container and build on the winning version. Suppose you develop a new diet pill. Where should it be displayed in chain drugstores? Where would a prospective customer look for this kind of product? Test that and use the results to drive your strategy.

Clearly, there are other dimensions to strategy. Market leaders must have an overall strategy to stay on top in the automotive industry, soft-drink industry, computer industry. But in a social web world, you have to segment your strategies to the various communities in which you want to participate and sell. If you're an automotive company, how do you communicate to the group that is interested in environment and energy conservation or the group that cares about speed and sexy looking cars?

Note that the principles here are the same for companies of all sizes, both consumer and business-to-business. Say you manufacture and market shopping carts. How do you communicate with supermarkets, chain drugstores, and other potential customers? Some will be interested in durability, some in looks, some in price. How can you provoke a dialogue so that customers tell you about problems their stores are having with carts or what shoppers are saying about carts?

Hierarchy: Let Users Decide

In the old marketing, information was arranged into channels, folders, and categories to suit advertisers. In other words, the sponsors practically dictated the hierarchy of organization. Not any more. With the social web, information has to be available on demand by keyword, when and how users want it. So when I need to change the cartridge in my ink-jet printer, I have to be able to find that information quickly and easily. Similarly, Samsung should have its information link immediately available to prospects who enter an appropriate keyword ("flat-panel TV").

I'll talk more in later chapters about how information—words, pictures, and sound—on the Web is becoming more and more convenient. The point is that customers want what they want when they

want it, and in a way that makes sense to them. This may not necessarily be the hierarchical organization that makes sense to the advertiser or its information technology department.

Companies have traditionally used cost per thousand (CPM) to gauge advertising costs. How much will it cost to reach one million people at prime time in the Boston metro area? How much will it cost for an ad in a magazine with a circulation of 600,000? Notice that CPM puts the focus on the cost that the company must pay.

The new marketing has an entirely different emphasis. Instead of thinking about cost, you'll be thinking about return on investment. Your marketing payment will be based on a measurable return. For example, you might pay according to customer lifetime value (how much a customer is likely to spend with your company during the "life" of your relationship with that customer). In a highly sophisticated situation, the calculation would include the value of that customer's word-of-mouth and referrals.

From this perspective, marketing to the social web is truly an investment in your brand's future growth and profitability. You're paying for that growth, but you have a better idea of what you'll get for your money because the technology allows for more precise monitoring and measurement.

In the new marketing, customers want to be in charge of their own payment options. Whether they use a credit card, give you a bank account number for debit, or choose PayPal, payment options must be fast and easy. From your end, payments via the Web are easy to track and help you analyze where the company's revenue is actually coming from—down to specific customers and offers. That's a big payoff.

Test Driving the Social Web

Now that you know the 12 ways that new marketing differs from old marketing, what can you do to take advantage of these changes? Let's try a thought experiment: What would Ford do if it were planning to market to the social web? What would I do if I were suddenly (and improbably) responsible for Ford's marketing?

First, I would want to understand what has worked and what hasn't worked in traditional marketing, so I would begin with an assessment of past efforts. I would then prepare a customer map, paying close attention to the communities I see as the natural Ford communities. These would include current and former Ford owners of every type of vehicle.

Next, I would prioritize Ford's vehicles from the biggest selling vehicle to the slowest seller, not only in absolute terms but in the rate of change from one quarter to the next. Where are sales growing, shrinking? Why have the best-selling vehicles been popular? What is the problem with the ones that don't sell?

I would look at the Ford dealers, their successes and their dissatisfactions, to see what has worked for them and what hasn't worked. What distinguishes the most effective dealerships from only average dealers? I would look at the manufacturing and how that is tied to product quality and success of the vehicles. And I would look at the unions—what's good for them, what's bad for them, what Ford can control, and what is out of its control.

As an outsider looking at the corporation, I would advise Alan R. Mulally, the new CEO who came from Boeing, that Ford has lost its dialogue with its community. Job number one in the new marketing is to rebuild the dialogue through trust, openness, quality, and all the values that reputable companies hold dear.

After this analysis, I would start to build digital Ford. I would ensure that the voices of all those communities were heard—and listened to—regularly and seriously. This means hearing what Ford could do better on the cars, what it should get rid of, what models drivers, dealers, and service technicians like or dislike—and why.

Not only would I set up consumer advisory panels, I would set up dealer advisory and service technician panels. Ford should know what policies and procedures the dealers like, what they don't like—and why. These online forums would be password protected and not open to the general public, but it would be a way that the dealers could communicate directly with company executives and with each other.

Since 9/11 people have been taking more car vacations, so I would start thinking about ways to shift the focus off any negatives about Ford. Although negatives must still be acknowledged and allowed on the Ford website, I would showcase the value Ford brings to

different customers in the form of family vacations, travel tips, fuel efficiency, and saving the earth. These are all issues in which a Ford Motor Company should be involved—moral purpose issues that cut across the customer communities. I would look at energy development and costs; how the population boom will affect the environment when billions of people own (or want to own) cars; the future of the dealership and how Ford can help its dealers.

Part of marketing to the social web and encouraging a dialogue with customers is also about shaping a future together. In my view, Ford hasn't been shaping the future as much as it has been trying to catch up. In other words, it's been reacting rather than setting a standard like Toyota does—a standard that people admire.

All this would be Phase One of credibility building and community interest building and future shaping. In Phase Two, I would bring some fun back to the brand. Cars are about more than getting people from point A to point B. They've become digital centers, entertainment machines, as you know when you pass a minivan with a color video screen for every child in the back seat. For fun, I would look for some experiential things, perhaps a new and fresh twist on the old Ford Punt, Pass, and Kick Contest, which was popular in the 1960s and 1970s.

I would start focusing on the user experience. How can I make Ford into the Apple Computer of automobiles through elegant design and understanding how people actually use their cars? By focusing on the user experience, I would bring in community building, digital communication, partnerships with entertainment companies and content providers, loyalty and discount programs, and even games. I would limit traditional advertising and start experimenting with cutting-edge ideas. Ford could make more use of new media, hold a car design contest for high school students.

Bold Moves for Ford?

Interestingly, as I was writing these words, Ford announced it was discontinuing the Taurus model and launching Ford Bold Moves (fordboldmoves.com), a website designed "to present Ford as a company

coming to its senses, open to new ideas, and ready to learn from its mistakes." The site features links to news stories about the management shift and pulls no punches. One headline announced that company losses reached \$5.8 billion during the most recent third quarter.

Posted segments feature officials of major environmental groups denouncing Ford for building gas-swilling sports utility vehicles and pickup trucks. In one, Ford Executive Vice President Mark Fields tells an audience of coworkers, "I've mentioned to you many times that the clock is ticking. Well, I want to be very blunt with you. Time is up. Time is up. We have got to fix the business, and we've got to fix it now."

Ford Bold Moves also presents critical articles by freelance business journalists. One describes U.S. heavy equipment makers Deere & Co. and Caterpillar Inc. and asks why these two firms remain world leaders while American car companies have lost their way. On the positive side, the site hosts a series of short documentary videos that offer behind-the-scenes views of the company. One shows Ford's "Warriors in Pink" competing in car races to raise money to fight breast cancer. Another reports on a Ford dealer who's opened a service station selling 85 percent ethanol fuel for use in Ford "flex-fuel" cars, which can run on ethanol or gasoline.

Site visitors can post responses to the videos and articles and ask questions that the company will answer. One question I saw asked: "Why do you produce a car and then discount the price? Why not produce a car that is worth the sticker price?"

Here's the problem with Ford Bold Moves. Because Ford and its advertising agency do not seem to trust their customers, I see the website as more Madison Avenue manipulation. On the first look, the site appears really earthy and down home. Clicking through, all the videos are beautiful, showing beautiful Ford vehicles near the ocean or crossing a famous bridge. The videos are almost purely Ford commercials.

Then there's the text. Ford says, in effect, "This is here to open our world to you. We want your help. We will post anything that comes—negative or positive. We have made some mistakes, and there are some passing negatives and gee, we have made some financial errors." At the bottom of the first part of the website a disclaimer says, "Any content and/or opinions expressed in this website, including without limita-

tion, message boards, articles and responses to questions are solely the opinions and responsibility of the person or entity named as the author and do not necessarily reflect the opinions of the Ford Motor Company. You also understand and acknowledge that you are responsible for the content of any message that you post to this site.”

After reading the disclaimer, I posted a few comments that were not terribly negative. They never appeared. So I decided to make up a horrendous story and watch for a reaction. Silence. The whole thing is manipulative and insults the intelligence of the customers who visit the site.

Seth Godin, author of several books on Internet marketing, thinks Ford is wasting its time. “Ford doesn’t have a PR problem. Ford has a we-were-dependent-on-gas-guzzling-SUVs-until-people-learned-the-truth problem. Ford has a we-don’t-reward-great-designers problem. Ford has a dealer problem.” Godin says that unless the company gets its cars right, no amount of Internet marketing will help.³ I say that Ford has to do both, and that an effective dialogue with *all* its customer communities can help it get its cars right. But fordboldmoves.com is not the way to do it.

I can understand the reluctance of Ford’s management to open itself up to the slings and arrows of outrageous fortune, so in the next chapter I’ll talk about some of the real problems of the social web.