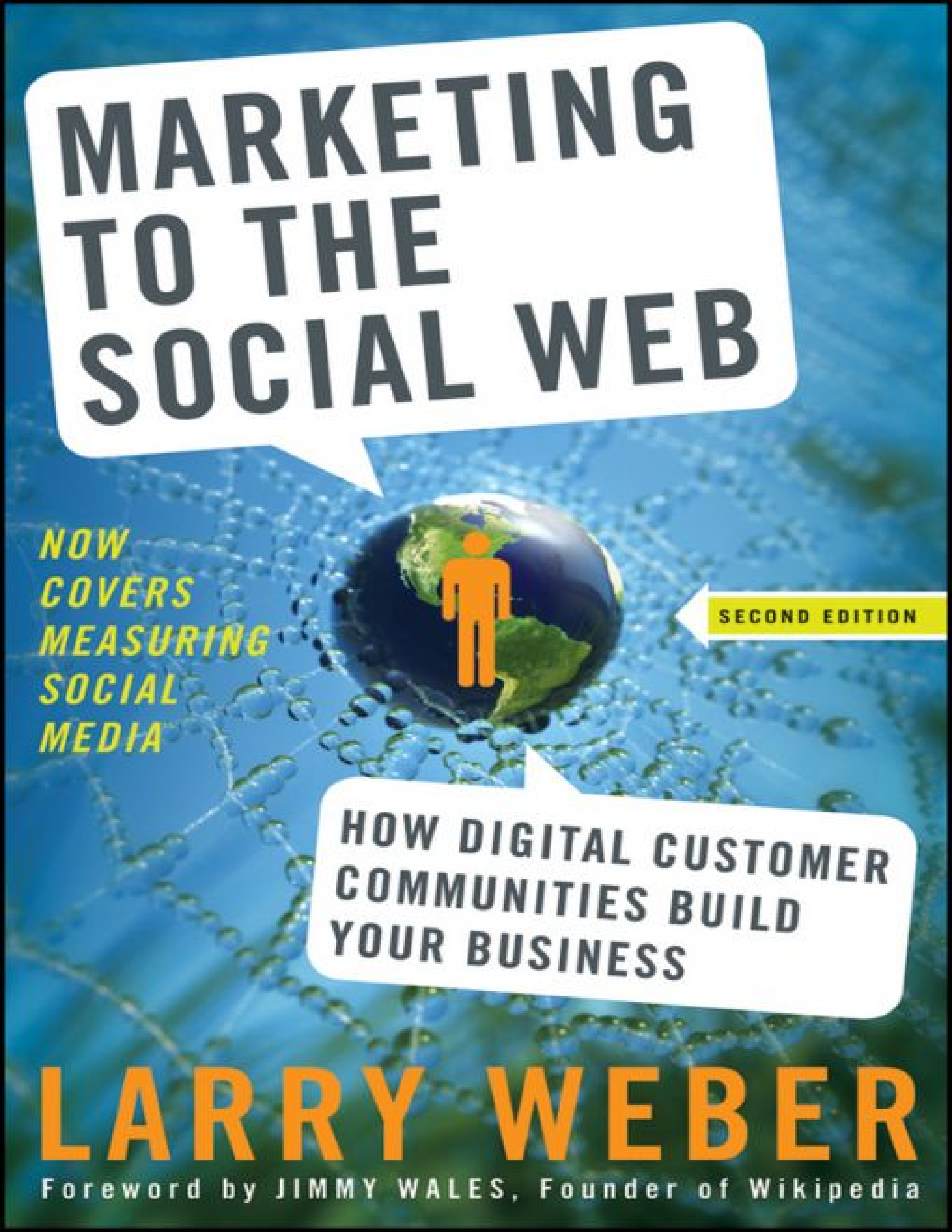


MARKETING TO THE SOCIAL WEB

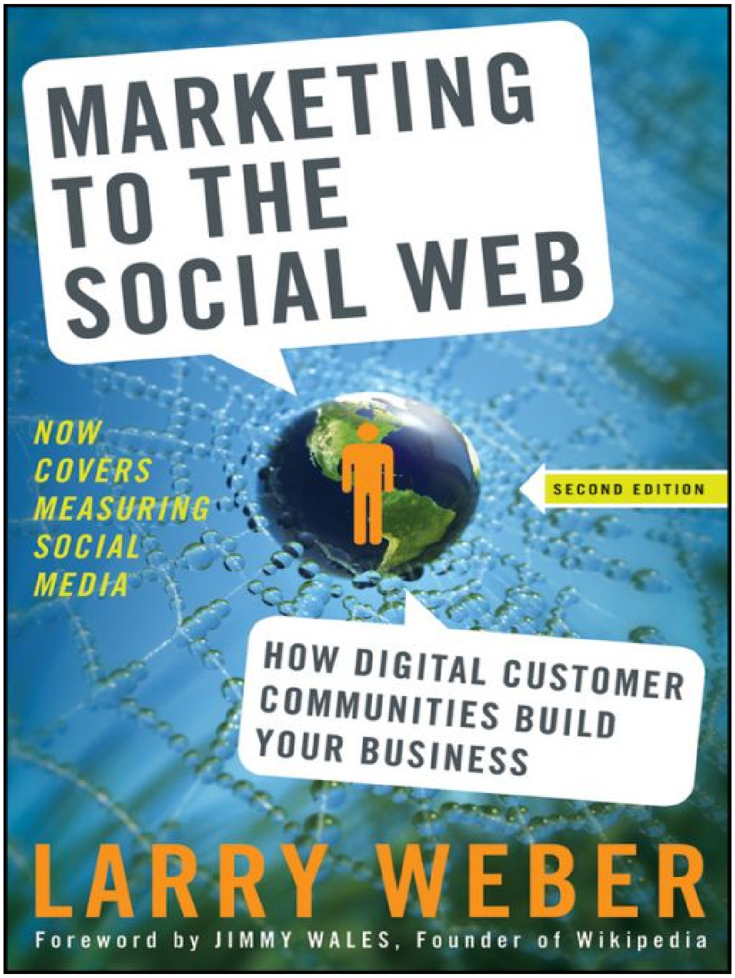
NOW COVERS MEASURING SOCIAL MEDIA

SECOND EDITION

HOW DIGITAL CUSTOMER COMMUNITIES BUILD YOUR BUSINESS

LARRY WEBER

Foreword by JIMMY WALES, Founder of Wikipedia



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MARKETING
TO THE
SOCIAL WEB

How Digital Customer Communities Build Your Business

SECOND EDITION

LARRY WEBER

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For Hannah, Julia and Geoffrey
. . . may your lives always be a
‘verb thing, not a noun thing’

FOREWORD

You may have heard Jimmy say his now famous phrase, "Imagine a world in which every person on the planet is given free access to the sum of all human knowledge. That's what we're doing." Had it not been for an important change in direction eight years ago, that phrase would never have been uttered.

The predecessor to Wikipedia was actually the free encyclopedia Nupedia, which was built upon the traditional peer-review model of academic research. In other words, a traditional approval and gate-keeping process was very much in place. And while Nupedia saw some growth during its two-year existence, it wasn't until the idea of opening up the contribution of content to everyone, and using a wiki platform to do so, that Wikipedia was born. What has made Wikipedia a global phenomenon is the idea that anyone interested in participating certainly can, which has given rise to a previously unprecedented collaboration based on a sense of ownership and community among thousands of volunteer contributors around the world.

Was it sheer luck that Wikipedia achieved its global success? Certainly historical timing was a benefit. But what really happened is that Jimmy and his employee Larry Sanger realized the old model of top-down uni-directional communication wasn't working anymore and that people were really looking for a sense of community and a voice.

When it comes right down to it, humans haven't fundamentally changed since their evolutionary ancestors first walked the earth—they've thrived on interaction and connection, namely community. It's this concept—the need for community—that Larry Weber drives home in *Marketing* *to the Social Web*. Weber understands what the new marketing is all about, which is not selling, per se. The end goal might be a sale or something similar, but in reality it's community and engagement that get people interested.

In this book, Weber helps marketers, whose job ultimately it is to introduce products and services to people who are sincerely interested in them, learn how to do it the right way. In chapter after chapter, he drives home the point that you can't fake sincerity, you can't fake authenticity, and you can't fake caring because the consumers, users, or participants that marketers are hoping to attract will smell any poser-like behavior a mile away. He accurately points out that "a brand is actually a living, changing thing, [and] 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."

So, while this is a marketing book with many practical tips, its underlying principle is respect for customers and consumers. For example, Weber encourages marketers that "when you start or join a social web conversation about your company or your competitors, you should be up-front about who you are."

Without being preachy, he also emphasizes the rise of branding and moral purpose on the web: "[Moral purpose] means offering value and acting ethically and transparently. . . . The ethics around doing business include: environmental responsibility, diversity in employment, considering the larger effects of the company's actions. . . . you need to have moral purpose embedded in your values, along with great products at a great price."

For marketers still somewhat unfamiliar—and perhaps uncomfortable—with the new rules of effective online engagement, particularly when it comes to measuring success, he offers practical suggestions such as looking at a blend of quantifiable and qualitative measures like share of voice, level of engagement, tone of discourse, evidence/quality of community, cost of market share and such things as how frequently and in what manner an organization is being discussed online, among other things.

Ultimately, *Marketing to the Social Web* is an excellent blend of theory, practical tips and how-tos, and fun and interesting case studies that will serve both marketers new to the Web and those more seasoned, making it a timely read for everyone interested in growing and thriving online.

—Jimmy Wales, founder of Wikipedia
and Andrea Weckerle, Communications
Consultant & Entrepreneur, New York City

PREFACE

In late 1993, I received a phone call from Michael Dertouzos, the founder and head of MIT's Laboratory for Computer Science. He said he wanted to see me for two reasons; first, to help promote the extraordinary innovations coming out of the lab, and second, to discuss the marketing of the recent work of a young British researcher who was moving to the lab from a stint at CERN (the Organisation Européenne pour la Recherche Nucléaire) in Switzerland.

A few days later, the larger-than-life Michael and a quiet Tim Berners-Lee were sitting in my Cambridge office. Michael spoke of the many things the lab had accomplished and the work in progress. He showed me a videotape of his 1980 appearance on the *Today* show to discuss the impact of the first personal computers on society. The interviewer pushed Michael to agree that the advent of the PC was just a fad, but Michael politely disagreed and went on to describe a world in which a large digital community would soon be formed by connecting all personal commuters so that people could easily communicate, shop, learn—even get advice from physicians on another continent. The interviewer just shook his head and broke for a commercial.

Then it was Tim's turn. He discussed his recent work, the development of a language called html—hypertext markup language—that he planned to layer onto the Internet to create a World Wide Web. He asked if I thought the name was catchy, and I smiled, because I really had no idea what he was talking about.

Michael explained he was forming the World Wide Web Consortium and he wanted us to help promote and educate the world. Now, some 16 years later, we still have not seen the full impact of this most important innovation of our lifetimes. Michael left us too early, and Bill Gates, to whom Michael often consulted on a variety of topics about the future, called his passing a major loss in one major newsweekly. Tim, now Sir Tim, continues to work on his next phase, the semantic web, and I heeded Michael's advice to study the marketing implications of the Web.

The Web has and will continue to change everything. A world of transparent content, mostly user-generated, broadband, rich media, and available on multiple devices, continues to evolve. Marketing at its best is the influencing of opinion through compelling content; doing so through the Web will get harder before it gets easier, but the change is gaining momentum. The Web has consumed almost all the traditional media: television, print, radio, and direct mail and will make marketing a set of dialogues. Companies will have to learn to contribute to these dialogues and share with their customers and potential customers. I've written this book to suggest how you can do just that.

—Larry Weber, Buenos Aires

PREFACE TO THE SECOND EDITION

In the 18 months since the first edition of this book was published, more and more companies have learned to stimulate and maintain dialogues with their customers and prospects on the social web. I would like to think that the first edition of this book has helped a good number of executives to think about ways to do so. But since the social web is evolving so rapidly with new tools, techniques, and opportunities, the book demanded a new edition to stay current.

This second edition has an additional chapter on the Facebook phenomenon and how marketers can use it. I've completely rewritten the chapters on blogs and measurements, and updated examples and illustrations in every chapter. To obtain the most current thinking about marketing to the social web, I've interviewed several more executives and quoted the most current research available.

Fortunately, the principles of marketing have not changed, so any marketing executive can read and apply the ideas in this edition. Those who do so will, I believe, have stronger brands, products, services, and customer relationships than those who dismiss the social web as just one more fad of the times.

—Larry Weber,
Waltham, MA

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First and foremost I must thank my phenomenal co-writer Wally Wood, who truly understood my goals, thinking, and organization around this important book, as well as our earlier book, *The Provocateur*. These books would not have happened without his skillful hand. Thanks to Marijean Lauzier for always supporting my visionary discretions. Jackie Lustig, Jan Baxter, Brian Cavoli, Kevin Green and all at W2 Group who gave freely of their time and talents to bring this book to fruition while making my “second” career such a joy.

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I thank my agent Jill Kneerim and my editor, Richard Narramore, whose subtle, but swift and clear touch has made this book a very good read. Also to all the great people at John Wiley & Sons, Inc., including Tiffany Groglio and Lauren Freestone, who made the “process” of turning words into this book as painless as possible.

Finally, and as always, I want to thank my family, especially Dawn, for their support and love of a dreamer businessman who wants to help good businesses become great.

PART **I**

Pandemonium: The Landscape of the Social Web

CHAPTER **1**

The Web Is Not a Channel

(And You’re an Aggregator, not a Broadcaster)

Learning to market to the social web requires learning a new way to communicate with an audience in a digital environment. It’s that simple.

It does not require executives to forget everything they know about marketing. It does mean that they have to open their minds to new possibilities, social change, and rethinking past practices. In the pages ahead, I look at what we can learn about these new possibilities and what the *social web* is all about.

Instead of continuing as broadcasters, marketers should—and will—become aggregators of customer communities. Rather than broadcasting marketing messages to an increasingly indifferent, even resentful, audience jaded by the 2,000-plus messages the average American is reportedly exposed to every day, marketers should participate in, organize, and encourage social networks to which people want to belong. Rather than talking *at* customers, marketers should talk *with* them. And the social web is the most effective way in the history of the world to do just that on a large scale.

The social web is the online place where people with a common interest can gather to share thoughts, comments, and opinions. It includes social networks such as MySpace, Gather, Facebook, BlackPlanet, Eons, LinkedIn, and hundreds (actually, as we'll see, hundreds of thousands) more. It includes branded web destinations like Amazon, Netflix, and eBay. It includes enterprise sites such as IBM, Best Buy, Cisco, and Oracle. The social web is a new world of unpaid media created by individuals or enterprises on the web. These new strategies, which have the capacity to change public opinion every hour—if not every minute—include:

> *Reputation aggregators* are search engines such as Google, Yahoo!, Ask, and Live. They aggregate sites with the best product or service to offer and usually put things in order of reputation. Mobile search is increasingly popular as people on the go check for a nearby restaurant, directions to a store, or the best price for a product.
>
> *Blogs* are online journals where people can post ideas, images, and links to other web pages or sites. Some appear on personal or corporate sites, while others are hosted on Blogger, BlogHer (for women), Weblog, Tumblr, and other blogging sites. The microblog site Twitter, where users post "tweets" of 140 characters at a time, is another twist. Lenovo's web-marketing vice president says, "I use Twitter to monitor tweets about our brand—looking for people having a tough time with our products. I also see a lot of opportunity to sell through Twitter, and I expect we'll open a 'deal' channel there soon."[1]
>
> *Topic-specific e-communities* are generally advertising supported although some are free. Business-oriented e-communities include dozens concerning IBM: for IBM interns, around different IBM products and services, etc.[2] Hewlett Packard has communities on its web site: an HP blade community

> and IT resource center forums.[3] There are interesting healthcare communities: Sermo for physicians and Patientslikeme, which has communities around specific diseases. There are communities involving sports such as KayakMind for people who enjoy kayaking.[4] Password-protected e-communities are growing especially quickly.
>
> *Social networks* are places where people with a common interest or concern come together to meet people with similar interests, express themselves, and vent. In addition to the examples I've already cited, other social networks include iVillage, Xanga, and Stumbleupon. Dopplr is an interesting site for business travelers who share their experiences with foreign hotels, restaurants, and attractions; it will also tell you when, say, three people you know will be in Paris at the same time you are. Some sites are devoted specifically to image-sharing, open to the wide world or restricted to a select few through password protection. YouTube (now owned by Google) serves up 10 billion videos a month to U.S. viewers alone; photos and videos posted on Flickr (now owned by Yahoo!) attract more than 40 million visitors monthly.

In traditional publisher- or corporate-controlled media such as newspapers, magazines, radio, and television, the communication is overwhelmingly one way. Professional journalists research and write stories that are edited and disseminated to the public.

Social media such as blogs, however, allow everyone to publish and to participate in multithreaded conversations online. Because bloggers, sometimes referred to as "citizen journalists" or even "citizen marketers," have no editorial constraints and have access to the entire Web, their posts can make or break personal, product, or corporate reputations.

Online communities started in the early days of the Internet and software companies encouraged “user groups” to test and experiment with new programs. The Well in California, CompuServe, and America Online built on that idea and began to attract people to the Internet who didn’t have a community or who felt somewhat on the fringe of the new social order, where the groups were a way to meet and bond with new people. As Reid Hoffman, the founder of LinkedIn. com, says, “It was almost like the frontier. Who were the people who originally went West? They felt they didn’t really fit with this society; were somewhat alienated; and wanted to take a big risk. So they got in their wagons and headed West to make something happen. That’s the reason why there was this fascination with things like chat rooms and message boards. Wow, you are with these people you don’t know. Anonymity was a big part of this because it was like this Wild West kind of community.”

Today, there are online tools to manage and present your identity, to communicate with people, to bring yourself online and make yourself heard. Today, individuals and organizations are founding Web-based communities at a mind-boggling pace. People are using the Web to find others with similar interests, to shop more efficiently, to learn about products and services, to vent about shoddy products and poor service, and to stay in touch with distant relatives and friends on the other side of the world.

As Microsoft CEO Steven A. Ballmer told the *New York Times*, “I think one pervasive change is the increasing importance of community. That will come in different forms, with different age groups of people, and it will change as the technology evolves. But the notion of multiple people interacting on things—that will forever continue. That’s different today, and we’re going to see those differences build. You see it in a variety of ways now, in social networking sites, in the way people collaborate at work, and in ad hoc collaboration over the Internet. You see it in things like Xbox Live, the way we let people come together and have community entertainment experiences. And you’ll see that in TV and video. It’s not like the future of entertainment has been determined. But it’s a big deal.”[5]

Here’s an example of social media at work. When BMW relaunched the Mini Cooper in 2002, widespread publicity and unconventional promotions (online and off) generated lots of test drives and got car sales in gear. Not long ago, Mini’s marketers spoofed the car-happy 1970s TV series *Starsky & Hutch* with *Hammer and Coop*, a series of six webisodes featuring car chases without ever mentioning the brand. To support the webisodes, they aired quirky movie trailers, dangled Minis off billboards, and cast the Mini as the star of fashion spreads in men’s magazines.

Mini has been a web-savvy brand with attitude from the get-go. It’s always packed its site with an ever-changing array of features: a build-your-own car configuration page; virtual factory tour; various games and screensavers; and special owners-only e-newsletters and community pages. Still, when the buzz started dying down, Mini’s marketing manager knew she needed more than a sticky web site and intriguing ads to reignite it.

Mini hired MotiveQuest to analyze online conversations about the brand and its competitors by monitoring posts on blogs and social networks as well as on specialized sites like Yahoo Autos.

MotiveQuest’s CEO, David Rabjohns, found that “Mini owners were not only talking about things like performance and handling but community type things like picture sharing, getting together at events, and personal etiquette, the Mini way." Not surprisingly, many posts involved non-Mini owners asking Mini owners about their experiences.

This analysis prompted Mini to ask its most enthusiastic supporters for help in rebuilding the buzz. Now the company invites bloggers to test drive new models and has a blogger who podcasts from special events like the cross-country "Mini Takes the States" festivals that bring thousands of brand fans (owners and non-owners alike) together for rallies, music, and more. The web site includes "Mini Mail" virtual postcards and other viral activities that let Mini fans get the conversation going in their own way.

Do more online conversations sell Minis? Trudy Hardy, Mini's marketing manager, says "we definitely see some correlation between online activity and how that affects showroom traffic. We look at the spikes that are going on in conversations and see if it measures against an increased amount of traffic to our site, which ultimately leads to an increased amount of leads we send to our dealers."[6]

I'd say the real value of social media here is in rebuilding the Mini's buzz and reinforcing the hip, non-mainstream attitude that distinguishes the brand from its rivals. Getting people to think "Mini" and talk to friends about the brand or check out the web site is more likely to steer them toward a purchase down the road.

Now take a quick look at what Dell is doing. You may remember the company was soundly blasted in the blogosphere for customer service problems. Today Dell is turning social media to its advantage by inserting itself into online conversations in a positive way. Dell aims to make 100 million additional customer contacts every year through blog posts, Twitter tweets, and brand-related e-communities. These contacts aren't directly sales-related—but they will help Dell start or keep conversations going with customers. Just as important, customers will have more opportunities to share information with each other and with Dell.

Of course, Mini and Dell are hardly the only companies learning to market to the social web. But they are harbingers of your future.

Pandemonium in Media and Markets

The marketing worlds are pandemonium these days. American consumers have more choices, more products, more services, more media, more messages, and more digital conversations than ever. Consider media:

- *Television*. Between cable and satellite, the average American household receives 70 or more television stations, a number that continues to grow, and the average time spent viewing continues to hold its own. Network TV and spot TV ad spending was down in 2007, however, even as prime-time broadcast TV product placements were up sharply.
- *Magazines*. Although publishers introduced more than 1,000 new magazines titles last year, the total number of titles, average magazine circulation, and single-copy sales continue to drift downward. National magazine advertising was up last year, but local magazine advertising went down.
- *Newspapers*. Newspaper circulation fell by 3 percent last year; in the past five years, it has dropped 8 percent, a plunge hastened by the Web. And advertising is following readers out the door, also dropping by 3 percent last year. Classified ads are shifting online to sites like Monster.com (jobs) and Craigslist.com (jobs and everything else). Small wonder that in a global survey of newspaper editors,

44 percent said most people will be getting their news online within 10 years (although judging by current trends, I’d say within five years, max).

- *Radio*. Satellite radio offers hundreds of channels of music, sports, news, and features, commentary, many of which are commercial-free. You don’t want to listen to commercials? Subscribe to satellite radio. Meanwhile, network and spot radio ad spending are both down, according to Nielsen.
- *Internet*. As more people and companies log on and join the conversation, Internet advertising expenditures are going up, up, up. According to eMarketer, ad spending on U.S. social-networking sites increased 70% last year to $1.56 billion and will exceed $2 billion this year.[7]

New product marketing is also pandemonium, for example:

- According to the Food Institute, marketers introduced over 16,000 new food products last year (over 2,500 new beverages alone). They introduced over 13,000 nonfood products—including 4,230 new cosmetics, 2,793 new skin care items, and 1,259 new hair care products.
- Exhibitors at the International Consumer Electronics Show introduced more than 10,000 new audio, digital imaging/video, gaming, home theater, home networking, mobile, and wireless products.
- Exhibitors at the International Home and Housewares Show introduced another 10,000-plus new small kitchen appliances, kitchenware, bath and shower accessories, decorative accessories, and personal care appliances.
- Exhibitors at the National Hardware Show introduced another 5,000-plus new hardware, home, and garden

items.

The list goes on: Exhibitors at the New York Auto Show introduced . . . Exhibitors at the Ft. Lauderdale International Boat Show . . . Exhibitors at the International Camping and Outdoor Show . . . but you get the idea—and this does not include business-to-business products and services. Or new pharmaceuticals and medical devices. Or travel opportunities . . . or educational offerings.

What's a marketer to do in this teeming mass of newnesses?

From Broadcasters to Aggregators

Before looking ahead, let's take a quick look back. Not so very long ago, marketers got the word out about their products or services in any way they could—newspaper and magazine ads, billboards, radio and television commercials. Each new medium added something. Magazines added color and national distribution to newspaper advertising. Billboards were in your face as you drove along the highways. Radio added sound and music. Television added movement and, even more than billboards or radio, intrusiveness.

Remember the days when the marketer controlled the message? About all television viewers could do was watch or get up to change channels (or go to the toilet), and for a good long time television advertising was incredibly effective. It still is for many products in many situations, but its very success brought about consumer reaction.

Today, 90 percent of the people who can avoid TV ads through TiVo, DVD recording, or the skip button on the VCR remote do so. In fact, only 18 percent of television advertising campaigns actually generate a positive return on the investment. And although total TV viewership has remained steady, new channels have fragmented the audience to such an extent that the broadcast networks NBC, CBS, and ABC have all lost audiences both relatively and absolutely.

Despite their shrinking audiences, these networks and other TV channels have continue to raise their ad rates; the cost per thousand (CPM) people reached of the average television commercial increased 265 percent between 1996 and 2005. CPMs continue to go up, even as the size of network audiences go down, so it's not surprising that TV advertisers are unhappy. Some big spenders—Procter & Gamble, American Express, McDonald's—have begun experimenting with alternatives, but no major advertiser has decided to do something else.

It won't be news to you that most advertising is incredibly inefficient. When you advertise in mass media, you generally reach far more people than the potential customers you intend to reach. But as long as the CPMs were small, who cared? A certain amount of advertising waste was a cost of doing business.

True, marketers have tried to improve their advertising's efficiency. They've tried to match audience demographics—age, sex, education, income, household size—to their target market. For example, beer commercials appear in sports programs that young men tend to watch and disposable diaper commercials in daytime dramas that young mothers often watch. Still, demographics don't really work very well in trying to identify a target market for most products. Middle-aged and older men drink beer; fathers buy disposable diapers.

For 150 years or more, marketers, through newspapers, magazines, and then radio and television, have been