

MARKETING TO THE SOCIAL WEB

How Digital Customer
Communities Build
Your Business

LARRY WEBER



John Wiley & Sons, Inc.

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

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PREFACE

In late 1989, 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 marketing some 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 lab's many accomplishments and the work in progress. He showed me a videotape of his 1980 appearance on the *Today* show where he discussed 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 computers 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 18 years later, we still have not realized the full impact of this

important innovation of our lifetimes. Michael left us too early, and Bill Gates with whom Michael often consulted on a variety of topics about the future, called his passing a major loss in one of the main news weeklies. 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, Summer 2007

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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, thanks to all the great people at Wiley including Tiffany Groglio and Micheline Frederick, who made the process of producing this book as painless as possible.

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

P A R T

I

Pandemonium: The Landscape of the Social Web

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 about.

Instead of continuing as broadcasters, marketers should—will—become aggregators of customer communities. Rather than broadcasting

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marketing messages to an increasingly indifferent, even resentful, audience jaded by the 2,000-plus messages the average American is reputedly 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, Friendster, Facebook, BlackPlanet, Eons, LinkedIn, and hundreds more. It includes branded web destinations like Amazon, Netflix, and eBay. It includes enterprise sites such as IBM, Circuit City, 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 Microsoft's new Live. They aggregate sites with the best product or service to offer and usually put things in order of reputation.
- *Blogs* (a contraction of *web logs*) are online journals where people can post ideas, images, and links to other web pages or sites.
- *E-communities* are generally advertising supported although some are free; they focus on professional media such as trade magazines. Examples include BusinessWeek.com, SmartMoney.com, and FastCompany.com. Less well-known e-communities include MediaPost.com, ASJA.org, and allrecipes.com.
- *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, there's iVillage, Xanga, Stumbleupon, MedNetwork, and Flickr.

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,” 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; 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 don’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* during a recent discussion about the future of software, “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

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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."¹

Here's an example of social media at work: Not long ago, Gillette became concerned that the scruffy, unshaven look was becoming popular among young men. While the look went back to Don Johnson and George Michael, it seemed to be spreading through fashion ads, men's magazines, and television actors. Clearly, Gillette's shaver business suffers when men shave less.

Gillette and its advertising agency, Digitas, came up with a campaign to influence behavior change in men. They created a video that looked as if someone had recorded a television news report of women around the world demonstrating against unshaven men and put it on YouTube. They also established a website, noscruf.com, which purports to be the home of the National Organization of Social Crusaders Repulsed by Unshaven Faces, with the motto, "Let's end the trend of prickly, scratchy, stubbly faces. We're not going to shave until men do." There is a picture of bikini-clad "Terry Tarentelli, swimsuit model and NoScruf Founder," with hirsute armpits and legs.

The site offers visitors a short movie, "In Your Dreams, Stubble Boy," in which the unshaven hero's girlfriend asks him to consider a world in which women stop shaving and withhold sex until men change their ways. Site visitors can forward the film, e-mail their feelings about stubble to unshaven friends, and join the movement.

What the site does not show is any connection to Gillette or Digitas. Nor has the corporation run ads for NoScruf.org; visitors have had to find it either via YouTube or through friends. Within six weeks of launch, more than a million people had found the site. Six months later, the counter at the bottom of the site showed over 12 million visitors. "We'll see campaigns like this more and more as people spend time online," says Wendi Smith, a spokeswoman for Gillette. "You have to earn the attention of consumers here more than any other

medium, partly because we're accustomed to surfing and it's easy to click away. Also, consumers are not necessarily going to go directly to a marketer's site, therefore we need to do something entertaining to grab them. In the beginning of a campaign, launching unbranded can spark interest and engage consumers."²

Did the site sell a single razor for Gillette? I suspect no one knows (and Gillette certainly isn't talking). Did it change the attitudes of some young men and women about the scruffy look? Probably. With 70 percent of the razor market, anything that encourages men—and women—to shave helps Gillette. This is just one example of marketing to the social web. It's a harbinger of your future.

Pandemonium in Media and Markets

As Gillette's managers know, 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. Because some news viewers are migrating to the Internet, NBC Universal recently announced that it intended to reduce its newsgathering staff by 5 percent, or 300 people—and perhaps much more to offset advertising losses from its prime-time schedule.
- *Magazines.* Although publishers introduced more than 1,000 new magazine titles last year, the total number of titles, average magazine circulation, and single-copy sales continue to drift downward.
- *Newspapers.* Newspaper circulation has been falling, a plunge hastened by the Web, and advertising is following readers out the door. Classified ads are shifting online to sites like Monster.com (jobs) and Craigslist.com (jobs and everything else). And while

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newspapers have not yet begun to shut down in large numbers, it is only a matter of time. Newspaper jobs are already disappearing. According to the Newspaper Association of America, the number of people employed in the industry fell by 18 percent between 1990 and 2004.

- *Radio.* Sirius satellite radio now offers 55 channels of sports, news, and commentary and 69 channels of commercial-free music. XM Satellite Radio, which may have merged with Sirius by the time you read this, offers 150 channels of commercial-free music. You don't want to listen to commercials? Subscribe to satellite radio.

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 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 continue to raise their ad rates; the cost per thousand (CPM) people reached by the average television commercial increased 265 percent between 1996 and 2005. Television advertisers are not happy, and some big ones—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 broadcasting their messages to a potential market that they defined as well as they could. Advertisers have tried to put their ads in front of those prospective customers most likely to buy the company's product or service. But the goal has always been to reach as many people as possible with the hope that enough paying customers would respond to make the investment pay.

Today, sophisticated marketers realize that what worked in the past is not working (or not working well) now—and they need a new approach. As A. G. Lafley, the CEO of Procter & Gamble, told his executives, “We need to reinvent the way we market to consumers. We need a new model.”

The Web Is Not a Channel

Steve Ballmer's observation hints at how thoroughly the social web will change our world. A century ago, although no one knew it at the time, the first automobile was not simply a self-propelled buggy. True, it got you from one place to another, but it also changed the face of the country, the design of cities. It changed courting behavior and where people could live and work. Similarly, television was not simply radio with pictures. By showing ordinary people in Eastern Europe and in the Soviet Union the lives of ordinary people in the West, television affected history. By showing Americans the Vietnam War in living color, television changed American society.

The Web will have as profound an effect on society as the automobile or television. In fact, we're only beginning to glimpse the Web's implications. For instance, the Web undoes some of the effects of 50 years of television. Remember how, in the early days of televi-

sion, the ads and many programs showed the happy family—dad, mom, son, and sister—sitting together in front of the living room television? Today the reality is more like dad, mom, son, and sister all watching their own sets in separate rooms. Rather than bringing people together, television has, in many senses, brought about more isolation. People are home alone even if others are in the house; it is easier to click on the TV than go out to a bowling league, lodge night, or card game with the girls. In contrast, the social web, through the dialogue it encourages, is beginning to bring people together.

Since the dawn of the television age, the message of virtually all commercials has been: Buy! Buy! Buy! The unspoken contract was: Somebody's got to pay for your news, entertainment, diversion and that's advertising, so Buy! Buy! Buy Now! Broadly speaking, for the past 60 years, most marketers have debated how to use television, radio, print, public relations, direct marketing, the Internet, customer retention programs. What is the best medium to reach our market? What are our customers reading, watching, listening to? How can we attract their attention, stop them from turning the page or changing the channel? How can we best tell them about our product, our service, our benefits, our value?

For the past 10 years, corporations have been trained that they should use all the different media—newspapers, magazines, direct mail, television, public relations, and then the Internet. But the Internet is becoming the umbrella. Managers have to understand that the Web is rapidly becoming the most important marketing medium. If you are a corporate marketer, you don't just drop some ads onto websites the way you have dropped 30 spots into television shows or a color spread into a magazine. A symptom of how things are changing: almost two-thirds of the commercials during last year's Super Bowl were designed to send viewers to a digital destination.

But as you've noticed, people don't want to be sold. They are doing their best to avoid commercials. They have pop-up blockers to screen out the ads on the Web that are a distraction. Early Web advertisers, who saw the medium as just another advertising channel, treated it like a magazine ad equipped with sound and motion. But banner ads and pop-ups are not the best way to market on the Web.

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What people do want is news and information about the things they care about. They want to be able to find out about the things they care about right now. One recent midnight, a friend's dog tangled with a skunk for the first time. She had no tomato juice, the traditional folk bath for a skunked dog. Five minutes on the Web, however, and she'd found a formula that included hydrogen peroxide and liquid dish detergent that she could mix up and destink the dog.

Community building—with communities focusing on a specific common interest—is one of the fastest growing applications on the Web. Examples include: ITtoolbox.com, where information technology professionals swap opinions on technology products and services; BootsnAll.com, where budget travelers share advice about, say, the best hotels in Katmandu; iVillage.com, where women trade ideas about diet and fitness, love and sex, home and food; HealthBoards.com, which has subgroups on 140 diseases that serve as forums for people to share experiences and discuss problems or new discoveries; and LinkedIn.com, where professionals go to network. All of this means that the Web is continuing to evolve.

Four Generations of the Web

During the first phase of the Web, 1990 to 1995, the focus was HTML and site building. I was present at the beginning. My experience with the Internet began in 1989 to 1990 when Michael Dertouzos, then the director of MIT's Laboratory for Computer Science, asked me to help promote the lab. It had developed a number of groundbreaking technologies—from RSA security to the spreadsheet to Ethernet—and Michael had successfully recruited Tim Berners-Lee to work on HTML at MIT. I helped lead the announcement of the World Wide Web Consortium based on the development of HTML.

We did early work for America Online (AOL), helping them establish and market early communities, then called chat rooms. The popular ones were for breast cancer survivors, Boston Red Sox fans, and personal finance. We helped Monster.com build its community,