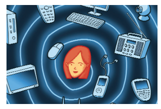
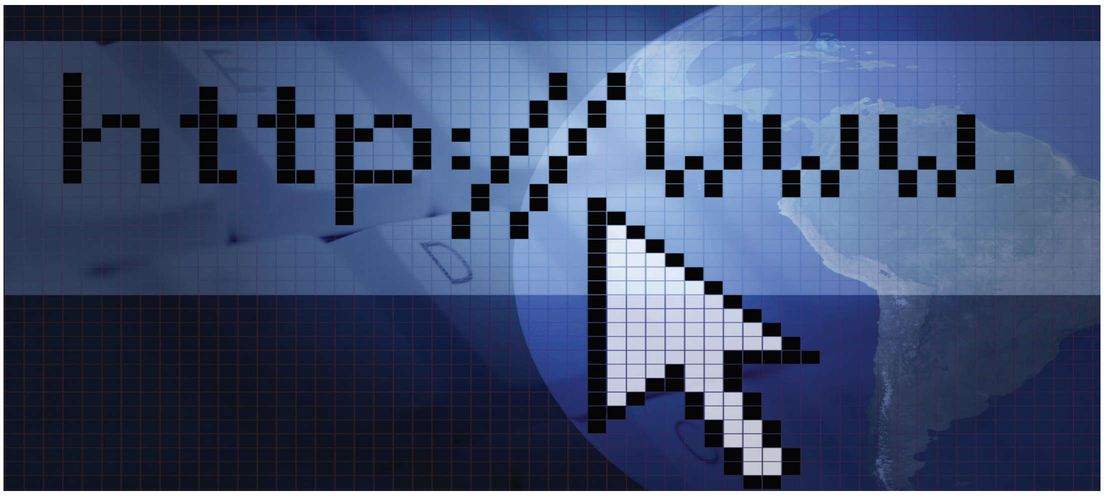


Web 2.0 is not about technology: it's about human relationships

By JOHN GRIFFITHS

Griffiths argues that companies are ducking the major challenges of Web 2.0 by treating them only as internet/customer communications issues. In fact, the challenges to make companies more accountable, accessible and human, represent seminal changes to company structures and business models



PICTURE A STATUS meeting in a modest-sized marketing department. The marketing director has asked the junior marketing executive to report back on the Web 2.0 conference he sent him on. The youngster was chosen to go officially because it was good for his career development (he'd also been most useful in helping the marketing director to set up his Facebook page) and unofficially because the marketing director wondered if anybody else in the department would have been able to make head or tail of it.

The junior exec took the floor and for 15 minutes bombarded the team with talk of blogs, social media and user-originated content. When he had finished the marketing director sat back: 'This is all very interesting but what tangible recommendation would you make?' The reply was something called a research community, which would cost two-thirds of the annual research budget and would provide apparently 24/7 contact with a range of customer stakeholders.

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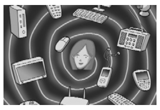
It all sounded rather too radical so the marketing director asked if there was a quick win or two. To which the executive replied, 'Well I've talked to our ad agency several times about putting all our ads on YouTube so people can watch them whenever they want but apparently they're worried about digital rights and repeat fees.' Before closing the meeting the marketing director asked if there was any other business.

One of the product managers asked what she should do about a letter from an enthusiastic customer who had set up a contest to test their product against a competitive product – all as part of a light-hearted night out, and could they have some branded T-shirts and badges as part of the team? The other product manager cut in, 'I've just had a customer send me a video of his daughters using our latest product – he was quite proud of how prominent he had managed to get the logo – he was wondering if we were interested in using it as part of our publicity'.

'That's nothing', said the marketing manager, 'I've had a newspaper on the phone about our sponsorship of one of the British athletes travelling to the Peking Olympics



this summer. They want us to clarify our position on human rights in China and how we police our suppliers in China to ensure they are treating their employees fairly.'

The power of Web 2.0

I begin with this anecdote because it demonstrates the range of challenges businesses face now that Web 2.0 is upon us. The examples I give are typical of those I have heard in the last year. What I want to show is that the biggest challenges aren't coming from the internet and new technology but rather from the different kinds of relationships customers will demand from companies. It will take more than sending colleagues to internet conferences to paper over the cracks.

The cultural changes – more sophisticated and involved consumers, less trust, more criticism – are real. The point is that Web 2.0 has enabled these changes to impact businesses much faster than would otherwise have been the case. Note that none of the examples given by the hapless product managers were internet based. The ability of ordinary people to engage with businesses using the internet has meant that businesses are now subject to a level of dialogue with their customers that was unimaginable even five years ago.

Web 2.0 is defined in all sorts of vague ways. But simplest explanation is this: the first era of the internet allowed companies and individuals to post millions of pages of information (at a stroke undermining the need for printed instruction manuals and product brochures). We are now into the second era of the web, which allows people to use it not just to access or publish information but to interact with each other. Hence the rise of instant messaging, blogging and social networks.

The internet has always had bulletin boards and chatrooms but, for the first time, the vast majority of inexpert surfers are using the internet to communicate with each other, not just using text but the full gamut of multimedia, much of it sourced from the now ubiquitous mobile phone.

The *Cluetrain Manifesto: the end of business as usual* fired the warning shot. Published in 2000, this book told us that markets were conversations and that companies could no longer keep up. Employees could no longer be controlled by corporate mandate and needed empowering to keep the conversation going, often by proffering their own opinions and making their values more explicit.

Eight years ago that kind of heresy could be (and was) brushed aside as propaganda from the digerati: fine for Silicon Valley but unacceptable and unworkable elsewhere. Today every business has to deal with market conversations as a reality. And, to recognise that, we have to work harder to control the conversation.

There are three features of the new environment that companies have to address. Business start-ups now do this routinely but for established businesses the changes are deep seated and painful because they involve changes in the whole way the business is run and how the business engages, not only with its consumers but also with the suppliers that mediate between consumer and company.

1. Sharing the neighbourhood with your customers

The first is the new common space where customers live in much closer proximity to companies and behave more like neighbours. Good neighbours talk to each other and worry about the neighbourhood. Mass marketing came about because companies were so far from their customers and needed to find out what they thought in order to produce the right products, and needed to promote the products because customers couldn't find out about them for themselves.

But now the distance between companies and their markets has been cut drastically. People squeeze their way through the many gaps that have opened up in the corporate armour. And they don't just want to talk about products any more. Nor to focus on key product features as outlined in the sales plan. They may not even be using the products as they were designed to be used and, far from being embarrassed or diffident about this, may be intent on promoting unconventional applications with or without your permission.

The implication of this is that companies have to learn to talk to their customers much more regularly and to make it possible for their customers to talk back – and to be ready to handle their responses when they do, recognising that responding to these may significantly impact the way the company operates. For example, mrandmrssmith.com writes reviews and guides for boutique hotels and restaurants. Its customers are supposed to use its website to find the best. So it wasn't best pleased to discover a group of its customers banding together one weekend last year to write their own reviews! Cadbury's Wispa chocolate bar is back. Allegedly because of upwards of 80 pressure groups on Facebook lobbying to get it reintroduced.

How research is conducted

This shift has massive implications for how research is conducted. The newest component in the arsenal is the research community – rather like an old-style panel but online using a Facebook-like interface. These can be run with all the paraphernalia of blogs, videos, bulletin boards and generate feedback 24/7 worldwide. They can be run for a month or for a year.

The BBC World Service recently relaunched using just such a resource. Some clients get so hooked they didn't want to turn it off and opted to run it themselves, providing a stream of quantitative measures and qualitative feedback straight into the client organisation.

Having customers and stakeholders permanently plumbed in to your company is threatening the hegemony of research companies. What exactly is the research agency bringing to the relationship? No wonder ethnography, semiotics and anthropology are all the rage. Every debrief is awash with multimedia and stimulus material created during the process. This is because research companies have to deliver so much more than the opinions of the general public. People can do that for themselves.

2. Free content freely distributed

The second factor is the universal availability of content and the collapse in costs. What people were interested in used to be so expensive that advertisers won access to mass audiences by subsidising the cost and in return everybody had to watch advertising whether they wanted to or not. People are spending proportionately more time watching content that isn't supported by advertising, reducing the opportunities advertisers have to reach them with conventional advertising.

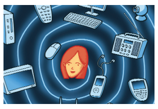
The IAB Online Adspend study found that audiences spend 35% of their time every week watching TV, but 27% surfing the internet. And advertiser spend on the internet is only two-thirds of what it is on television and is much more diffused because of

Nike: word-of-foot marketing

In 2007, Nike spent just 33% of its US$678 million advertising budget on ads with television networks. That is down from 55% ten years ago.

Nike has increased its non-media spending by a third in the last three years. It now spends twice as much on non-traditional media as it does on conventional. Nike executives say they want to spend the budget on services for consumers like workout advice, online communities and sports competitions. 'We want to find a way to enhance the experience and services rather than looking for new ways to interrupt people from getting to where they want to go', says Stefan Olander, Global Director for Brand Connections. And much of Nike's advertising has been switched to the internet where people can opt to watch longer messages in their own time when they choose.

Nike executives contend that as customers spend more time online running their virtual lives, connecting with other people by typing rather than by talking, what Nike wants is a physical interaction with customers. That's why the third floor of the New York Nike store is called the running club and is used to support runners and joggers, with whatever brand of trainers they are wearing, using coaches, pacers, information about running routes and the ability to compare training times with other runners using the Nike + sensors built into the shoes that track progress on the ipods the runners carry. The goal is to use the club to endear people to the brand and to provide opportunities for them to try products. Nike calls this word-of-foot marketing.



the billions of pages that people are browsing. There is so much free content available that people aren't nearly so dependent on advertiser-generated content.

Of course they haven't stopped using advertiser-supported media, but as they become more discriminating, the programming streams are breaking up. People appear to be equally happy to browse content made by amateurs as by professionals. If the only content you provide them with is hard sell of your products then unless they are actually in the market they aren't going to bother with it. This means you need to become a publisher or aggregator of content that your customers do find interesting.

The media content manufacturers need to demonstrate that they can deliver more bodies at a lower cost per thousand than the emerging pull streams or even channels that you run yourself. At the 2008 Broadcast Forum I was startled to discover IPTV (Internet Protocol Television) companies targeting churches to persuade them to turn their video channels (normally used to beam content from auditoriums into overspill areas) into programming streams that could be beamed to aggregate audiences across the internet. Indeed, some of the biggest churches in London are repackaging sermons, music and seminars in MP3 or video formats for people to download onto their iPods.

Every organisation has within it presentations, demonstrations, images, audio and video content of all kinds. What most don't have is a content strategy to organise this material and to orchestrate its re-use and distribution.

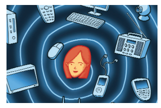
Ownership is a vexed issue. In January 2008 Hasbro hit the headlines because it discovered that a Bangalore start-up had provided a third-party plug-in for Facebook users called Scrabulous. The number of people downloading this application had passed two million and the number of people playing Scrabulous daily was reported to be half a million. Hasbro called it breach of copyright and got the application closed down. On the face of it, the decision is hard to fathom – most brands would give their eye teeth to be handed half a million daily users for no marketing cost. After all, playing a game on a social network is hardly a substitute for playing Scrabble in real life. On the other hand, Hasbro would claim that the game would never have achieved its success without appropriating the Scrabble brand.

Where does this leave advertising? It pains me to say this, having spent so much of my career on the agency side, but until agency suppliers change their business model the relationship between client and supplier will necessarily be adversarial. A creative agency earns income by charging for the creation of promotional content that has a narrow, specific use and is often discarded long before it has worn out. Then the agency puts forward proposals for making more.

The current business model of agencies doesn't allow them to collect or aggregate third party content or, for that matter, to make content that can be used flexibly. You still need advertising but probably not as much as your agency says you do. And you don't need to change it so often either. Push media deliver higher response figures than pull channels do, so you need a mix of both. But what you also need is content that supports your branded messages. For example, John Grant reports a conversation with the marketing director of Boots, who said that to increase sales of skincare products and cosmetics to British women he had to persuade them to think like French women. And the way to do that was using a series of TV programmes, not an advertising campaign. How interesting that Innocent drinks has taken its promotion in-house. Here is a company with a creative director who reputedly designs an item of packaging every single working day. What do your agencies do that really you should be doing yourself?

3. A demand to know more about what companies stand for

Third, companies need to develop, enrich and expand their opinions. Most companies express very one-sided ones about their products, which makes them predictable. The received wisdom has been that having opinions about anything else may antagonise part of your mass audience. But the mass audience is mostly gone now. Instead you will find that having an opinion is one of the



best ways to get the attention of your customers. Of course, in recent years, companies have been forced to develop specific policies for recycling, carbon footprint, fair trade, food labelling and advertising to children.

But the forward-looking companies are starting to editorialise about lots of other issues as well. Did you know that Microsoft is building server centres in some of the colder places in the world – Alaska, Siberia and even Scotland? If you want to keep your computers cool then it helps to put them in a cool place to start with. If you need energy then why not move your plant to North Africa and put out some solar panels? There is more to carbon neutrality than generating lists of carbon offset trades.

The less people know about you, the more they will attribute your mistakes to cynicism or incompetence. Woolworths has just withdrawn its Lolita bedroom furniture range targeted at 6-10-year-old girls. Apparently nobody in Woolworths had heard of, much less read, Nabokov's novel. Clearly they don't read the tabloids either. What are we supposed to think when we learn that Butterkist's Simpsons popcorn contains over 60% of the maximum daily salt intake of a 3-year-old child? Doesn't it know what the intake levels are? Or is this another case where it is left to parents to make healthy choices?

Brands who behave in this way are conveying messages about the brand in spite of what they say in their promotional material. In January, Ryanair's response to the ASA's ruling against a Ryanair press ad featuring a Lolita-like character, was that 'it was censorship by self-appointed dimwits'. Hardly a model of corporate responsibility, but consistent with a company that offers low prices but not a lot else – plain speaking that has a branded effect.

There seems to have been a growth in the number of celebrity business leaders and owners who are not short of personal opinions about the way they conduct their business. This kind of editorialising is much cheaper than paid-for advertising and communicates the values of the organisation in a more compelling shorthand than mission statements.

Opinions travel further and more cost effectively than promoted messages. I checked with BodyShop Corporate PR about how they had responded to the sudden death of Anita Roddick. 'We opened a book of condolence in every one of our stores worldwide. We're still collecting them to pass back to the Roddick family.' Did the stores close? 'We discussed it but in the end it was just a few in the Littlehampton area, where she began.' A measured response but nonetheless personal.

More accessible, more human companies

The slipstream from Enron has pushed businesses the wrong way. An obsession with compliance led companies to redouble their efforts to refine business processes to ensure that humans couldn't subvert them. But, in doing so many companies have become more mechanical precisely at the time when they need to become more human in order to engage with the newly empowered markets.

Web 2.0 isn't about technology: it is about the humanising of business. I genuinely believe that the rate of change often trumpeted at marketing conferences won't continue at the same pace. The way our companies work hasn't changed significantly since the Industrial Revolution. The Web 2.0 orientated company is going to be around a lot longer. ❦

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