



New Strategy for Enterprise Competitiveness

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Strategy | Marketing | Innovation | Knowledge | Technology

Changing the Game with Web 2.0: Golden Opportunity for Marketers

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Agenda

All buttons and many
logos linked to
additional content

What to understand: Web 2.0 Means Marketing 2.0

- The context for Marketing 2.0
 - The digitization of word of mouth drives marketing transformation
 - The double value proposition
 - Marketing 2.0 examples: the voice of the customer

What to do with Web 2.0.. for 2009 and beyond

- Marketing 2.0 roadmap
 - The big picture
 - 2009-2010 action steps
 - Career enhancement tips

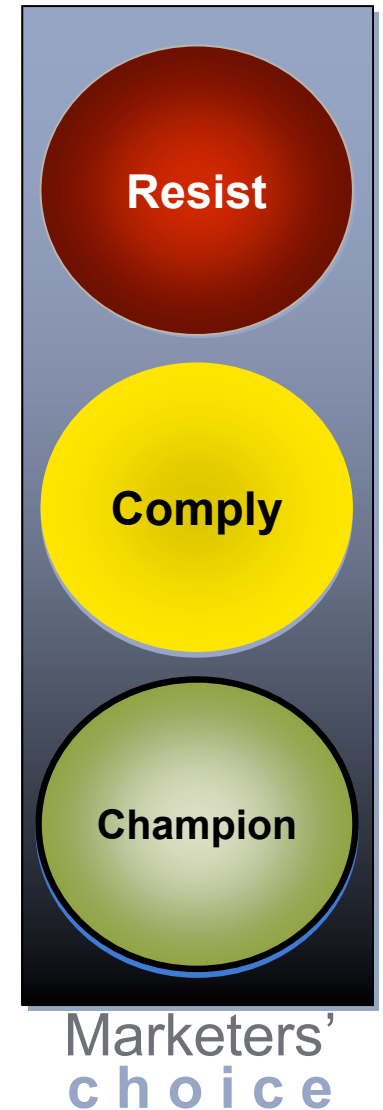
Marketing 2.0 Context: Chris Rollyson, 20 Years of Experience with Enterprise Transformation

- Human capital: people
 - Coached executives to thrive on economic changes
- Technology: the Internet and enterprise software
 - Leading role in launching Java as an enterprise solution
 - One of the Midwest's first corporate Internet businesses
- Business process: e-business and knowledge
 - Corporate change agent at Big Four consultancy
 - Built websites, intranets and extranets to change business processes
 - Principal and subject matter expert at (another) Big Four consultancy
 - Led strategy engagements with auto, energy, CPG, financial services and others on creating the "real-time enterprise"
 - Business strategy for start-ups: transform industries with innovation
- Marketing & relationship: consumer empowerment
 - Customer-led communications revolution: what creates value and how
 - Globalization of colleagues and customers: P2P technology, relationships
 - What will stay the same, what will change



Marketing 2.0 Context: Definitions and Drivers

- Web 2.0
 - Blogs, wikis, social tagging, RSS, mashups, pod/videocasts
 - Social networking: creating/maintaining relationships digitally
- Marketing 2.0
 - Apply Web 2.0 to marketing and customer relationships
 - Adapt tools that were developed in the consumer context
- Marketing 2.0's double value proposition
 - Costs: sharply reduces communication and administration cost
 - Revenue: increases innovation, customer stickiness, brand



Marketing 2.0 Context: Brand-Building

- A distinct new flavor
 - Transparent and digital word of mouth
 - A new kind of interaction, different rules
 - Not your father's Oldsmobile, or your mother's
 - Social networks are the native way to get in this game
- Customers expect you to be there
- Like the Web in 1998, but:
 - Easier technically
 - Harder culturally: change how your firm relates to people

Your brand:

*Not what you
say it is..*

***What they say
it is***

More

Marketing 2.0 Context: Relationship Key to Success

- Customers don't care about products and services
 - They want experience
 - They don't owe it to us to buy our stuff
 - Increasingly, “experience” means interacting with other customers
 - Inspire with interaction
- Focus and act
 - Get over selling and marketing
 - Word of mouth is not for money
 - From mass to long tail markets

***Relationship:**
actionable in
the Web 2.0
world...*

*and
increasingly
expected*

More

Marketing 2.0 Context: Location, Location...

- Go to where the customers are
 - The transaction cost is lower when you are on LinkedIn, Facebook and Twitter
 - One-click participation
 - Leverage your customers' networks
- Some demographics
 - LinkedIn: 43,000,000 executives
 - Facebook: 300,000,000 educated
 - Twitter: 44,500,000 digerati
 - MySpace: 264,000,000 everybody
- People interact *with each other* at low transaction costs

Knowledge

/s

Social

/s

Business

Marketing 2.0 Context: Elements of Strategy

- What's not changing
 - Who your customers are
 - Customers' demand for your product/service
- What is changing
 - The ways customers communicate
 - How customers make buying decisions
 - The economics of engagement.. how everyone communicates
- How to take advantage
 - Focus on stakeholders, not technology
 - Understand the ecosystem and how you fit in
 - Go to where your stakeholders are
 - Create new venues where they can do unique, relevant things
 - Align your company with them by putting them first



Marketing 2.0 Examples: Wells Fargo

The Wells Fargo logo, consisting of the words "WELLS" and "FARGO" in a yellow, serif font, stacked vertically on a red rectangular background.

Marketing 2.0 highlights

- A long-time online banking pioneer, Wells Fargo has been blazing the trail by assigning Web 2.0 to the front lines, customer-facing processes
- The bank's "hundreds of blogs" have become the most-read nonbanking pages on wells Fargo.com
- 2007 website redesign incorporates Web 2.0 features and content
- First bank with a business banking blog
- First bank with a Second Life presence and first bank on MySpace

Key insights

- All bloggers are team members who have other full time jobs
- They add blogging - writing, posting, reading, replying - on top of those jobs
- Bloggers are not communications people

"The updated Wells Fargo website takes a customer focused approach to ease access to most wanted features (and the bank has seen a 50% increase in online applications."

– Paul Penrose, finextra

Marketing 2.0 Examples: Procter & Gamble



Marketing 2.0 highlights

- Innovation is a core strategy at P&G
 - How consumers use products in their lives
 - Marketing adds value to products
- P&G sources 50% of innovation from outside;
 - Crowdsourcing (chemical) engineering
 - Intend to do it with marketing
- Marketing 2.0 key to innovation
 - Gen Y works this way; they are key to demand
 - It is contagious; P&G's blogs began on an old \$1,500 server; now they have 200 very active

Key insights

- P&G is very data and ROI driven; however:
 - ROI is very appropriate for stable processes
 - Innovation is a different kind of process, so don't measure it like a manufacturing process
- Make innovation investments in small chunks
- People are making negative comments anyway; you might as well be in contact with it

"The worst mistake is not letting go of control; you have to let people learn, and innovation is a different learning process. You can approach it this way if you chunk investments small."

— Stan Joosta, Innovation Manager, P&G

Marketing 2.0 Examples: Southwest Airlines



Highlights

- Southwest CEO Gary Kelly asks, “How can an airline make you more productive?” on LinkedIn Answers
- Receives 27 executive responses
 - Immediate passenger insights into how SW can add value to business passenger experience
 - Note: question not about Southwest
- The question and answers are seen by 100s of other executives in the forum

Key insights

- Achieves real-time feedback and marketing goals
- Fast, free, part of profile, actionable

*How would it make
you feel if the CEO of
a major brand were to
ask your opinion
about his/her
business in an open
forum?*

Marketing 2.0 Examples: CNBC



Highlights

- LinkedIn members share CNBC news, blogs and video on LinkedIn
- LinkedIn community content is broadcast on CNBC
- LinkedIn survey results and on-air Q&A with CNBC anchors and reporters

Key insights

- CNBC content recommended by LinkedIn executives to each other
- CNBC reporters can query LinkedIn's executive members for news stories
- Real-time collaboration

This is the perfect collaboration between CNBC's viewer base of well-educated and affluent professionals and LinkedIn's powerful professional network."

– Mark Hoffman,
CNBC President

Marketing 2.0 Examples: Mayo Clinic

facebook.



Highlights

- Facebook site lets patients connect with each other
 - Patients tell their stories, in their own words
 - Digitizes the word of mouth that's always happened "over the back fence"
- Podcasts of doctors talking about diseases
- Co-creating experience
 - Prospects, patients, employees
 - Sharing personal experience

Key insights

- Facebook enables people to affiliate with Mayo as "fans," developing community
- Podcasts are a broad distribution medium
 - Enable listeners to access in small chunks
 - Create additional leverage for costly video content

"This is a new reality...

*It is how people are
communicating now."*

– Lee Aase, Manager,
Syndications & Social
Media, Mayo Clinic

Marketing 2.0 Examples: Obama iPhone App



Highlights

- One-click participation
- Supported key business processes
- Multimedia
 - Phone: make calls
 - Web browsing and email
 - Video, photos
- Twitter, Facebook, LinkedIn, MySpace

Key insights

- Reduce cost of engagement
- Chunk contributions small
- Leverage mobility: people can help from anywhere, at any time
- More: Obama social media case study
 - <http://globalhumancapital.org/?p=216>



Marketing 2.0 Examples: jetBlue Airways



Highlights

- Customers know what's happening and how to contact jetBlue
- Customers have become eyes and ears
- jetBlue adjusts and tells people real time

Key insights

- Define your audience and your voice
- Watch and listen to customers and competitors
- Monitor every blog, but you don't have to respond to everything
- Ask for feedback constantly, and plan for the hard questions
- Stay involved; this is a 24/7 proposition
- More: jetBlue social media coverage
 - <http://globalhumancapital.org/?p=215>

*"Twitter enables us to monitor what's happening, to react and communicate quickly, to inform and to **humanize.**"*

– Morgan Johnson,
Manager Corporate
Communications

Marketing 2.0 Examples: Serena Software

facebook



Highlights

- Global software company with 600 employees, many in home offices
- Ditched intranet for private Facebook group

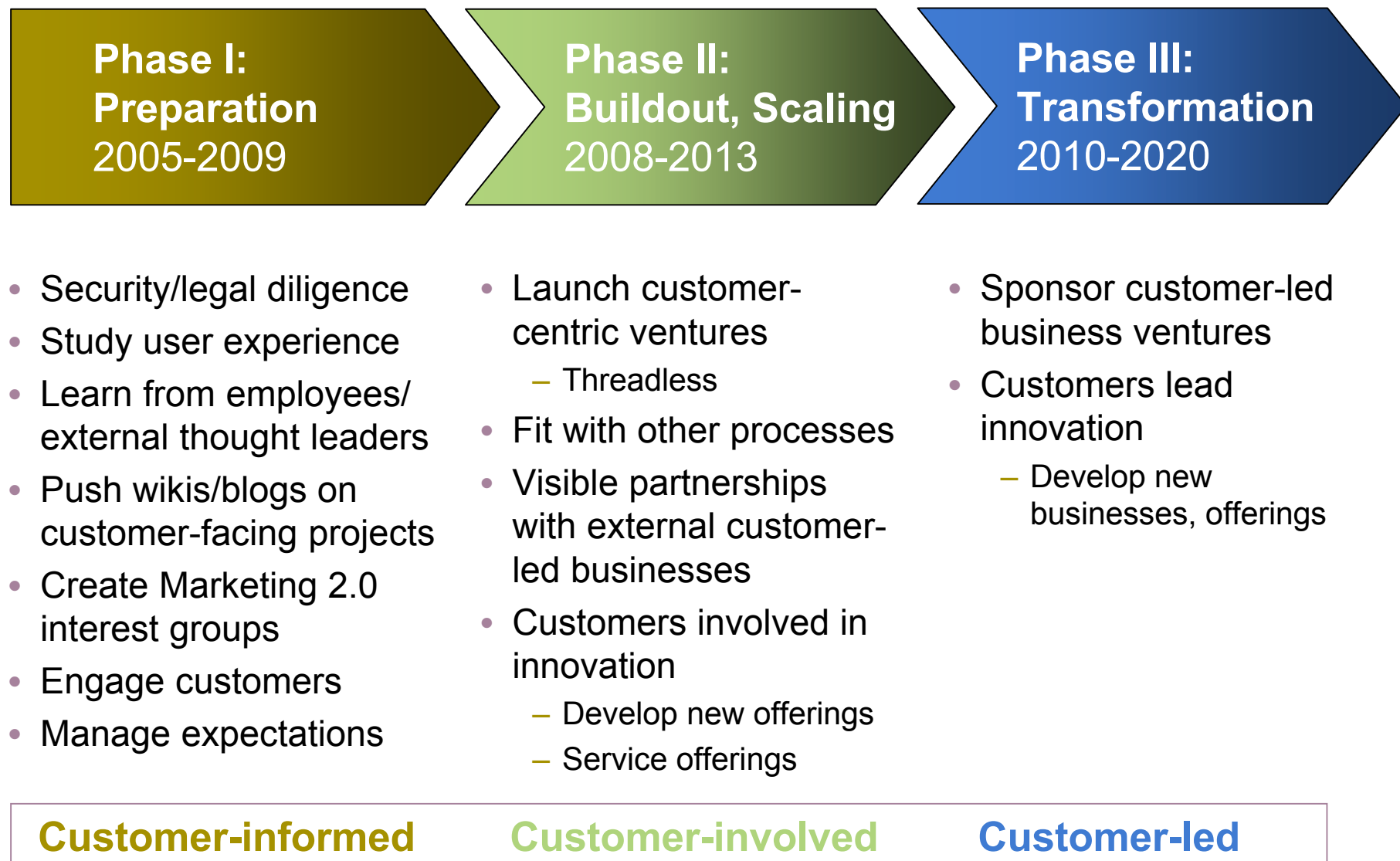
Key insights

- Facebook gives social information and breaks barriers within global work force
- Changed the culture, updated to Web 2.0
- Much better communication and easier collaboration
- Easier to connect with clients and prospects with separate public Facebook group
- Gateway to behind-the-firewall enterprise data

“Enterprise vendors haven’t succeeded in making it fun. If it’s not fun, people won’t do it. That’s why Facebook worked.”

– Kyle Arteaga,
VP Corporate
Communications

2009 Action Steps: Marketing 2.0 Adoption Roadmap



2009 Action Steps: Tactics Overview

Phase I:
Preparation

- Observe
 - Position yourself as an early adopter, and observe what areas of the company are most interested
 - Partner with early adopters to monitor blogs and social websites
 - Conduct an impact study on Marketing 2.0 and your portfolio
- Plan
 - Proactively address key legal ramifications
 - Co-create plans to engage customers in open group interaction
 - Managing expectations is as important as ever; help marketing think through what actions your company is ready to take to address issues
- Act
 - Prepare for the mashup craze
 - Create programs that leverage employees who are active bloggers, vloggers and video contributors
 - Beta forums, blogs and community spaces for customers

More

2009 Action Steps: Study Customer Experience

Phase I:
Preparation

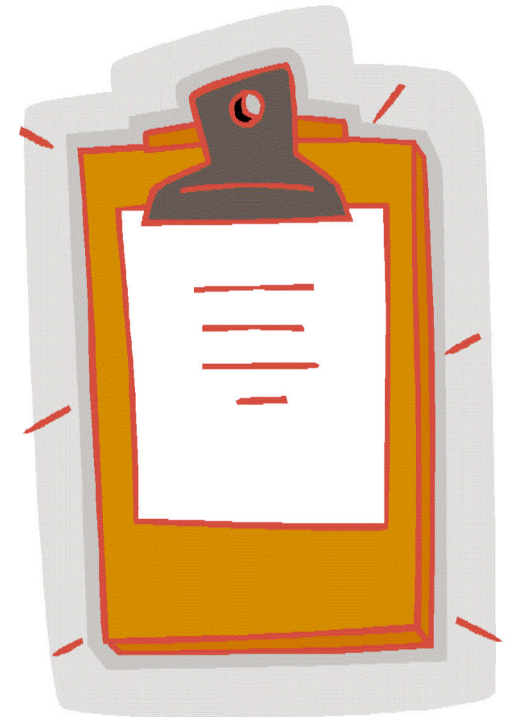
- Observe
 - Study customer behavior for select offerings in terms of experience
 - Locate emerging forums in which customers share their experiences
 - Product management may understand "customer experience" as usage contexts around products, but..
 - Customers use products and services as means to having experiences, especially when other customers mirror them
 - Having experience reflected by other customers boosts awareness.
 - It can change expectations of the group quickly and profoundly



2009 Action Steps: Survey Communications Processes

Phase I:
Preparation

- Observe
 - Examine existing processes by which your company communicates with customers
 - What communities does your company host?
 - In which communities do you participate?
 - Regularly monitor blogs and social websites
 - Study their demographics
 - Rating sites are exploding
 - Prepare to have select employees contribute to social networking sites and blogs



2009 Action Steps: Address Legal Ramifications

Phase I:
Preparation

- Plan
 - Proactively explore key legal ramifications of communicating more often and openly
 - Study relevant legislation
 - Create policies
 - Open customer communication and collaboration will be a core competency that business will need to remain competitive
 - Your company must strike a balance between opening up enough to develop the competency while mitigating risk.
 - This is new ground for attorneys as well
 - You will not get it right the first time
 - For many businesses, the price of waiting too long will be very high



2009 Action Steps: Engaging Customers

Phase I:
Preparation

- Plan
 - Create plans for engaging customers
 - Communicate with customers in direct, open group conversations
 - Pilot customer communities
 - For many companies, beginning in a third party environment is beneficial
 - Associations
 - Partners
 - Often, the best way to increase your "customer quotient" is direct contact and joint problem solving
 - Participate in blogs and forums

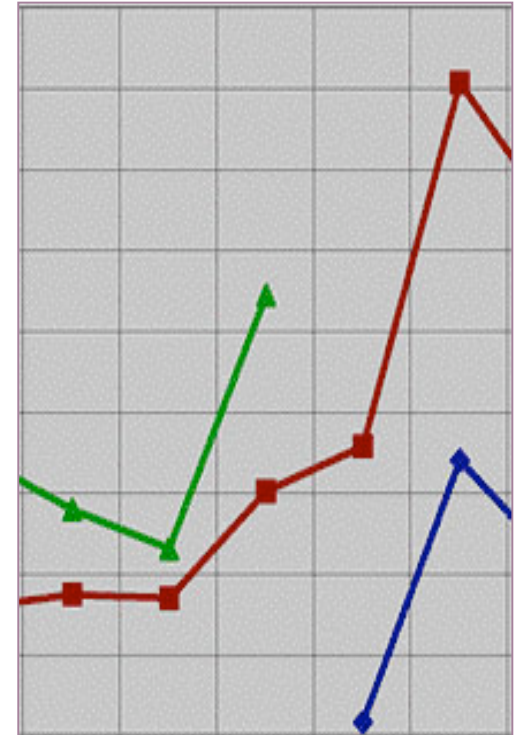


Focus on enabling customer to customer discussion

2009 Action Steps: Manage Expectations

Phase I:
Preparation

- Plan
 - Managing expectations is critical
 - Think through what actions your company is ready to take
 - Plan how you will address issues
 - Prepare before getting involved in group customer conversations
 - Make clear what you are able to do
 - Customers will usually understand when you communicate openly
 - Customers often have little patience for excuses
 - They have heard them for years



Focus on enabling customer to customer discussion

2009 Action Steps: Learn from Employees and Thought Leaders

Phase I:
Preparation

- Act
 - Depending on your industry and culture, you will have a portion of your employees who are
 - Active bloggers
 - Musicians and bandleaders
 - Photographers
 - Vloggers and video contributors
 - Leaders in social networks
 - Create a mentoring program to share and extend knowledge
 - Create measurable competencies
 - Beta forums, blogs and community spaces



Focus on enabling customer to customer discussion

2009 Action Steps: Career Enhancement Tips

Phase I:
Preparation

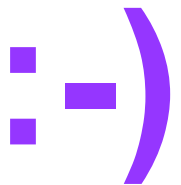
- Consider P2P in your career planning
 - How will these trends change what you do?
 - Create a career plan independent of any firm
 - Mobility is far higher during disruptive change
- Pursue customer-focused initiatives and projects to build your skills
 - Inside work
 - Outside of work
- Invest serious effort in LinkedIn, Facebook, Twitter
 - Build your own professional network
 - Reach out to people and actively help them
 - Project your knowledge with LinkedIn Answers
- Build your individual online presence
 - Participate in online forums
 - Engage with bloggers with similar interests, and start a blog



Rare Opportunity for Marketers: Conclusions



- Of all functions, marketing is most focused on customers
 - Marketers will get first crack at responding to changing expectations
 - But they must confront legacy thinking
- Customers prefer to learn from each other in many cases
 - Study after study shows that they often trust a group of strangers in a social network more than company representatives and experts
- Web 2.0 completely changes the context of marketing
 - It digitizes and actualizes word of mouth for the first time
 - Marketers that get it will produce unprecedented value
 - Marketing 1.0 will produce decreasing value
- Marketers can add more value in 2.0 when:
 - They jettison 1.0 “us and them” thinking
 - They openly collaborate with customers



Explore: the Ecosystem

Want to keep up?

- **Marketing 2.0 brand management**
 - <http://bit.ly/brandytcsra>
- **Subscribe to the Social Network Roadmap Monthly Advisor**
 - Advises CEOs, CMOs and CIOs on social network adoption
 - <http://www.feedblitz.com/f/f.fbz?Sub=518100>
- **Join me on Facebook**
 - Keep in touch real-time
 - Explore its marketing potential by checking out what my network is doing
 - <http://www.facebook.com/csrolllyson>



*Thank you for your
interest and
enthusiasm!*

Explore: the Ecosystem

- The Social Network Roadmap
 - Helps companies adopt Web 2.0 by managing risk
 - <http://socialnetworkroadmap.com>
 - Currently rated #1 worldwide by Technorati
- The Global Human Capital Journal
 - CEO/CMO/CIO journal for innovation
 - Currently rated #8 worldwide by Technorati
 - <http://globalhumancapital.org>
- The Executive's Guide to Web 2.0
 - EGLI blog currently rated #2 worldwide by Technorati
 - EGTW management advice for Twitter, blogging
 - EGFB management advice for Facebook
 - <http://executivesguide-web20.com>
- Social networks
 - <http://www.linkedin.com/in/csrolllyson>
 - <http://www.facebook.com/csrolllyson>
 - <http://myspace.com/csrolllyson>
 - <http://tinyurl.com/orkut-csrolllyson>
 - <http://tinyurl.com/xing-csrolllyson>

More



Microblogs

<http://twitter.com/eglii>
<http://twitter.com/egtw>
<http://twitter.com/egfb>
<http://twitter.com/csrolllyson>
<http://twitter.com/snroadmap>
<http://plurk.com/user/csrolllyson>
<http://identi.ca/csrolllyson>
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