

Innovation/Web 2.0

The Global Human Capital Journal

Case Study: Playboy's Entrée into Social Networking and User-Generated Content

By Christopher S. Rollyson — Sunday, 21 October 2007

Web 2.0 World Challenges Brands to Understand Value Propositions—Inner Human Desire Is the Keel

The Global Human Capital Journal's [coverage](#) of the Forrester Consumer Forum 2007 continues with this session on Playboy Enterprises' experience with integrating social technologies into its multichannel offerings. [Christie Hefner](#), Chairman and CEO, gave a doubly-valuable presentation because she addressed her company's journey to online customer engagement and explained how Playboy's transition was affecting its advertisers. It was obvious that she is a leader who rolls up her sleeves and understands her business.

The Global Human Capital Journal published the [overall conference wrap](#) as well as in-depth coverage of several sessions. Access all through the [link to the conference logo](#). Other articles will be published in the days ahead, and we invite you to subscribe to the forum's RSS feed to be notified as they are published.

Hefner's advice for senior marketers was to remember that human beings are not fundamentally being changed, even though the way in which they relate and communicate may be changing dramatically. Our humanity, desires and impulses are a constant. Moreover, the value that your company offers to people must be focused on their humanity. The mechanics of how, where and when you deliver the value are crucial "implementation details." If you are in touch with your customer's human desires, you can see beyond the product and the technology.

Playboy has been transforming itself since the 1990s, when Hefner decided to embrace Web 1.0, and Playboy became the first major magazine with a Web presence. Changing or broadening your reach via different media requires rethinking what your value is and how you can deliver. Embracing cable in 1982 and online in 1994, Playboy has always had a significant social and community element. Understanding how your customers want to use emerging social technology to connect with your value proposition is what you need to understand.

- She opened with some eye-opening points: if MySpace were a country, it would have the sixth-largest population in the world. Fifteen percent of today's newlyweds (U.S., I believe) meet online.
- Human impulses remain the same. Technology enables people to act on them differently. The technology may change, but the impulse is constant.
- Marketers and journalists overuse and overgeneralize the concept of "brand." Hefner defined brand as a set of beliefs and attitude. Some of Playboy's beliefs and approaches (dare I say "tags"?) are "freedom," "sexy," "fun" and "lifestyle." It is also an adult brand. She likes to see the appearance of new magazines like Maxim because they engage younger readers and encourage them to become magazine subscribers who can "graduate" to Playboy.
- She also emphasized that Playboy has always had a strong social element. Rather than showing professional models, the focus has always been more on "normal" girls, and clubs have always had a social thread. In fact, they arose from fraternities, which organized Playboy-themed events. The company subsequently made a business out of it. She showed how the social element plays out in several media. Two of the magazine's three most popular features are social: The Playboy Forum and the Playboy Advisor (the most popular is the Playmate Interview).
- In 1982, when Playboy moved to television (cable), management had to reexamine everything and get in touch with what their business really was. They had to reexamine the brand (abstract away from the business and get to the idea). Social networks demand a similar treatment. In 1994, they moved online and pitched the offering primarily to couples, not "lonely guys," as Hefner wryly put it. Thus far, online was the most transformative for Playboy (because it was interactive). It broke the media template of



"one to many." It introduced "small D democracy" of content.

- In general, social technologies can serve to diminish the authority of large organizations. She gave the example of healthcare, in which people habitually informs him/herself online and connects with other people with similar conditions. It's no longer just listening to the doctor. This makes markets far more dynamic.
- Many people fear that online social technologies will throw marketers a curve by removing the human element, but Hefner sees the opposite. Referencing Nesbitt's "High Tech, High Touch" principle, she gave the example of the resurgence of Playboy clubs around the world. People like to connect with other people in the physical space as well as online. The two are complementary.
- Playboy's view of social technologies is that by understanding your value proposition (and brand), you can have authority (if you resonate with customers). You can marry this with customer participation. For example, online (members) select Cybergirls, some of whom subsequently appear in the magazine. Playboy has contests on campus in which members vote to select the best-dressed.
- Playboy is investing in a space on Second Life, and the value currently lies in understanding how virtual worlds will affect entertainment as a whole. It's a laboratory. Virtual worlds also project the brand, which is a key strategy for Playboy.
- PlayboyU is a social networking site that recently launched. Members must have ".edu" email addresses, and it enables members to generate content for Playboy Radio and TV. The company really believes in embracing consumer content and integrating it with its content.
- Critical to success is thinking holistically and breaking down silos. She stressed that media companies have well defined silos that (usually) do not serve the customer anymore.
- Playboy is a global brand as were the companies represented in the audience. Marketers ask themselves what they can learn from abroad.
- Mistakes: do not assume that you know what your customer wants. PlayboyU is evolving quickly based on customer interaction. Customers get mobilized when they know you are open to listening. "We foster something of value. We want them to use it," Hefner commented.
- As far as managing content and offerings, Playboy has always had some free content, which enables prospects to discover the brand. Content does not have to be free. Playboy aggressively prosecutes piracy, but Hefner stressed that "you want people to rip you off some." If your content is good and relevant, people will use it. You have to keep a perspective.
- Some surprising revelations: of Playboy's \$1 billion apparel business, 75% of customers are women. Roughly 40% are from EMEA (Europe Middle East Africa), 40% Asia Pacific and 20% USA.
- Advertisers especially value Playboy's ability to reach people across media, and Hefner sees their business trending this way even more in the years ahead. The days of people buying the magazine only are admonishing rapidly. Instead, they are moving to a "brand hub," and they strive to expand the brand's footprint. They have a global perspective.
- On a humorous note, when asked by an audience member how to convince 50-something management that the media business was changing, Hefner advised to bury them with too-ample evidence that customers were in control. If they still don't get it, "Shop your resume."



Analysis and Conclusions

- Picking up on Hefner's theme of not assuming you know customers' desires: you no longer have to. Approach everything as being "in beta" because you can listen to your customer and adjust offerings. It is now economically feasible to listen to and interact with customers because digital communications are easier to work with (than analog) and relatively inexpensive.
- If you are in touch with your customers' human desires, you can see beyond the product and the technology.
- Hefner echoed the mantra at Digital Hollywood: make content available how, when and where the customer wants. The distribution medium (i.e. TV, radio, podcast, print) matters less and less.

About the Author

Christopher S. Rollyson launched *The Global Human Capital Journal* in 2005 to address the most poignant issues of day for chief executives, namely global transformation, the reinvention of the enterprise, technology and culture. Mr. Rollyson has been a technology and marketing visionary and pioneer for twenty years, with distinction in corporate strategy and innovation. As a consultant and marketing executive, he has had a leading role in launching such game-changing offerings as: Java with Sun, e-business strategy with PwC Consulting, and SOA, Web services and architecture solutions with IBM and nVISIA. In 2006, he launched The Consumer Empowerment Adoption Curve™ and Transourcing™, a new approach to innovation that leverages high performance collaborative partner networks. He currently advises global enterprises on collaborating with Web 2.0-enabled customers

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Formerly the Vice President of Marketing at nVISIA, he developed executive marketing programs and service offerings to drive the value of software transformation through service-oriented architecture and Web services, working with IBM, Rational and Grand Central. Previously a subject matter expert for e-business and knowledge strategy in PricewaterhouseCoopers' Strategic Change practice, Mr. Rollyson developed original models and services frameworks for e-business strategy consulting. He consulted to clients in automotive, software, telecoms, consumer electronics, chemicals and petroleum industries, advising global enterprises in e-business strategy and technology start-ups on innovation and business strategy. Prior to PwC, he led marketing for KPMG's Midwest High Technology practice, where he built one of the firm's first intranets to transform the marketing organization to a real-time team. Before that the head of marketing at a leading edge Java consultancy, he played a key role in co-launching Java via marketing alliances with Sun and Netscape. Mr. Rollyson has done graduate work in corporate strategy and economics at the University of Chicago, with additional studies at Die Freie Universität Berlin, L'Université de Clermont-Ferrand in France and il Liceo Americano d'Aviano in Italy. He earned his undergraduate degree from Kalamazoo College. <http://rollyson.net>

About the Global Human Capital Journal

The Global Human Capital Journal addresses the global shift from the Industrial Economy to the Knowledge Economy, which is changing how human beings work and deliver value. In the Industrial Economy, products encapsulated the value of human work; in the Knowledge Economy, information produces the lion's share of value, and customer experience itself is the focus of commerce and government. A greater degree of collaboration among people of the world is possible than ever before, and increased interaction will bring unprecedented surprise and opportunity, especially because the potential is great to "level the playing field" among people of the world. Obviously, these developments hold significant ramifications for business and organizational strategy.

Global Human Capital covers two prongs of economic transformation: 1) strategically, how organizations can rejuvenate their relationships with customers and constituents by collaborating with them to drive innovation and 2) operationally, how organizations can build strong collaborative cultures and skills to engage the world's emergent network of expertise, both within and without their walls. We analyze how global sourcing and collaboration are transforming enterprise and government organizations, as they transition from relatively self-contained, closed entities to more networked, open organizations.

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