



## The New Rules of Internet Marketing

by Nilofer Merchant

Understanding how the Internet changes the rules of marketing is a huge challenge for CEOs: Which practices are obsolete? What new opportunities should be pursued? How do we define success in this new scenario?

Internet marketing is very different—and if you're not knowledgeable, you can allocate budget improperly or direct your efforts toward an area that won't provide ROI.

We all know that traditional marketing is a monologue—companies deliver messages to the market and push customers through the consideration process. The Internet changes the ways we can communicate with customers, adding new media like blogs and Web video.

When I analyze what's happening today, here's the mistake I see most companies making: They use new online marketing tools to pursue traditional marketing goals such as driving awareness, consideration, adoption, and purchase.

That's a mistake, because the rules of traditional marketing were shaped by what could be accomplished using one-way mass media. Frankly, it was the only tool we had available—up until even just a few years ago. Now that Internet media enables two-way communication, the whole idea of moving customers through a structured consideration process needs to be revised.

The central goal of online marketing isn't awareness, it's engagement. And the five key tools to produce engagement are affinity, personality, community, co-creation, and advocacy.

Engagement means getting the customer involved with your company, with your products, and—often—with your people. You want your customers to get to know your organization and its values and services. When customers like what they see and experience, the relationship deepens, leading to affinity.

Affinity refers to leveraging the depth and interactivity of the Web to create a memorable relationship with the customer. Some of the best techniques for building affinity include being useful when a customer's not buying, sharing passions, extending the product online, and creating cool experiences.

Personality refers to how your company interacts with the world, both emotionally and rationally. The company's personality must be both distinctive and genuine. Unlike a brand image, it can't be faked. Your company's culture constrains the personality you can build online.

For example, a company that tells its employees, customers, partners, and the public that it's green but doesn't recycle its tech waste is going against its personality. This behavior is inconsistent—and it can also harm your firm's ability to develop a community.

Community as a marketing tool challenges almost every expectation of traditional marketing. Instead of controlling the marketing process, the company hosts a social interaction in which customers develop most of the content. But good communities don't generally grow on their own—the most effective ones are carefully cultivated and subtly supervised.

A company that takes the wrong steps can easily kill a community before it even gets started. Communities at their optimum foster sharing, involve influencers and fans, and lead to involved customers who may even want to be co-creators with your company.

Co-creation occurs when people enjoy your product or services so much that they want to build on top of something you've already done—or create something new that could be used with your product line.

A fan who decides to make shoe laces with a school name woven in to match the basketball shoes you've manufactured is one example. It's the process of engaging customers online to help design the product.

When done right, this can be very powerful and can provide real revenue benefits. It can also be very intimidating to a company that's used to doing all the thinking for its customers. It really requires a change in mindset.

Advocacy refers to a new way to describe customers who used to be considered hobbyists. But these folks go far beyond what we've known. They're users of a product or service who like tinkering with it beyond what the normal user might do.

Whatever camera, software, or appliance they're using, the customer advocates, or influencers, are working on the cutting edge. They may take apart, then reconstruct, your product. They may develop companion services. They may mashup your product or services with something they developed.

Working with "influencers" is a very hot topic in online marketing, but it assumes that there's a small group of people in the population who drive purchases of all products. The reality is much more complicated.

A company's goal should be identifying, caring for, and training advocates—customers who are willing to help market your products to others. That's very different from sending press releases to a few influential bloggers.

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Marketing done right is about much more than just communicating to customers—it's about shaping your company's offerings to match the needs of the marketplace. The Internet enables new business models, including one-to-many communication, that we could have only dreamed about previously. It provides us with tools we can use to guard against competitors, and lets us explore new possibilities.

There's tremendous opportunity here for CEOs. Internet marketing is a competitive weapon that can be used to underscore our leadership.

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