

You Have Less Credibility

By Nilofer Merchant

I hate to be the one to break this to you, but you have less credibility than you once did. It's nothing personal, mind you. There's something bigger going on that's impacting all high-tech companies. Because of it, you'll want to shift the way you approach the market, before your competition whips past you.

One of the fundamental paradigm changes going on in consumer marketing today is that the vendor's voice is becoming less valuable than a peer-to-peer voice. It used to be that traditional PR announcements and well-placed, well-designed advertising were the most valuable ways to create market awareness of your product. But that's changed.

TV is losing power. Print ads are being side-stepped. But you're not likely to hear that from the vendors who help Fortune 1000 companies do marketing. Agencies still get paid based on 30-second ads and media buys. The idea that those things don't matter as much anymore seems outrageous.

Consumers just don't want marketing

Could this really be true? Here are some statistics collected in the Yankelovich Marketing receptivity study:

54% of online users today resist being exposed to or paying attention to marketing

56% avoid buying products that overwhelm them with marketing content

69% are interested in products that permit blocking, skipping or opting out of marketing

Buyers no longer rely on you as a vendor or your authorized partners to learn about new offers. They don't trust the spin factory. They want to hear it from each other. Here are some relatively new forms of communication that confirm this trend:

- Digg.com is a news delivery service fully integrating the Web's culture of participation. Users submit stories, other users endorse that story as having value, and then with enough endorsements or 'diggings,' that content (and writer) gets promoted to the home page. This month, Digg has over 200,000 registered users, and six million pages served up daily. Interestingly enough, Digg taps into a generational bias that sanitized news isn't news at all. It's the power of the peer group that makes Digg content valuable.
- Everybody is a network. In the past, networks were defined by control of content or distribution. Now when your friend points you to something to read or watch, that's a network. The collection of people putting a YouTube video on their blogs is a network.

BlogAds bringing together 800 blogs for an MSNBC.com ad buy is a network. When you subscribe to a collection of feeds, or when you publish a blogroll, or when you put a tag on your blog post, or when you use a Flickr tag that others use, you are a network. Networks are about sharing now, not control.

- Epinions and Amazon let users check out what others think about products. My husband knew about GPS units but used Amazon's peer review to see which one would work for me (the constantly lost wife who calls him at midnight while he's on a business trip in Europe to find out which exit in Sunnyvale is the right one). He ultimately chose one not from a CNET review (which PR teams would influence) but by listening to what other users said.

The new consumer marketing model is group-based

I believe this. A fundamental paradigm of Web 2.0 is that consumers believe in the power of groups to shape ideas, to shape content, to effectively filter the world. The best Web 2.0 applications get better as more people use them. Since the Internet masses are increasingly both the content creators and the content filters (the ones who rate, tag and otherwise filter content to make it easier for others to find good stuff), the more people who weigh in on something, the better and more valuable it becomes.

In business school terms, what this amounts to is buyer power. When buyers can readily exchange information, shop for discounts, and find alternatives easily, they typically have power.

Marketing is getting more context-based

Internet advertising is especially powerful in its ability to target specific segments of customers. For example, enter the search word "beer" in the Yahoo! search engine, and notice the relevant advertisement (for Miller Genuine Draft) that appears on the top of the search results page. Similarly, entering the search word "beer" in the AltaVista search engine leads to a results page that contains an Amazon.com link to a list of recommended books about beer! Vendors and manufacturers need to realize there's a difference between people who want to drink beer vs. sell beer vs. comment on beer tastes.

Six Apart just released a beta of its Live Journal blogging tool that allows users to limit visibility of their blog based on user community. We're being enabled to talk to different groups in different ways. This is the start of a much bigger paradigm.

Seller power – get it back

There are several things I think high-tech firms must do to address these shifts.

Enable user interaction

First, change communications and your Web platform to be interactive. This is a fundamental shift from the old model of producer to channel to consumer.

You must build ways to co-create with your customers. While this process is not yet perfect (people who vote on something may not necessarily buy that same something), it is going to become a powerful way of both designing and creating offers. I think it will also shape brand loyalties.

Not that everything must or will be co-created in the future, but the fundamental direction of tapping into the collective experiences, skills and ingenuity of hundreds of millions of consumers around the world is a complete departure from the producer-versus-consumer innovation model so common to most corporations. A Nike ad in Times Square allowed customers to dial mobile commands and change the footwear that appeared in the ad. This (over the top) moment is a small start that marks how we will be using interactive, two-way messaging between marketers and consumers.

Make it a conversation

Move from a one-to-many communications medium and instead, enable a conversation. The Web has to become interactive. Business is changing when and how we interact with customers. We've been treating customers like they need to be handled with kid gloves. We wait until the product is perfect, we package it all up, then we release it. This new world is much more egalitarian. Software isn't necessarily an 18-month cycle of development. With Yahoo, or Google or Amazon, software is updated as needed. This means products will change more rapidly over time, morphing to customer desires and tastes.

Customers have a lot on the ball and great feedback to give you. With the advent of simple development and communications tools, it is both easy and interesting to talk with customers. That starts with email, but over time it will become richer and more easily customized to various audiences.

Allow users to tell you who they are

Consumers expect us to have different "audience settings." A Web page that doesn't recognize who the person is limits the conversation. Users should be treated differently than non-users, who should be treated differently than competitors. Different audiences are allowed to do different things: Post comments, share tips, share information, and add data. Permissions become very important. The company that figures how and when to fully customize its Web presence is going to win, and win big.

Think about the difference between being a long-standing customer vs. being a prospect. Each has different expectations of a website. The size should be tailored to each of them instead of squeezing everyone into a one-size-fits-all model.

Create advocates

Finding a way to create enthusiastic advocates is a key direction I encourage my clients to take. The most important thing is to develop, sponsor, and incubate influencers as market advocates.

If you believe me that vendors are not as influential as users, you must know your users and cultivate them as your advocates. Having you say how great you are is one thing, but having real users say how great you are is incredibly powerful. I pity the vendor who keeps trying to outspend the competition on costly marketing campaigns but can't understand how to build and deploy an influencer marketing strategy to shape perceptions in the world.

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