Marketing Communications
Integrating offline and online with social media

PR Smith and Ze Zook

Marketing Communications explores all aspects of marketing communications, including:
- social media
- advertising
- PR
- sponsorship
- direct selling
- websites

The fifth edition of this best-selling text has been significantly updated to include the new communication tools now available to marketing professionals. Heralding the emergence of social media as a “marketing revolution”, this book integrates offline tools with online tools and, of course, social media. This book opens up new opportunities for marketers to raise their game, and, ultimately, deliver better results.

Marketing Communications covers every aspect of marketing communications in a unique, challenging, and often entertaining, style. This European text has been referred to by the Chartered Institute of Marketing as a “marketing major” alongside the world’s best American authors. With a plethora of examples and new case studies, as well as online support material for lecturers and students, this essential textbook will guide you through everything you need to know about the changing face of marketing.

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Marketing Communications

By PR Smith and Ze Zook

HOW MARKETING HAS CHANGED FOREVER

This free sample chapter contains the first chapter from the 5th edition of Marketing Communications (Kogan Page, 2011)

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About the book

Marketing communications has inevitably changed forever with the advent of social media, crowd sourcing, changing media consumption and hyper competition. Marketing Communications explores all aspects of marketing communications and integrates social media into just about everything including advertising, PR, sponsorship, direct selling and merchandising. The fifth edition of this “marketing major” (CIM) has been updated and packed with intriguing examples from a broad range of markets, showing cutting edge tools combined with consistent marketing principles deliver better results, quicker.

Heralding the emergence of social media as a “marketing revolution”, the book presents the many varied forms of communication this offers and the opportunities for marketing which more effectively engages with its end-user. Marketing Communications covers every aspect of marketing in an accessible way. With a plethora of examples and new case studies as well as online support material for lecturers and students, this essential textbook will guide you through everything you need to know about the changing face of marketing.

This sample chapter contains:

- Chapter 1: New Marketing Communications
- Full table of contents
- A note from the authors
- How to get your copy and/or alert a friend
01
New marketing communications

LEARNING OBJECTIVES

By the end of this chapter you will be able to:

- Understand why this is the beginning of a new era in marketing
- Grasp the importance of social media
- Consider applying the ladder of engagement
- Present a case for the marketing director to sit on the board

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The revolution has started

A new marketing era, long overdue, was heralded in when social media emerged as a real game changer. Social media put customers back at the centre of the organization and gave marketers a new set of tools to listen to them and to encourage them to engage with the brand. A golden opportunity has emerged as organizations realize the possibilities of engaging with customers in new ways so they can become partners driving the business forward. The ladder of engagement makes it easy to nurture customers up to higher levels of involvement.

‘Joined-up marketing’ brings the old ‘outbound marketing’ (eg advertising, direct mail, telemarketing, etc, sending out messages) together with inbound marketing (where social media brings conversations to the organization). Integrating inbound and outbound with online and offline communications delivers higher impact and more cost-effective ‘joined-up marketing’.

Marketing communications have to be integrated for two reasons. Firstly, unintegrated databases cause many problems and complications, as there is no single picture of the customer. Secondly, as communications morph into customer experiences, all communications need to be integrated to deliver a consistent experience.

Amidst hyper-competition this ladder helps to build a ring fence of protection around the precious customer. It also encourages customers, and even non-customers, to collaborate and create anything from better promotions to better processes to better products. This marketing utopia is the beginning of a new creative age in marketing. It is also a new era of collaborative co-creation, which moves marketing into a strategic position and earns its seat at the board.

There is a golden opportunity for marketers to create stronger brands and sustainable competitive advantage and ultimately to build better businesses (or organizations). There has never been a better time to be involved in marketing.

The colouring department is dead

A lot of ‘old’ marketing has had too much emphasis on just marketing communications. This is a weakness. Once upon a time this worked, as customers had far fewer communication channels and therefore it was easier to get a customer’s attention if marketers had the budget. And the big budget brands often announced ‘as seen on TV’ on their packaging, at point-of-sale and in their press advertisements. Being on TV gave the brand a level of credibility, perhaps because customers unconsciously assumed that being on TV meant that the company was a big company and big companies were trustworthy. Or perhaps customers trusted TV and the authorities that regulate the advertisements that are allowed on TV.

This may have led to communications strategies that told customers about product benefits. Today, marketing strategies ask ‘How will customers engage with us and each other?’ This leads to the bigger question ‘What kind of customer experience are marketers creating?’ This in turn brings marketers back to the quintessential marketing question: ‘How do we help customers?’ This is, for example, the ultimate reason why any company has a website. Yet many, if not most, marketers answer this question incorrectly. Ask around and see. In fact, helping customers is the only reason a company exists, as American guru Peter Drucker used to say.

These kinds of questions move marketers beyond communications, into customer experiences, customer relations, new product development processes, service processes and, of course, brand evaluation, which affects market capitalization. This, ultimately, invites marketers back into the boardroom, hopefully speaking the language of the board. Social media and the ladder of engagement, in particular, have opened the door to the boardroom for marketers.

The colouring department

‘Not so long ago I was invited into a major global bank and given the brief: “To stop the board from referring to the marketing department as the colouring department.”’

P R Smith

When real marketing percolates up through the organization, real competitive advantage emerges. Consider National Semiconductor in the United States. They make chips for mobiles and DVD players. Their target market was design engineers and purchasing agents. Their enlightened CEO asked that quintessential marketing question: ‘How can the
website help engineers more?’ A truly inquisitive mind forced them to understand how design engineers work and whether any online tools could help. They explored customer scenarios and discovered that the design process of choosing a part was to create a design, analyse the design, build a prototype, test, etc.

Now the engineer logs on and is prompted to specify the overall parameters and key components. The system auto-generates possible designs and technical specs, parts list, prices and cost benefit analysis. Engineers refine it and share it with colleagues. They test and refine it. Result engineers can do in two hours what previously took two months. By the end of the first year they had 31,000 visitors generating 3,000 orders or referrals every day. One integrated socket with Nokia was worth 40 million units. This site helps customers so well that it creates sustainable competitive advantage whilst delivering a highly engaging brand experience. The change was made in 2000.

It is time for marketing to move beyond communications, permeate the boardroom and help to build more sustainable businesses amidst a rapidly changing marketplace.

Why marketing was marginalized

‘And seeing marketing as a series of distinct activities has been the reason that marketing has become more marginalised over the last 15 years because it has been positioned as managing communications rather than managing the whole business orientation.’


Communications morphing with experiences

Marketing communications are morphing with customer experiences and product development and distribution, as the impact of digital media is hugely enhanced by social media. This has not gone unnoticed by the world’s best marketers. Take Unilever, which moved its digital marketing out of the media mix and into the marketing mix in 2007 (WARC, 2007). It realized that its digital budget was part of the overall marketing mix, rather than part of its media spend/marketing communications mix ‘in recognition that successful digital campaigns are based more on producing engaging content than paying for media time and space’ (Financial Times, 25 June 2007). Engaging content enhances the customer experience.

The search for added value is now relentless, whether through new features or more likely through enhanced web experiences, social media sharing or simply the addition of features to a product or service never dreamt possible before the arrival of the iPhone apps, eg Gibson Guitar’s app includes a guitar tuner, a metronome and a chord chart, all of which are extremely useful for any guitarist. Kraft’s iFood Assistant delivers recipes and a feature that creates a shopping list that automatically includes the ingredients for the chosen recipes. It even identifies the locations of nearby grocery stores and which aisles stock the items.

In fact Kraft Foods’ continued creative approach seems to have scored a hit for its Lacta chocolate bar in Greece by showing a long form of a long-form ad – a 27-minute branded-entertainment film about love, made by many customers (see ‘The ladder of engagement’, page 18).

Nike’s search to help customers led it to the Nike+ – a joint venture with Apple’s iPod that enables joggers to access a jogging community website, log their runs and connect with and compare to other joggers by using their iPods (or their iPhones) and a Nike+ branded transmitter that can be fitted into some specially designed Nike shoes or attached to other running shoes. This is a far cry from just marketing communications, but it is all about helping customers and strengthening the brand and growing revenues. Word-of-mouth marketing has become an ‘over-riding industry preoccupation for marketers as it provides a good measure of success (if customers endorse brands to their peers). Nike’s initiative has generated impressive results with Nike’s director of digital and content claiming “97 per cent of Nike+ users said they would recommend the service to a friend. That figure is unheard of”’ (Grande, 2007).

Think of ‘4Es instead of 4Ps’ (Rothery, 2008) from the old marketing mix. A product is an experience (including online), place becomes everyplace, price becomes exchange and promotion becomes evangelism. Alternatively, promotion is morphing with product as communications seek to engage customers with experiences.
Marketing’s antithesis

All of the above is the ‘antithesis of the “compared to Brand X” or “now 10 per cent better” approaches’ (Beck, 2010). Although it does mean some ‘show and tell’ communications, it heavily depends on discovering what current customers really like about the product or service and how else the company could help the customer, and then ensuring every other contact point consistently reflects these highly relevant added values, whereas marketing used to be largely about creating messages for a passive audience with little choice and less empowerment, where the most active element was the decision whether to notice or ignore an advertisement. The once passive audience has been unshackled and empowered by technology. As marketers stalk rapidly changing markets, they face a brave new world, one that has changed for ever, offering new opportunities to those who seize them.

Social media opens up new channels of communication that give marketers direct access to customers and opinion formers. Web 2.0, and soon Web 3.0, facilitates a dialogue; some call it a ‘trialogue’ (Earls, 2002), as opinion formers and customers and the brand owners engage in conversations. Some of these conversations are within the brand’s official online space, and some occur way beyond the brand’s space and are just amongst customers without any corporate influence.

Social media allows us to learn a lot more about customers very quickly – if the systems and processes are in place. The key is to use this information to make better decisions.

Other levels of engagement invite customers as stakeholders to engage at a higher level by creating user-generated content or fully blown collaborative co-creation to deliver new products and solutions. See page 19 for more.

Social media is more than just communications; it is a new way of working that requires new information flows. They affect more than just communications, but feed into new product development, distribution channels and even pricing.

Marketing is being forced out of the communications silo and back into full-blown marketing courtesy of social media. This new opportunity to excel as marketers is increased by the decline of marketing, and customer service in particular.

The customer service time bomb

Continual culling of employees and general cost cutting combined with sloppy marketing execution has put marketers on the cusp of a customer revolution. Many organizations’ efforts to continuously cut costs and cull employees have finally delivered a threshold of inefficiency, leaving in their wake an overburdened, over-anxious and, frankly, less caring staff. Customer surveys reveal that many customers are angry, irritated, impatient and ready to switch to another brand as soon as something better becomes available. In a word, they are dissatisfied. This is a real marketing problem, or opportunity, depending which way the CEO and CMO see it.

We have gone backwards in marketing. Look around. You will see falling satisfaction scores, sloppy websites, telephone queues, customer service people who can’t answer questions and others who simply don’t really care. Have salespeople lost their vocation, their passion and their deep product knowledge? How many bad experiences do customers suffer whilst seeking service from a utility, a phone company or a bank either on the phone or on a website? Why are there so many sloppy websites?

What will happen?

“What will happen when consumer experiences [created by consumers] are much more interesting and accurate than anything an organization’s marketers upload?”

Hoffman (2009)

Utopia?

The more enlightened companies build information architecture and business processes around social media: processes that pick up comments about the brand wherever they occur; systems that respond (sometimes auto-responses and sometimes individual human responses); and systems that categorize the discussions. The dialogue generates valuable feedback that is often quicker and cheaper than focus groups. This research needs to be fed to the right people in marketing. Social media allows us to learn a lot more about customers very quickly – if the systems and processes are in place. The key is to use this information to make better decisions.
Look at the stats. Look at the surveys – even the UK National Customer Satisfaction Index shows falling satisfaction scores amongst the top-performing brands.

One recent customer service conference speaker showed falling customer satisfaction scores across a range of industries. When asked if this meant that we were getting worse at marketing, the speaker said ‘No, it’s the customers’ rising expectations combined with lower tolerance levels that have changed.’ So it is the customers’ fault?

‘Recently, I had problems with online banking. After lots of frustration with technical support, I rang my bank manager. In the past, whenever I had a problem he had been extremely helpful and made sure it was resolved immediately. This time around, things were different. “I’m not technical,” he told me. He began to talk about his bank’s online banking service as if it were a foreign country he had rarely visited. He was behaving like a typical senior manager when it came to IT. He wanted to wash his hands of responsibility. It was not his domain. IT, it seems, is not the responsibility of senior managers or CEOs. They have much more important things to do, obviously.’

McGovern (2010)

Lower tolerance levels: perhaps customers have simply become angrier. And, if so, why so? Perhaps anxiety is on the rise. Don’t customers like endless automated telephone queuing systems, robotic rerouting or, if they are lucky, after queuing and rerouting getting to speak to someone whom they cannot understand, or to someone who cannot solve the problem, who then puts them back into a queuing system? We have gone backwards in marketing.

How many people have had bad experiences online with websites that are confusing, have dead ends or just don’t work, sites that waste precious time and cause irritation? And all the time advertising budgets are wasted driving customers to these sites. Why are there so many sloppy websites? They forget the basics – regular usability testing. This is basic stuff, which many brands are ignoring. Check the website to see it works all right on-screen and across different browsers also.

Harvard’s Ram Charan and business CEO Larry Bossidy wrote a book called Execution: The discipline of getting things done (2002), where they claimed that the ability to execute better than the competition was the last source of real sustainable competitive advantage. Even though it was written in 2002, it is now more appropriate than ever before as major organizations damage their brands day after day with dead-end websites and atrocious, systemized but sloppy customer care. It is relatively easy to be better than most if the basics are executed professionally.

So have companies got worse at marketing? If yes, this creates a huge opportunity for those organizations that know how to listen to their customers, continually improve and stay relevant.

The networked market knows more than companies do about their own products. And whether the news is good or bad, they tell everyone.’

Levine et al (2000)

Accelerated change and hyper-competition

We are experiencing accelerated change. Take accelerated brand creation. Once upon a time it took two generations to build a major brand; now it
takes just a year or two if you get it right. Look at Amazon, Facebook and Hotmail. Once upon a time it took several generations to acquire 50 million users. Facebook did it in less than one (in fact Facebook acquired 100 million in one year). This simply could never have happened 10 years ago. Radio took almost 40 years to reach 50 million users, while TV took 13 years, the Internet four years, the iPod three years, Facebook one year and the iPhone less than a year to get 100 million users.

And now we’ve got accelerated brand power as global boundaries fall. Perhaps a seminal moment in marketing occurred when the Financial Times journalist Winston Fletcher acknowledged the power of the brand and ergo the power and importance of marketing when he asked: ‘What gives brands their power to influence, if not quite control, people’s purchasing decisions and thus their power to influence, if not quite control, modern economies?’

And then China’s President Hu visited the United States. His first appointment was with a brand, Microsoft, and his second appointment was with President Bush.

Another seminal moment occurred in 2000, as for the first time 50 per cent of the world’s largest economic entities were companies (brands) and not countries.

Global boundaries are falling; the Iron Curtain has been swept aside, the Berlin Wall torn down and the Chinese gates flung open partly by political movement, partly by aggressive businesses seeking growth overseas and partly by the internet giving instant global access driven by customers who are ready to buy from anywhere in the world whenever they want.

And, all the time, category-less competitors quietly step across old borders.

Once upon a time, supermarkets sold groceries and petrol stations sold petrol. Now petrol stations sell DVDs, fresh coffee, groceries, gambling and a lot more, while grocery stores sell petrol, garden furniture, car insurance and soon legal advice (including DIY divorce kits), as well as groceries. Powerful category-less brands take more ‘share of wallet’. Customers trust some brands sufficiently to try other products from the same brand name. The Tesco brand is so strong it could probably sell customers anything (as long as it meets reasonable quality standards). This is ‘share of wallet’. Growth for most US companies was forecasted to come from share of wallet rather than growth from finding new customers. Enlightened boardrooms understand the power of the brand, its access to ‘share of wallet’ and its impact on the balance sheet.

Combine category-less, fast-moving competitors with borderless markets and you get hyper-competition. No market or business is safe.

The need to wholeheartedly adapt to and embrace change is akin to the need for frogs to stay out of the kitchen. If you take a frog and put it into a boiling pot of water, it will jump out somewhat blistered, but it will survive. If, on the other hand, you put a frog in a cold pan of water and slowly raise the temperature it will boil to death.

Business is similar. No one will change your environment so rapidly that you have to change your behaviour immediately. It just changes continually.

Amidst this hyper-competition some CEOs wake up in the middle of the night in a cold sweat worried about their value chain and wondering who is unpicking the lock on their value chain. Teams of analysts and MBAs from Boston to Beijing analyse industry after industry, sector by sector, to find businesses with a weak link in their value chain that would benefit from a third-party supplier fulfilling a piece of the value chain. Most CEOs know some parts of their value chain, whether production, logistics or after-sales, are more profitable than other parts. When they get an offer to replace the weakest link with a higher-quality link (or service) at lower cost and seamlessly linked by web technology, many CEOs find this a very attractive proposition.

“We have only two sources of competitive advantage: the ability to learn more about our customers faster than the competition; the ability to turn that learning into action faster than the competition.”

Former GE CEO Jack Welch

As the company moves from a value chain to a seamlessly connected value network, CEOs are forced to consider the most basic of questions: ‘What business are we in?’ This can only be answered by asking a very basic question: ‘What do customers want now and in the future and what is our sustainable competitive advantage (SCA)?’

When I ask CEOs what is their SCA, I usually get answers that include patents, product differentiation,
cost efficiencies, and sometimes distribution channels. Most of these can be, and are being, attacked. Two major sources of SCA, if managed carefully, are the brand and customer relationships – inseparable, you may say.

However, many companies damage these two critical assets. Sloppy customer service and negative customer relationship management (CRM) destroy brands. (See Chapters 2, 3 and 21.) Despite the importance of CRM, many companies are still sitting on a customer service time bomb. And it’s ticking. Those who ignore it will be left behind, in the same way that those who ignore the golden opportunity presented by social media will also be left behind. Those who embrace it, seize the opportunity, develop rigorous processes around the new technologies and continually strive to find and satisfy customer needs will survive and thrive.

Outbound marketing (the old interruption marketing model of advertising, direct mail and telesales) has suffered as audiences switch channels or fast-forward through TV ads, turn on ad blockers on their browsers, stop e-mails with aggressive spam blockers and use caller ID to bar unwanted phone calls. Some outbound marketing does get through but not as much as a few years ago.

While channels fragment (eg TV has approximately 500 channels, while 20 years ago it had five channels), the sources of trust are shifting. Which of these has the biggest influence on your customers: The Times, BBC, Sky or Google?

Social media has arrived and customers love it. Social media gives customers control. Marketing has been democratized courtesy of the internet and social media. And within the mass of customers lie the new opinion formers and opinion leaders: bloggers and twitterers. Marketers have a choice: join the conversation or fail to communicate.

Old mass communications interruption models like TV advertising have simply got to be a lot more creative to cut through the clutter and grab the eye of the busy consumer. They also use social media to spread the message (if the content is good enough). Any social media content has not only to be more creative but also highly relevant to the target audience. Suddenly the marketing of a refrigerator has become so creative that it becomes compulsive viewing. And all of this amidst the white heat of hyper-competition.

Social media is not just a marketing tool. It is, effectively, a new way of running a business. It requires a new company culture, which in turn requires company-wide support, systems and incentives. It requires a new mindset: more listening, less shouting. Think relationships and not just sales or transactional marketing. Hasn’t this been said before? Yes, it has. It is basic old-school marketing, except that social media allows marketers to listen to customers more easily and more cost-effectively. Social media also relies on a ‘sharing’ culture, which means sharing information and being helpful. This, in turn, nurtures relationships, which again is the essence of good marketing – developing and strengthening relationships. Social media is not about making short-term sales. It is about sharing and listening and channelling information into systems that alert certain staff to negative discussions, positive discussions, suggestions, complaints, and ideas for new products, new ads, new promotions and new discussions.

**Social media – the biggest change since the industrial revolution**

‘Social Media is the biggest change since the industrial revolution.’ Business Week said this as far back as 2005. A month later the Economist magazine went further and simply said: ‘companies that don’t understand digital communities will die’. Social media has now become the centre of many marketing strategies.

Customers have discovered a whole new way to find out about products and services. Product review sites, ratings, discussion groups, Facebook petitions, blogs, mobile price comparison applications (apps), YouTube demonstrations (positive and negative videos) and Flickr photos: these are social media tools. And customers, not companies, are controlling the flow of marketing information as they shut out interruption marketing and use, instead, social media to find products, ratings and reviews.

‘It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change.’

Charles Darwin
Harnessing all these conversations requires new skill sets and new organizational structures. In turn this helps marketers to create a marketing utopia where customers drive the business while marketers lend a helping hand.

There is a new opportunity to use these new technologies to improve marketing in a radically different way – in fact, one so profound that social media has delivered a marketing utopia.

Marketing utopia has arrived

Why social media works

Social media fulfils a fundamental human need: to communicate. We are social animals. We like to communicate with each other. Social media facilitates this by helping us to communicate more easily, to more people, whenever we want. That is why social networks like Myspace, Facebook, YouTube and blogs are so successful. Social media is huge because it simply lets customers communicate with each other and organizations communicate with customers (this includes listening).

This new business environment allows marketers to listen to customers and opinion formers (and other stakeholders), channel their feedback into suggestions and new product ideas, and even test out new concepts and brand names, while all the time engaging customers, developing higher levels of customer loyalty and nurturing brand ambassadors. It’s a marketer’s utopia.

Web 2.0 is a participatory platform. Organizations that tap into that willingness to participate can do very well. Think beyond the old one-way communications and even beyond a basic dialogue between customer and brand and instead consider a triad amongst customers, opinion formers and the brand. Brands can reinterpret themselves as facilitators.

Think about creating branded content, services, and even applications and widgets that give real benefits to customers (and that boost their engagement with the brand). Think about social networks. Become part of them. Exist inside them. Create a profile. Embrace these social platforms, whether photo sharing, music sharing, video sharing, or interest sharing platforms such as bookmarking.

Enabling rating of content and online services – services such as Delicious and comments on blogs – supports this.

Think engagement. Marketers are searching not only for ways to connect brands to customers, but also for ways to connect those customers to each other – with the brand simply facilitating the discussion. The brand can be a place where the community can congregate and discuss and collaborate.

From customer feedback, to product ratings, recommendations and discussions, through to prosumers (customers who help to create, or produce, the next product): this is collaborative co-creation (see ‘The ladder of engagement’, page 18, for more). Customers are encouraged to be part of an organization’s product/service design system and production system. Many customers feel their favourite brand is engaging with them, and they feel some reciprocity as the organization demonstrates that it is listening and consequently taking action. This inherently deepens brand loyalty, purchasing and advocacy.

Many customers like to have a meaningful input into the products and services they consume. Some don’t, but many influential ones do. Getting private previews or input into shaping what is yet to come creates a sense of being an insider as opposed to being just another external customer sitting on a ‘customer service time bomb’.

‘If you’re paying attention, you get the answers to questions you didn’t even think to ask.’

Schlack (2008)

Social media makes it easy for both customers and organizations to communicate with each other. They allow everyone to get to know each other better, understand each other’s needs and issues, nurture relationships and collaborate, sometimes in highly destructive ways and sometimes in highly creative ways.

How social media works

Consider the basics – blogs, Twitter, YouTube, Flickr, Wikipedia, Google Maps, Google Earth, virtual worlds and augmented reality (AR). All of these
help to spread or share useful information with potentially vast online audiences. By posting articles and comments on to blogs, photographs on to Flickr and videos on to YouTube, you allow other people to see your messages and, if they like them, share them with their friends, who in turn can share them with their friends’ networks. Social media simply widens an organization’s net by spreading its branded content (and web links) out to a potentially vast audience.

These social assets are picked up by search engines when people search for certain phrases. Search engines like Google do a universal search, which now includes websites, videos, photos and a lot more, so broadening an organization’s social assets simply widens an organization’s net, which may consequently catch more prospects who are searching for specific terms if these terms or key phrases have been added as tags (or labels) to the various assets.

All social media can be optimized, eg blogs and websites can be optimized (search engine optimization – SEO) so that critical key phrases are used in the copy, headings, links to other pages or other sites (this is called ‘anchor text’), page title tags (labels), photo tags (labels) and video tags (labels). Most importantly, Google also measures key phrase frequency of use, recency of postings and, of course, inbound links. These inbound links from venerable sites improve Google rankings, as Google treats it as a vote of confidence in the site if venerable organizations are linking to the site.

The website and/or blog can become a unique platform of expertise or entertainment or whatever the desired goal. It may also become a hub of discussions on whatever subscribers want. When other relevant bloggers link to a blog it widens the net again.

Multiple social bookmarking facilities on the blog allow readers to bookmark it (or make it a favourite), post it to their own Facebook profile or send the link via e-mail to a friend. It is just one click away. Then other people look at their network members’ bookmarks to see what their network of friends or business colleagues are reading and recommending. The net widens.

Simultaneously, an RSS feed automatically feeds the new blog posts directly into a person’s RSS reader, so instead of having to visit 10 favourite websites the person can get all the updates from the reader.

Twitter is the hugely popular 140-character microblogging network. It is a river of short messages usually with links to interesting content on a blog, a website or YouTube. The twitterer’s messages (tweets) appear in the stream of messages (or updates) shared by the network of followers. Just like Facebook and LinkedIn, Twitter allows networks to see who is saying what (or doing what).

Your tweets can also be found if key phrases that are being searched for also appear in the tweet. Organizations search and track all Twitter conversations for references to their brands, companies and staff – particularly during conference time, when twitterers tweet comments about companies.

The ‘retweet’ facility allows twitterers to pass someone else’s tweet to their own network of followers with just one click of a button. Certain messages can spread like wildfire on Twitter. Twitter can widen an organization’s net. It can also be used for customer service, as is proved by easyJet, which finds it to be a useful tool to give quick responses. The Irish Bus Company (Bus Eireann) sells thousands of euros’ worth of special-offer bus tickets every week to its network of mostly students. Dell says Twitter has helped to sell millions of dollars of kit. See Chapter 21 for more.

Videos can be posted on all the current popular video-sharing sites, including YouTube, via a video aggregator called TubeMogul, and photos can be posted on Flickr. YouTube and Flickr can be seamlessly embedded in the blog or website, so they appear on the website but also appear in YouTube if someone searches for certain keywords. Each of these social platform attracts its own audience towards key phrases and similar videos, photos or audios. All of these assets are publicly searchable, so once again tagging (labelling) is critical. It is easy to create your own channel on YouTube. Social bookmarking, sharing and favourites extend videos’ reach even further into the net.

Wikipedia is a growing fountain of knowledge. Over time organizations can build their own profile by adding relevant factual articles (complete with links). This further spreads the net and may embrace other experts to participate in collaborating on certain articles.

Google Maps and Google Earth complete the net at this stage. Office locations, addresses, phone numbers, directions and web addresses can all be uploaded into Google Earth and Google Maps. Photographs of buildings can be added. Videos can
be uploaded also. All of this can be shared with peers and visitors. Data created in Google Earth are also available in Google Maps. Again this spreads your net by extending your presence.

If the locations have visually interesting material for different audiences, visitors can view offices, factories, stores, building sites or any projects in 360-degree virtual reality photos from different viewpoints (and, if relevant, with time-lapse photos showing development stages). All data are tagged (labelled) and linked so that the net widens while the visitor experience is enhanced (eg each office and/or project can have a map for directions, a photograph of the building to recognize it, a video tour in advance or a greeting from the MD, or anything that brings it to life and helps the user, plus spreads the net). Three-dimensional models (eg turbines on a wind farm) can also be added. Although data can be seen in both, the Google Earth display is much richer (3D aspects can be shown) than that in Google Maps. All Google Maps display can have a button ‘View this in Google Earth’. If someone has not got Google Earth installed it will still show the core data and displays as shown in Google Maps.

Virtual reality
Marketing adaptability requires an inquisitive mind and some experimentation to find what works and what doesn’t. Although somewhat criticized, virtual worlds are worth exploring. One of the most popular virtual worlds, Second Life, is reported to be having a ‘second life’ as its population starts to grow again. Massively multiplayer online games (MMOGs) are forecasted by their owners to reach 1 billion customers in less than 10 years. As initial suggestions are that Web 3.0 will be more 3D and virtual world orientated, it is worth exploring virtual worlds. They cannot be ignored. In 2007, the author held a parallel launch of Northern Ireland’s creative digital hub in Second Life. The Minister for Enterprise’s avatar addressed a virtual audience (of avatars), with the virtual world presentation simultaneously beamed into the ‘real-world’ audience in Belfast.

More and more customer service avatars (interactive cartoon characters) are appearing on websites, particularly in the customer care sectors, where they offer themselves as ‘your assistant’. Virtual immersion in a non-real world has been around for some time and has crept into people’s living rooms in the form of Wii games. These popular virtual games convert a living room instantaneously into a gymnasium, a tennis court, a boxing ring, a dance studio, a keep-fit studio or even a golf course, and players play happily in their virtual worlds. It will become a lot more sophisticated. Have a look at the GE Renewables Smart Grid website, which allows viewers to blow at their PCs and make the virtual turbines turn faster.

The University of Tokyo already has perfect virtual rain that looks like and probably feels like water dropping on to a surface. It may well be that Web 3.0, the semantic web, may combine virtual worlds with intelligent systems, creating whole new opportunities for those who embrace the technology.
Augmented reality allows users to see additional information, eg text or photographs, by pointing a mobile phone and reading any hyper-data posted, eg a building site might contain AR information on the site and what it will look like when finished. Through use of AR software like Layar or other apps from the iStore, the horizon expands as augmented reality emerges.

To summarize, it is not surprising that social media has grown so quickly (the Facebook population now equals that of the fourth-largest country in the world), because social media taps into something deep inside us all – the need to communicate, talk, share and be part of a community. This is fundamental to us as social animals, and satisfies a deep need that is profoundly embedded into our genetic structure. The old push marketing model (of interrupting audiences and pushing ads at them) with ‘sell, sell, sell’ is being replaced by ‘listen, listen, listen’ to the conversations and ‘share, share, share’.

It is easy to see why social media is now so powerful. The next section reveals why and also proves the power of social media by explaining the maths behind it.

**Social networks – herds or individuals?**

Consider a target audience of 20 people. Here’s how Lilley (2007) calculates how many messages can spread around depending on what media is being used.

Broadcast network is based on a ‘one to many’ model (eg old TV advertising). It is called a Sarnoff network (after David Sarnoff, the broadcasting legend). A hypothetical Sarnoff network with 20 viewers has a score of 20. The network score is simply the number of nodes (audience members) = 20

Telephone and e-mail network is based on a ‘many to each other’ model. It is called a Metcalf network (after Bob Metcalf, one of the inventors of the Ethernet). This communications model allows everyone to contact each other. Because everyone can call each other, the total possible number of calls or e-mails is 20 squared, or 400. This is potentially much more powerful for communicating messages among people than a Sarnoff network. The network score is node to the power of 2 or $20^2 = 400$

Social network is an ‘immensely more powerful category of network’ based on a ‘many belong to numerous networks’ model. It is called a Reed network (after David Reed, who observed that people in social situations belong to more than just one network). The possible value of a Reed network is 2 to the power of the number of nodes on the network. Take the same group of 20 people in a social situation, whether virtual or real. A Reed network generates a score of 2 the power of the node. This generates a network score of $2^{20} = 1,000,000$

Moving from a broadcast network to a telephone/e-mail network, even if only 10 per cent of the people pass the message (maybe a special offer, or perhaps a criticism), it still means that 40 messages will be sent around. This is twice as powerful as the TV network, which only had a possible total of 20 messages being received. Moving on to the Reed network (social media network), if 10 per cent spread the message, that generates 100,000 possible messages that can be received. Or, even if only one-tenth of 1 per cent pass the message on, it would still generate 1,000 messages, which is 50 times more powerful than the old TV model with just 20 messages.

Now consider just one social network, LinkedIn, which is sometimes referred to as Facebook for businesspeople. It is a powerful tool. Once registered (which is free), businesspeople start connecting with other businesspeople, effectively building their own networks. If an individual has 170 connections (contacts), LinkedIn calculates how the individual becomes part of a network of approximately 3 million people. Figure 1.3 shows how LinkedIn calculates the size of anyone’s network. The maths in the table is taken directly from LinkedIn.

**Networks, herds or individuals**

Group behaviour is well documented in social studies. Marketers understand the natural impulse to follow the crowd. Some sociologists believe humans are just copying machines, basically. Because humans are social animals, a large percentage of an individual’s brainpower is devoted to interacting with others, watching their behaviour and wondering what they think of us. We carry this legacy with us every time we buy a particular brand of washing powder or choose what movie to watch in the cinema. We have learnt or evolved to be animals that are good at copying.
In the 1960s the sales of domestic air conditioning were followed and mapped for years. Findings showed that the best way to predict who would buy air conditioning came down to whether a person’s neighbour had it. People had to see it to be likely to copy it.

The Mexican wave – why? Because everyone in the crowd can see everyone else and is aware of the group behaviour. The Mexican wave cannot be re-created in a shopping centre, because people can’t see each other, nor can they see the group behaviour.

Facebook, on the other hand, is like a digital version of the Mexican wave, because people can see what all their friends are doing. They can not only see if their friends are online but also what their friends are currently doing and what they have been up to in the past. If someone gets an invite to Facebook and joins, that person in turn sends invites to his or her friends. Wherever the herd moves next, people follow. The internet just manifests or provides the mechanics for what we are naturally programmed to do.

If everyone stands staring at the sky and pointing, that person is bound to get strange looks from passers-by, but get six or seven people standing together staring and pointing at the invisible spaceship and the crowd will swell.

Harnessing the knowledge of the herd has greater potential when it comes to building brand loyalty.

**Social media cultural shift**

Organizations that are not looking out for and listening to online conversations about their brand are missing a major opportunity. If someone attacks a brand there is an opportunity to address any criticisms and rectify the issues before rumours spread out of control. Conversations cannot be controlled like advertising messages, but organizations can feed accurate information as well as being seen to listen and care. In addition to collecting crucial feedback, ideas and public comments from the marketplace, marketers are provided with a welcome platform to get their message across if it is relevant. This also grows a brand’s presence wherever the market congregates online. Ignoring these conversations leaves an organization on the outside and soon to be replaced by another brand that does want to be a part of the conversation.

Social media provides a platform to:

- reach out to increasingly difficult-to-contact customers;
help customers by sharing expertise (and therefore branding) with audiences rather than trying to use it for direct sales;

- listen to the vocal elements within a market.

This requires a cultural and organizational shift and more of a listening and sharing culture than a selling culture. It requires a real customer orientation, which drives the marketing utopia. After the listening and sharing, relationships can blossom. After this warm awareness and affection, all things being equal, sales will eventually follow when the customer is ready (as opposed to when the organization wants to sell).

**Develop a systematic listening team and a system to use the information**

Who monitors what? Who compiles the analysis and the reports? Who responds to comments on blogs and in group discussions on LinkedIn? Who analyses the comments, complaints, suggestions, worries, issues and opportunities? What happens to all this highly useful information? What systems channel which information to whom? If embarking on the highest level of customer engagement, collaborative co-creation (see page 19), who manages the channelling of new ideas into new product development processes? Who handles the responses back to the original contributor? These are some of the questions that need to be addressed.

More and more organizations are using third-party organizations or their software to scan for any online comments, discussions or tweets regarding their brand, their company, their customers or their competitors.

**Develop knowledge assets (which can be used to lure traffic)**

Most organizations have a lot of assets already, assuming colleagues speak at conferences, do interviews, write white papers, commission market research or even answer customer e-mails and develop answers to frequently asked questions (FAQs). Even writing a book review is a knowledge asset, if it is written by an expert or perhaps the CEO. These are knowledge assets that can be repackaged and offered to customers. Record all the organization’s speeches on video. Knowledge assets include videos, PowerPoint presentations, decks, articles, blog posts, commissioned research, white papers, e-books, expert insights and helpful customer tips.

Sometimes these knowledge assets are buried in customer e-mail responses, which can be categorized and used to generate FAQs for your website and also can be used as the ‘10 most popular questions’, ‘10 questions you’ve got to answer’, ‘10 reasons why’ or ‘10 things you’ve got to know’. These can be converted into quizzes with multiple answers, or self-assessment widgets.

These knowledge assets can be used as ‘link bait’ or as a lure to entice an audience of Twitter followers or members of a discussion on a blog or on LinkedIn to visit your website. Other lures that work are provocative questions or statements or a discussion topic supported by a reasoned argument generated over 2,000 carefully thought-out responses. These responses are engaging with individuals and their brands.

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**How do we share?**

How do we collaborate?

‘Open source technology – we need to drive Twitter and all these other open source tools deeper inside the organization – drive use of said collaboration technology inside the firewall – social cast, yammer etc.’

Brogan (2009)

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**The social media process – 10 steps**

1. Start monitoring and listening. A social media audit establishes an organization’s reputation (and your competitors’ reputations). Develop a comprehensive monitoring strategy to discover:
   - the issues: what can have an impact on your brand;
   - the influencers in your marketplace;
   - the platforms or places where your customers (and influencers) congregate (the influential networks, including blogs, discussion groups and other social networks);
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the opinions customers have about your product, your company and the competition.

If your brand or industry discussions are focused on one or two platforms, this makes it easier to concentrate your efforts.

2 Set priorities and goals, and don’t try to cover all social media outlets. It is not possible to engage in all conversations everywhere. Pick the more important ones initially. Not all online conversations have the same impact. Identify the more important ones. Learn when and when not to engage. Have clearly defined objectives and know exactly what you are trying to achieve with social media (eg reposition the company, develop relationships, establish the brand as credible, grow awareness, etc).

3 Agree key messages. Have crystal-clear messages. Be ready to engage with the target audience in a meaningful way (give them what’s relevant and important to them). What topics and key phrases does the organization want to be associated with? Prepare canned messages for a range of issues or situations so that they can be tailored easily. Show the team how to create links, back-links and retweets. Share guidelines for what is and is not appropriate.

4 Develop good content – help and share. Your content has to be valuable; otherwise you’re just shouting or ‘making noise’. You have to be prepared to help and share good content. Do not sell primarily. Sales may follow good content. Social media is not a direct marketing tool. Share articles, presentations and videos that are relevant – these can be yours or someone else’s (as long you credit them and link to them). Only add comments to other discussions if you are being helpful and relevant.

5 Recruit and train the team of spokespeople. Whether a blog or a Twitter account or a YouTube channel, you need to identify who is in the team, ie who has permission to write a blog post or a tweet or upload a video. Who handles responses? Is it certain people for certain issues? Is it one spokesperson or several? Equally, who monitors what? Who reports to whom? Once you have your team trained, brief the rest of the organization. Share the strategy with the whole organization.

6 Commit time and resources. You need a consistent stream of useful content. Don’t just dabble. This requires clear briefings, training and motivation, which in turn requires resources. Monitoring requires resources also, whether you use an outside agency or do it in-house. Once you start proving the value of social media, you should find it easier to allocate resources to it.

7 Constantly promote social media. Just as all organizations now promote their websites in everything they do, so too should social media be promoted. Announce your Twitter handle (name), Facebook page or LinkedIn profile at every opportunity. Add it to all the company’s e-mail signatures and collateral. Announce it at conferences and news releases. Add the details to slides, news releases and the letterhead. List it on your website. Post all presentations on your social media sites. In fact, all offline communications should be integrated with social media, eg Twitter, blog and Facebook announcements about an upcoming conference. Videos and photos of the event and speeches can be uploaded to YouTube and Flickr respectively.

8 Integrate online and offline events. The online social media team or consultancy needs to work more closely with the offline team, as it needs to know what marketing events are happening in advance. As the website is a conduit, it can get more bang for its buck if it is integrated, eg brief video production companies and photographers as to what formats and style are needed for web use. A shared schedule of events or an outline

‘The more valuable your content, the more valuable you become, the more your audience will grow.’  Source unknown
plan to allow integration and leverage of various marketing assets on to social media platforms (like ads, promotions, videos, etc) is essential.

9 Plan for success. Although it may take some time to build up your networks and followers, be prepared for a sudden influx of comments, visitors and enquiries. This is a nice problem to have. However, if the organization cannot handle the incoming web traffic with its comments and enquiries, it could end up generating a lot of negative PR. Develop credibility before raising visibility.

10 Measure, measure, measure. Don’t play Russian roulette by (up)loading your message, pushing or spinning it out and then closing your eyes and hoping for the best. Watch the analytics. See if traffic has spikes as a result of any particular posting.

What posts generate a buzz? One new discussion on an e-marketing group in LinkedIn generated over 2,000 responses. It was called ‘Social media is crap’, and had a detailed post of why the person felt it didn’t work. Watch what generates visitors, conversions and good comments (as opposed to negative comments).

How do you measure social media? Some companies use a formula (the PR industry has used formulas for years) to generate a score each week on editorial coverage, allowing for brand name mentions, whether they are positive, negative or neutral, and the importance of the outlet to the brand.

Although ‘sentiment tracking’ is in its infancy, marketing professionals need to spend time monitoring (and acting upon) what is being said about their brands, their people, their organization and their industry across blogs, micro-blogs (Twitter), forums, social networks and online news media.

Social media is not for the pure mercenary business. They are for organizations that are truly customer orientated. Social media, for them, is a godsend. Customers segment themselves into interest groups that generate more inside information in the minds of customers than any focus group ever could, because everyone shares information, tips, suggestions, ideas, examples, and details of what upsets them and what excites them. Social media helps to build relationships with customers and prospects rather than shouting and broadcasting messages at them.

Finally, remember to have an exit strategy if, for example, participation rates are too low and therefore do not justify the resources required. How would you stop a blog or a discussion? What reason would you give? Where would you send the group? Some brands transfer their audiences to other relevant sites or groups.

The ladder of engagement

Customer engagement creates stronger brands and more advocates

Marketers who understand and influence customer engagement better than their competitors are more likely to develop stronger brands and more loyal customers. Engaged customers are more likely to become brand zealots. Therefore it is important to identify engaged customers and start a brand ambassador programme to further strengthen the relationship and energize their word of mouth.

The ideal customer, or most valuable customer, does not have to be someone who buys a lot. The ideal customer could be an influencer who is a small irregular buyer but who posts ratings and reviews, as the reviews could influence another 100 people.

Identifying engaged customers

Monitoring the quantity and frequency of blog posts, comments, forum discussions, reviews and profile updates helps to identify opportunities and also acts as an early warning system to any future problems. Consider targeting brand evangelists rather than just
purchasers. Some companies ask customers to give a product rating or even post a product review as a standard part of their after-sales contact strategy. This way the more engaged customers identify themselves by their own self-selection.

A customer who doesn’t care about the product is likely to be less committed or less emotionally attached to the brand. On the other hand, a customer who is engaging is likely to be more emotionally connected to the brand. Marketers need to know about the sentiment, opinion and affinity a person has towards a brand. This is often expressed through repeat visits, purchases, product ratings, reviews, blogs, discussion forums and, ultimately, their likelihood to recommend a friend.

The lower half of the ladder encourages customers to engage via product ratings, reviews and discussions. The upper half of the ladder is user-generated content (UGC), which encourages customers to become co-creators of content for the organization. This is sometimes referred to as crowdsourcing. The highest level of co-creation occurs when customers co-create the products that they subsequently buy (see examples in ‘Collaborative co-creation’ below).

Not everyone will rise to the top of the ladder. In fact, Nielsen suggest only 1 per cent of website visitors will; 90 per cent lurk, 9 per cent occasionally contribute and 1 per cent regularly contribute. They call it the 90–9–1 rule. But those 1 per cent are important: hence the importance of identifying engaged customers.

While moving customers and other stakeholders up the ladder of engagement strengthens brand loyalty and boosts sales, it does require careful planning, systems and resources. This is a long-term strategic decision.

At the highest end of the ladder, the virtual circle completes itself. It is a self-fulfilling system. As the virtual circle completes itself, it reinforces the loop, increasing engagement and loyalty.

**The ladder of engagement**

Moving customers up the ladder of engagement creates brand loyalty, unleashes brand zealots, and can help improve an organization’s processes, products and services. This can also create sustainable competitive advantage for an organization as customers become more engaged and more loyal to the brand that they feel a part of.
customers create the product, they create their own demand. However cutting-edge this is, it does require basic business skills of systems of communications, registration, processing, feedback, rewarding and putting into action. So back to basics – developing systems that work requires careful planning and rigorous testing. Here are some examples of how companies use the different steps on the ladder of engagement.

**Ratings and reviews: Amazon**

Amazon will try to engage customers by asking for a product rating, which takes just a few seconds. They then invite you to write a product review, which takes a few minutes. As mentioned, some companies make ratings and reviewing a standard part of their after-sales contact strategy. Customers value reviews from their peers. This shows that consumers are able to apply their own filters and, effectively, rate the ratings. There is a hierarchy of trust online, which starts with personal friends.

**Discussions – ask and answer: the Home Depot**

One level of discussions is ‘ask and answer’, where customers throw out questions and other customers answer them. US DIY chain the Home Depot invites customers to ask DIY questions and eventually get other customers to answer the questions. Issues of liability for any careless advice obviously need to be addressed, and real experts may be preferred to casual customer experts.

**Discussions – passionate stories: great sporting moments**

Another level of discussions is where customers discuss the product or, in the case of the sporting book, they passionately discuss sporting stories. They also reveal themselves as potential brand ambassadors. Those who do engage in discussions are usually passionate about the brand or product.

**Collaborative co-creation**

**Ideas**

Dell’s Ideastorm (www.ideastorm.com) generates ideas on how to improve the business and uses systemized suggestion boxes. Customers, and even non-customers, can suggest new products and features, as well as better ways of running the business, eg improvements in their processes. Dell have earned $10 million from the early stages of Ideastorm. This may seem tiny to a company of Dell’s size but, remember, this is brand engagement, a form of brand promotion to the brand zealots, and it also contributes something to the bottom line.

**TV advertisement**

Co-creating ads is more common in the United States, where customers are asked to generate ads. In 2008, Chrysler’s Tahoe supplied graphics, music, photos and video clips and asked its audience to make an ad. The best one would be shown during the Superbowl, the most sought-after TV spot in
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FIGURE 1.6 Collaborative co-creation: products

Collaborative co-creation: products
Now consider the highest level of engagement, the marketing nirvana or the marketing utopia mentioned earlier, where customers co-create products.

This is when customers actually create an organization’s products and services.

This is where social media facilitates an atmosphere and systems where customer ideas flourish and the next generation of product modifications or new products is created by the customers for the customers. This is a real marketing orientation model.

the world. It generated a huge response. It also discovered some user-generated discontent (UGD), with several negative ads posted on YouTube. It took the brave decision to allow both positive and negative ads to be created – a classic double-sided argument, which generated more discussions and a lot of press coverage. By the time the Superbowl came, the PR surrounding the user-generated ad campaign had boosted anticipation of the ads, and an enthralled audience watched with great intrigue.

More recently, Kraft Foods in Greece scored a hit with a user-generated 27-minute long-form ad for its Lacta chocolate bar. The crowd sourced the story and the casting, and some of the crowd even appeared as extras. The Love in Action campaign started using traditional TV advertisements to invite people to send in their love stories. Thirteen hundred love stories and one month later (it took a month to sift through the stories), the winning story was selected. Online polls voted for and selected the cast (full screen tests were put up online), the characters’ names and even their costumes. Updates were posted on Facebook and Kraft’s blog, which was followed by over 11,000 registered voters and 20,000 fans and eventually watched over 150,000 times. It created such a buzz that Greece’s leading TV station, MEGA Channel, offered to screen it free of charge on 14 February as part of its Valentine’s Day programming which attracted a 12 per cent share of viewers and was seen by more than 335,000 people. Lacta sales are also up in a declining market (Hall, 2010). For a full case study on collaborative advertising see the T-Mobile case (Case study 13.1).

Brand names
Co-creation can go way beyond ads and promotions; it can even generate brand names, if the basic systems are in place. Boeing created a buzz around the launch of the new 787, the Dreamliner, by inviting input from potential customers and passengers online. Indeed it was the community that named the aircraft the Dreamliner, with some 500,000 votes cast online from 160 countries (O’Dea, 2008).

Products and services
Some say that UGC has been used offline for many years now. MTV has been getting users to screen or research products through user text votes, and reality TV has been using the UGC formula for far too long in my opinion. The X Factor attracts UGC to create new product concepts, new product screening and new product testing. Why is UGC so successful?

Back to the online world, Peugeot invited their online audience to submit new product concepts, ie submit car designs. This attracted 4 million page views. Peugeot built a demonstration model of the winning design to exhibit at marketing events. It also partnered with software developers to put it into a video game.

Another online company where users generate the complete product is Constant Comedy.com, an online comedy site where users upload their jokes
on video. Audiences watch them and then vote them on or off. The best ones are voted to the top, and new careers take off.

Take product variations and product components. *Great Moments of Sportsmanship* is a book about sportsmanship. Customers send in their sportsmanship stories for further discussion in the blog and possible inclusion in the next edition. The goal is to have future editions totally user generated. In addition, more UGC is added as YouTube videos that match the stories in the book are added to the site.

In the area of careers, there is a highly engaging UGC company whose product is 100% per cent user generated. Called pods4jobs, it is an online careers advice site with a difference – videos only and all created by the target market, ie mostly teenagers interviewing people at work, revealing a ‘warts and all’ insight into different careers. Here, kids interview their parents, aunts, uncles, grandparents, neighbours or anyone who has a career. Students shoot their own video, upload it and, if it is accepted, get a certificate of achievement.

And they are not alone. Another very important collaborative co-creation project is the Myelin Repair Foundation (MRF), which is a closed group of researchers from five universities who aim to develop a drug that will treat multiple sclerosis (MS) in 10 years. After a couple of years they have identified 10 targets and three therapeutic candidates, developed 11 tools to study myelin, and published nearly 20 scientific articles. Half of any royalties go back into the foundation to finance future projects. An IP agreement allows MRF to license discoveries to pharmaceutical companies.

Occasionally B2B is mixed with B2C, as in the case of the InnoCentive site, which allows 180,000 freelance scientists, engineers, entrepreneurs, students and academics to work on problems posed by industry, creating and selling solutions in return for cash rewards. Major players, including P&G, are involved.

One outstanding UGC website is called Threadless.com, whose loyal community of graphic designers, artists and generally creative people send in designs for new T-shirts. The community votes for the best one; they then produce it and sell it back to the community. The retail trade has spotted these high-quality and unusual T-shirts and now orders significant quantities of their limited-edition, high-quality products.

Remember, UGC is not always B2C, as almost always many of the best online examples are actually B2B. Consider MMOGs, where dozens, hundreds and even thousands of players around the world participate in an online game. Now imagine dozens, hundreds and even thousands of scientists collaborating on and creating new products. The Atlas particle detector, which measures subatomic particles in high-energy physics, involved 2,000 scientists disaggregated across 165 working groups who then found a successful solution online. IBM has adopted Linux for some of its computer products and systems. Linux is continually improved by a huge global community of software developers, mostly non IBM-ers. Sun Microsystems developed the Solaris operating system with a global community of software developers. Some call it ‘crowdsourcing’; others call it ‘open innovation’.

It is interesting to note that Apple netted some $1 billion in app sales in the first year, and shares 70 per cent of revenues with the 125,000-strong developer community in the iPhone developer programme (Kennedy, 2009).

IBM also uses open innovation for its Big Green Innovations unit. Likewise, P&G revamped its innovation model by adopting open innovation a few years ago. From Intel to Xerox, NASA to Novell and Vodafone to Virgin, more and more organizations are unleashing the collective brainpower of people outside their organization. Offline, LEGO have been collaborating with customers for years, asking children to suggest, create and screen new product ideas. They then financially reward ‘those whose ideas go to market’.

Successful UGC and even the lower levels of engagement are dependent on a vibrant, responsive audience and one of marketing’s often forgotten fundamentals – systems and processes that work, and basic marketing principles of testing interfaces and back-office systems. Usability testing is a prerequisite.

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**UGC is in search results**

‘25% of search results for the world’s top 20 largest brands are links to user-generated content.’

Qualman (2009)
Remember, websites are fun, but back office means business.

All of these UGC systems draw from the basics of perfect marketing processes and the passionate attention to detail required if user-generated systems are to work successfully.

Ask: ‘How well are we measuring the engagement of our different online audiences and then closing the loop by using the data to identify the advocates and deliver more relevant communications?’

Collaborative co-creation has been extended into management. Results to date are inconclusive as to how successful this can be. Consider MyFootballClub.co.uk, which is a group of approximately 50,000 football-obsessed internet users who pooled resources and bought a minor English football club. Members paid £35 and acquired a majority stake in Ebbsfleet United, which plays five divisions below the premiership. Members vote on transfers, player selection and all major decisions affecting the club. Since then it has won the FA Trophy at Wembley – the club’s greatest achievement since it was founded in 1890. Now it is aiming for promotion to the football league proper. This has been done before.

In June 2006, minor league baseball team Schaumburg Flyers from Chicago let fans co-manage the second half of the season by voting via the website on managerial moves such as setting up the roster. It flopped, going from a 31–17 record in the first half of the season to the 15–33 worst record in the league. A similar thing was also done pre-internet, way back in 1951, when the St Louis Browns major league baseball team gave control to the fans by issuing ‘yes’ and ‘no’ placards. Although it was a publicity stunt, the Grandstand Managers’ Day involved thousands of fans directing the club to a 5–3 win over Philadelphia Athletics. Now that’s engagement.

**Figure 1.7 On the Air**

The race is on

*Co-creation and user-generated content have been around for a long time, as is the case with radio show phone-ins, whereby the audience’s input and opinions are a key part of the programme. However, BBC Radio Northern Ireland took it to a new level a few years ago when they felt that the audience input was so funny that they should make an animated TV show from it. They even kept, with permission, the callers’ actual voices and dubbed them into the animation. Called On the Air by FlickrPix, some of the series is still on YouTube.*

*‘We’ve moved from “The Attention Economy (push)” to “The Attraction Economy (pull)” to “The Participation Economy (share)”.*

Roberts (2010)

*The race is on*

**Cut through the clutter**

Amidst the hyper-competition and a vast sea of communications, whether outbound, inbound, online or offline, the race is on to somehow break through the clutter, engage with customers (and other stakeholders) and ultimately nurture lifetime loyalty. Once a real dialogue is established and is used to continually improve and service the customers’ continually changing needs, a platform of loyalty begins to emerge. This builds a wall against other competitors. In many ways, the first organizations that get it right are likely to prevail and win in the longer term as they strengthen customer relationships and secure loyalty.

The social media revolution started quietly long ago. The race is on to win and keep customers...
before the competition does. Customers’ attention has to be attracted and then engaged in meaningful, helpful, added-value ways that some of us would never have even dreamt of 10 years ago. Marketers have to add new ways to engage customers and move them up the ladder of engagement.

Attracting attention and generating website traffic is dependent on being creative enough to catch the attention and then being relevant when using communications tools, including social media and the more traditional web tools (‘tradigital tools’).

**Be there, be relevant and be creative**

A brand needs to be wherever its customers are. Be wherever customers might have a need. Find out what they really want and give it to them. Find out where customers go (offline and online) and when they go there. Be creative with messages and media.

Find creative partnerships that take the brand’s message and products to its target audience in a completely different environment (wherever the target market is) and perhaps just when they need help (as they leave a venue or as they start a search). Be where customers go online and offline. There may be ways of reaching them through collaborative partnerships with parallel non-competitive suppliers both offline and online. Field marketing or the slightly more elaborate experiential marketing partnerships may occur, eg a rugby book sold at the grounds of a rugby stadium, or new iPods being sold at a concert. And help customers tell their friends about you.

Be relevant to their needs – if a brand gives customers useful, relevant information at just the right time, it strengthens the brand relationship. Being creative always helps. But being relevant is even more important, as customers only want and listen to whatever is relevant to their needs. Constant monitoring of their changing needs is critical. Whether it is at the lowest levels of interaction, ie product ratings, reviewing products or creating user-generated content, engagement helps to keep customer attention and to nurture stronger relationships.

Be creative. Experiment with different media, different messages, and live demonstrations in different places, videoed on camera and posted to YouTube. Use permanent media (buildings, walls and gates, or laser your logo on to the moon) and product placement (in other productions). Think hard about what would make someone buy a brand, and then see if this reason can be translated into a stunningly creative message. Test it and try it.

**Open and integrate your new toolkit**

Traffic is also generated by the traditional collection of 11 communications tools (see Table 1.1), which include what the US marketers consider to be the Big 5 tools: advertising, PR (plus sponsorship), sales promotion, direct mail and the sales force. There are also the three 3D tools, which include packaging, point-of-sale (merchandising), and exhibitions and conferences, and finally the 2Ws – your website and the most potent of all communications tools, word of mouth. Social media has catapulted the power of word of mouth. All 11 tools are replicated online.

**The creative age is here**

Creativity and marketing will help to break through the clutter of noise and hyper-competition that is out there. As Kevin Roberts (2009), CEO Saatchi & Saatchi Worldwide, said, this is the dawning of a new creative age in marketing. In fact, it is the dawning of a new age of creativity both inside and outside the whole organization – as witnessed by the collaborative co-creation models already discussed. Even advertisements are going to have to be a lot more creative. User-generated long-form ads are here, and so is the one-second ad. As Eric Schmidt, CEO Google, said: ‘Despite this need for creativity in business, many organizations feel uncomfortable with acknowledging and unleashing the power of creativity’ Manyika (2008) Harvard Business School professor John Kao (1997) summed this up when he said ‘I know: In many business people's lexicon, “creativity” is right up there with “nice” in the mushy-word category. Such people had better revise their lexicons.’ Look at the more successful companies out there: they nurture creativity. It is not accidental. The importance of creativity is recognized, encouraged and nurtured. Listen to what some of these organizations say:

- ‘Either you’ll learn to acquire and cultivate [creative people] or you’ll be eaten alive’ (Leon Royer, Executive Director, 3M).
### TABLE 1.1  Communications tools

<table>
<thead>
<tr>
<th>Offline tools</th>
<th>Online outbound tools</th>
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<tr>
<td>1. Advertising</td>
<td>Interactive TV ads</td>
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<td></td>
<td>Pay-per-click ads and banner ads</td>
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<td>Intelligent media units</td>
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<td>2. PR</td>
<td>Online optimized PR</td>
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<td>Viral marketing</td>
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<td>3. Sponsorship</td>
<td>Online sponsorship – communities, pages, sites, events</td>
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<td>4. Sales promotion</td>
<td>Incentives and calls to action online in e-mails and websites</td>
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<td>5. Direct mail</td>
<td>Opt-in e-mail (viral marketing)</td>
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<td>6. Sales force</td>
<td>Affiliate marketing</td>
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<td></td>
<td>Digital body language (on a website)</td>
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<tr>
<td>7. Packaging</td>
<td>Pack images on the website</td>
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<tr>
<td>8. Point of sale</td>
<td>Website – your online POS; particularly calls to action; product photos and product users’ photos</td>
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<tr>
<td>9. Retail store design or commercial offices</td>
<td>Website – design, online value proposition (OVP), search engine optimization (SEO)</td>
</tr>
<tr>
<td>10. Exhibitions and conferences</td>
<td>Virtual exhibitions, virtual worlds like Second Life</td>
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<tr>
<td>11. Word of mouth</td>
<td>Social media – inbound marketing</td>
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<td></td>
<td>Blogs:</td>
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<td>Microblogs (eg Twitter)</td>
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<td>Social networking sites:</td>
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<td>Google Earth</td>
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<td>Virtual worlds</td>
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‘My job is to listen to, search for, think of, and spread ideas, to expose people to good ideas and role models’ (Jack Welch, former CEO, GE).

‘The first step in the creative process is “hiring the best of the best”. This is how HP maintains an environment that “crackles with creativity and intellectual spirit”’ (Mary Patterson, former Director of Corporate Engineering, Hewlett-Packard).

‘To make money in a disinflationary period takes real innovation and creativity at all levels of the corporation’ (Michael Fradette, Manufacturing Consultant, Deloitte & Touche).

The reality is that creativity is hard work. And managing creativity is, as Kao (1997) says:

if anything, even harder work. It has nothing to do with finding a nice safe place for people to goof off. Managing creativity is much more difficult. It means finding an appropriate place for people to contend and collaborate – even if they don’t particularly want to. It means scrounging from always-limited resources. It means controlling the uncontrollable, or at least unpredictable, process. Creativity, for many, is a blood sport.

But, as Albert Einstein said, ‘Anyone who has never made a mistake has never tried anything new.’

Edison – a genius who combined creativity with marketing

The United States’ greatest inventor, Thomas Edison, was a creative genius, but it was not until he discovered some of the principles of marketing that he found increased success. One of his first inventions was, although much needed, a flop. In 1869, he created and patented an electronic vote recorder, which tallied the votes in the Massachusetts state legislature faster than the chamber’s old hand-tab system. ‘To Edison’s astonishment, it flopped. Edison had not taken into account legislators’ habits. They don’t like to vote quickly and efficiently. They do like to lobby their fellow legislators as voting takes place. Edison had a great idea, but he completely misunderstood the needs of his customers’ (Caldicott, 2010). He learnt from his failure the relationship between invention and marketing. Edison learnt that marketing and invention must be integrated. ‘Anything that won’t sell, I don’t want to invent,’ he said. ‘Its sale is proof of utility, and utility is success.’

Edison made market research a fundamental part of the creative process:

He literally went to homes and places of work and analyzed what people did in order to gain...
insight to invent products that could help them do it better and faster. He looked first for unmet needs and then applied science and creativity to fill them. The first example of Edison’s success using a ‘needs-first’ approach to invention is one we seldom associate with him: Document duplication. Post-Civil War newspaper accounts of the re-building of the South and the tremendous demand it created for insurance policies led him to think that the insurance business could use some efficiencies. Edison got permission from insurance agents to watch their clerks at work. He saw that most of their day was spent hand-copying documents for each party to the insurance sale instead of selling insurance. Edison realized that if he could invent something that would save both the insurance clerks’ and agents’ time writing, they could all make more money.

Caldicott (2010)

But customers do not understand their own needs – particularly innovations

However valuable market research is, significant creative leaps can sometimes be too difficult for customers to grasp. Therefore negative customer feedback for discontinuous innovations (significant innovations) can sometimes be misleading. In some cases, ‘Listening too much to customer input is a recipe for a disaster’ (Christensen, 2003). ‘If I’d listened to my customers, I would have invented a faster horse,’ said Henry Ford. Whoever could have imagined that a device created for engineers to communicate with each other would one day become a global necessity for all young people – text messaging? Whoever could have imagined that one day people would walk around with record players or DVD players on their heads (headphones)? Whoever could have imagined a nation seemingly talking loudly to themselves (hands-free mobile phones)? Here are some classic quotations that demonstrate how not just customers but even experts in their field could not see the benefit of a significant innovation that subsequently went on to become a massive global success:

- ‘This “telephone” has too many shortcomings to be seriously considered as a means of communication. The device is inherently of no value to us’ (Western Union, internal memo, 1876).
- ‘The wireless music box has no imaginable commercial value. Who would pay for a message sent to nobody in particular?’ (David Sarnoff’s associates in response to his urgings for investment in the radio in the 1920s).
- ‘Who the hell wants to hear actors talk?’ (Harry M. Warner, Warner Bros, 1927).
- ‘TV will never be a serious competitor to radio because people must sit and keep their eyes glued on a screen. The average American family doesn’t have time for it’ (New York Times, 1939).
- ‘I think there is a world market for maybe five computers’ (Thomas Watson, Chairman of IBM, 1943).
- ‘There is no demand for guitar bands’ (Decca Records turning down the Beatles, 1962).
- ‘There is no reason for any individuals to have a computer in their home’ (Ken Olsen, President, Chairman and Founder of Digital Equipment Corp, 1977).

Looking back on it, there are many innovations in common use now, the need for which simply did not exist 5 or 10 years ago. This applies to both B2C and B2B markets. ‘Customers want to know what to do with their call centres, how to integrate them with the internet, issues of security, what mobility means, what sort of networks they should have... These business needs simply did not exist 10 years ago’ (Garvey, 2002).
As organizations, and marketers in particular, embrace creative thinking, new solutions will emerge and contribute to continued success once we learn to think ‘outside the box’.

For organizations seeking to define creativity and inspire it, perhaps Susan Greenfield’s (2007) definition may help:

It’s seeing one thing in terms of something else. That eureka moment. You don’t have to be a brilliant novelist or painter or musician... it can be about some private matter. It can be about economics. It can be while you are reading a novel, you suddenly make a connection that suddenly gives you an insight that no one else has had. Someone defined science as ‘seeing what everyone else can see but thinking what no one else has thought’.

Doesn’t it feel great when you have that eureka moment. My own view is that this could be what we should be aiming for, because this gives you both individuality and a sense of fulfilment, and, incidentally, it is useful to society.

**Enter the boardroom**

**The missed opportunity**

Marketers can and should demonstrate to any board of directors how marketing can create two sources of sustainable competitive advantage by creating two assets – one on the balance sheet, the other off the balance sheet. Brands appear as an asset on the balance sheet, and a well-maintained, integrated customer database does not appear as an asset on the balance sheet.

A well-integrated website helps to grow a database of customers and prospects, as well as boosting a brand’s value as more and more relevant ‘services’ and ‘sizzle’ are added to the customer experience. Well-managed databases create a mini-monopoly of customers and prospects, and can be used with a variety of channels to communicate intimately with customers (e-mail, snail mail, telephone calls and personal visits). Although the value of a database can be quantified by estimating lifetime values, it still does not appear on the balance sheet.

Marketers missed their chance to enter the boardroom when the web first emerged in the early 1990s. The internet, and websites in particular, presented a whole new way for businesses to exploit the 5Ss (sell more, serve better, save money, speak with customers, and sizzle or create some magic around the brand by doing things that simply could not be done offline). Three of these 5Ss will attract the ears of the financial director and the CEO: sell, save and sizzle.

‘Sell’ means revenue, and any promise to boost revenues is taken seriously. ‘Save’ is of interest, and any proposal that offers to make 99 per cent savings will demand attention, as there is no other aspect of business that can attain such massive savings as that of well-designed, self-service websites. Some financial directors and CEOs will appreciate the importance of brands on the balance sheet, in fact the necessity to have them on the balance sheet if in an acquisition or merger situation. Hence brands, and ‘sizzle’ that enhances a brand’s value, will be of renewed interest to the CEO and CFO.

However, the moment was missed by marketers, and it seems that websites became the responsibility of other departments, eg IT, corporate PR and sales. The benefits were diluted and the cohesive marketing argument lost.

One other opportunity was missed also. As businesses move from the linear value chain to the web-linked value network, boards have to ask themselves ‘What business are we in?’ Whilst the web created a golden opportunity to re-evaluate brands (what added value they could give and ultimately what they represent), the internet created a golden opportunity to re-evaluate ‘What business are we in?’ As businesses outsourced chunks of the value chain, the business effectively became a ‘box of contracts’.

**The opportunity knocks twice**

More than 10 years later, the opportunity for marketers to get back in the boardroom appears as social media changes all the business models and sweep aside the old thinking about marketing just being the ‘colouring department’. The biggest change since the industrial revolution falls into the marketer’s court. As all marketers are becoming experts in social media, it follows that this expertise is required in the boardroom as businesses revamp their organizational cultures and change their modus operandi.

A McKinsey survey (2009) supported this by reporting that marketing and sales and IT derive most benefits from social media (as opposed to procurement and finance). In their words, ‘Social media engages customers, deepens relations, generates extra sales, faster time to market, better NPD [new
Part 1 Communications Background and Theories

product development] and lowers the cost of doing business.

Social media and the opportunity it gives organizations to create sustainable competitive advantages cannot be left to IT departments or production departments, as these by definition are production orientated. Social media is driven by the marketplace and is therefore the centre of a marketing-driven business.

So social media, the ladder of engagement, integrated marketing and creativity offer marketers another golden opportunity to get back into the boardroom and influence the strategic directions of a business in such a way that the business becomes a truly market-orientated business, primed and ready to satisfy customers and enjoy continued success.

Nightmare on Banking Street – the author’s own experience

I hadn’t physically visited a bank in years. However, when I was doing a favour for a friend, I walked into a well-known high street branch in London on a Saturday afternoon to be greeted almost immediately by a friendly-faced customer service clerk, who pleasantly informed me that the queue in front of me would take 40 minutes. I thought I had stepped into a time warp. What amazed me was that other customers seemed prepared to queue.

Was it always like this? Then I thought about online banking and also about lovely shiny ATMs that cannot make your day any worse, whilst standing in the rain, trying to block prying eyes and hidden cameras from stealing your pin numbers, whilst hoping the muggers around the corner have not spotted you yet. Fear has increased in many people’s lives.

But that’s out there on the street. What about in the comfort of your own home? I received two letters recently – both from high street banks.

One told me that my account had received a certain sum of money, it had been credited to me at a certain exchange rate and I had been charged a certain amount of commission charges. Now I never accept money unless I know who is giving it to me and why. The letter didn’t tell me, so I had to find out. I made a call, met a robot, queued, gave an account number, answered a string of security questions and eventually, after eight minutes, got the answer. My whole point is: Why couldn’t the system generate this information for me? Didn’t anyone think that customers might like to know where money is coming from? Did they test it?

I opened the statement from the second bank and it told me some good news. I had overpaid them and was now in credit to the tune of £12. I looked at the letter. It was a ‘notice of variation’. What is a notice of variation? Now, I know this is anecdotal evidence, but is this good customer service? Is this good marketing? Is it getting better or worse? Is there an opportunity to be outstandingly good?

Key points from Chapter 1

- This is the beginning of a new era in marketing amidst hyper-competition.
- Social media is here to stay.
- The ladder of engagement can create competitive advantage.
- There is an opportunity for marketers to take a seat on the board and drive a marketing culture.

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A NOTE FROM THE AUTHORS

The world of marketing has changed forever. Social media has been called the biggest change to business since the industrial revolution. And it is! That’s why major players are reallocating budgets and resources. It is also why smaller agile companies are using it to nurture lifetime value from customers as they move them up the ‘Ladder of Engagement’. We believe this is a new approach and we welcome your thoughts.

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