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Managing beyond Web 2.0

Companies should prepare now for the day when Web 2.0 morphs into Web 3.0.

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It's hardly news that the Internet has evolved into the primary vehicle for communication, information, and commerce. But in a surprising twist, today's online customers—as both producers and consumers of their own content and services—ferociously guard their online experiences. This trend, which goes far beyond Web buzz, is catching some executives by surprise and making others more than a bit worried.

What does this development mean for your company? In effect, that its marketers are being replaced. As markets morph into Web 2.0 "conversations" and consumers gain much greater freedom to pursue their own interests, customers are doing things that online marketing managers don't necessarily want—or expect—them to do. For example, they can easily connect with one another, often using multimedia sites such as YouTube and Flickr, so they themselves can satisfy their need for information about products. What's more, consumers may trust information obtained in this way much more than they do information from your company. What will happen when these consumer experiences are much more interesting than anything your marketers have put up on the Web?

Executives can use a model we at the Sloan Center for Internet Retailing have developed called LEAD (listen, experiment, apply, develop) to create a road map that will help companies thrive in the online world's environment of constant change.

Listen. Your organization should have a formal process to monitor and analyze what its customers are saying about it online and then use this information as an early-warning system. Even casual observation of these online conversations is better than nothing. Indeed, customers are probably already talking about you on sites such as Facebook or Kaboodle, whether or not you've set up pages there. They are also using microblogging platforms such as Twitter to broadcast their latest feelings about using your products and services. Some companies (such as Nielsen Online, with its BuzzMetrics services) specialize in analyzing this online chatter, though in-house efforts also can be very effective.

But simply entering the game is only a start. Companies should always assume that the digital environment will change rapidly—so they must adapt accordingly. Rather than pushing messages at consumers, marketers should listen to them and think constantly about ways to engage with them actively. A social Web presence that is tone deaf to a customer's needs augurs rough times ahead: after one consumer products company, late last year, aired a Web video that some customers perceived as insensitive, many were so outraged that they pressed for a boycott of the brand. Worse still, its besieged managers didn't bother to listen to the reaction after releasing the video—behavior that further incensed consumers. Social-media experts unanimously turned thumbs down on the

company's lackadaisical response, which led to widely publicized compilations of the tweets, blog posts, and YouTube video reactions; to mainstream media coverage of the debacle; and, finally, to what some considered an inadequate apology from the company. What's particularly relevant is that most of these events unfolded over the course of a single weekend day.

Experiment. Don't just monitor social media—engage your newly empowered customers by using the novel tools of Web 2.0 and beyond. Start with simple pilots: for example, create a company profile on social-networking sites, such as Ning, or sponsor a promotion on the innovative social-shopping site Polyvore. Make friends with bloggers and tweet your customers on Twitter. Kimberly-Clark, for instance, used its Huggies "Baby Countdown" widget to engage its customers on their computer desktops. Smirnoff used the viral-video marketing vehicle *Tea Partay* to promote its Raw Tea product. The campaign was a hit on YouTube.

While return-on-investment metrics for social media are still in the early stages, these experiments clearly pay off big time in greater customer awareness and brand engagement. Unless you have Web 2.0 experts on your team, stick with small experiments, since big ones can fail badly. For example, create a company-controlled community, perhaps through a blog, that gives your customers a place to offer feedback about your products and services—a basic move many companies still ignore. Also, take the first steps toward cocreation: engage your customers through collaborative efforts that conceive new offerings and ad campaigns, as Frito Lay did with its innovative customer-created ads campaigns "Crash the Super Bowl," "Fight for the Flavor," and "The Quest." Remember, though, that there really aren't any best practices or established business models yet. For now, companies just need to get some experience—and quickly.

Apply. Take the experiments and apply them. To make it easier to reach out to customers, optimize your Web site so that it connects fluidly with online communities and social-media sites. Make it simple for consumers to link to you and tag your content, and find ways to make your site more relevant in social-networking searches. If you have nothing worth linking to or tagging, or if your content isn't relevant to consumers at all, you're in trouble. Measuring impact is paramount, so you'll need to use the Web's predictive tools and quantitative analysis to track the results of your experiments. As you gain experience, you can apply what you learn on a larger scale.

Develop. The Internet is a social medium and should therefore be a crucial part of any company's marketing mix. But it is critical to develop integrated marketing programs that use the Web as more than just another advertising channel. Companies must therefore rapidly flee from the mass-media broadcast mentality: for example, rather than simply

buying ads on MySpace, they should make interactive Web 2.0 elements part of their marketing programs.

Consider the way GlaxoSmithKline handled the growing consumer confusion and concern surrounding the side effects of its mass-market over-the-counter weight-loss drug Alli. The company confronted the problem directly by setting up the My Alli community site, which includes active forums, videos, FAQs, a membership plan to aid weight loss, interactive diet tools, information on diet and support groups, cobranding, links to partners (eDiets for home meals, links to Alli retailers), and a sweepstakes tie-in to TV and print advertising campaigns. This approach allows the company to address consumers in a direct, nonthreatening way and to use basic Web 2.0 features that wrap these messages in a warm and supportive experience. When consumers search the Web for information about Alli, they see GlaxoSmithKline's myalli.com within the first three organic search results, the better to counteract paid ads that are either scary ("diet-pill warnings") or questionable (supposedly unbiased diet pill reviews on Britneys-blog.com), as well as links that emphasize the "icky" side effects. When consumers click through to myalli.com, they find a comprehensive site with straightforward, detailed product information, which helps the company mitigate the effects of information it can't control. This site is a terrific example of how to integrate social media into a marketing campaign in an effective way.

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Bottom line: by focusing on the fundamental aspects of the consumers' online behavior—not just current best practices—companies will be better prepared when Web 2.0 morphs into Web 3.0 and beyond. ○

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