

QUICK TAKE



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The Three Rules Of Social Computing

Lessons Learned At The 2006 Consumer Marketing Forum EMEA

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EXECUTIVE SUMMARY

During the Consumer Marketing Forum EMEA, three new rules for 21st century marketing emerged: contact is king; the response is the message; and consumers call the shots.

TARGET AUDIENCE

Interactive marketing professional, channel and product management professional

THREE RULES DEFINE THE SUCCESS OF SOCIAL MEDIA INTEGRATION

On November 20 and 21, 2006, Forrester held its annual Consumer Marketing Forum EMEA in London. Industry speakers and analysts discussed the do's and don'ts of integrating social media into corporate marketing, PR, and customer services with an audience of senior marketing, media, and telecom executives.¹ Three rules — often learned the hard way by the speakers — emerged during these two days:

1. Contact is king.
2. The response is the message.
3. Consumers call the shots.

CONTACT IS KING

The old rule was that content was king. But with 27% of online consumers ripping content via tools like BitTorrent, the latest news and sports available for free at BBC.co.uk — without ads — and consumers exchanging millions of videos and articles via MySpace and YouTube, firms living by that old rule are losing out. The winners:

- **Focus on community relationships.** Consumers have a wealth of product and channel choices for any product or content they want, and brand loyalty is dropping by 2% every year.² However, L'Oréal's Kiehl's brand is swimming against the tide, using community services around its stores and Web site. Its lesson: You can replace your product, but not your contacts. In media, Last.fm has added personalization to its music service — blending Amazon-style “users who used this also used that” and audio streaming — and attracts 15 million connected listeners per month.

- **Use content — and products — as a means, not an end.** Bebo claimed that content is key to its award-winning social network, adding value to the user community — which translates into an average 40-minute session at the site. The key to content, however, is the ability to blend it with communication, according to various speakers, including MTV, which launched social site MTV Flux to develop deeper consumer relationships than it can with TV. Products have the same goal: Nespresso generates retention with a unique, personalized experience, whereas other coffee brands fight white labels on Asda shelves and other coffee machine makers go for one-off sales.
- **Don't create, aggregate.** In both media and manufacturing, the mantra is grow, grow, grow — get critical mass. Skyblog hosts 6 million blogs and is the most popular media site in France, based solely on free user-generated content. Founder Pierre Bellanger claimed that if Rupert Murdoch wanted his baby, he would have to dig deeper than for MySpace. At LEGOFactory.com users posted 170,000 designs of their own, which any user can order and buy. Lego provides the bricks and the platform — and cashes in on the proceeds.

THE RESPONSE IS THE MESSAGE

The old rule was that the medium was the message. Or: You're hip if you use hip media. Traditional media are one-way, and traditional marketers are masters at developing the right message and pushing it through the right channel. They treat blogs, discussion forums, and corporate Web sites as a natural extension of their game. But consumers are not buying it: Only 15% of active European bloggers and 11% of all online consumers state that they trust blogs by journalists or celebrities.³ Winning marketers will:

- **Listen and learn.** Michael Wiley from Edelman showed that only 28% of consumers trust the CEO of a company. When he was still at General Motors, he therefore set up the mother of all executive blogs, FastLane, to raise its leader's profile. The lesson he learned? When you listen, extend the dialogue offline, and support the community, you establish deeper relationships. Chevrolet Europe listened and learned by analyzing search terms from users at its site. With this, it improved the site experience and relevance and subsequently increased traffic and drove dealer locator queries — a good indicator for brand preference — up by 22%.
- **Share.** Blogger *par excellence* Loïc Le Meur listed pleasure gained from sharing, learning from others, and contributing to collective intelligence in his top five reasons to blog.⁴ He gives and takes. Social media users expect firms to behave in the same way. When Nike gave Le Meur a pair of running shoes, he was happy to review them provided he was free to say anything he liked — which Nike let him do. Kiehl's creates brand advocates with a generous sample policy — by giving first.

- **Excite.** Today's poster child for social media integration is the Dove Evolution campaign. Dove's marketers posted a provocative video on YouTube, which more than 2 million women watched and passed on, generating three times as much traffic to campaignforrealbeauty.com as the brand's Super Bowl ad. At the site, more than 15,000 women posted comments and many more invited a friend to the community around the theme of self-esteem. Firms like Nokia and American Apparel use popular virtual world SecondLife.com to locate and excite their target consumers and to test new product concepts.

CONSUMERS CALL THE SHOTS

The old rule was: "We call the shots" — MBA-speak to justify pricy brand image and personality strategies. Fact: Three times more consumers trust recommendations from friends and family than advertising.⁵ Fact: In 2005, Sony had to recall a new CD protection format after one blogger flagged a security issue. The 57 million global bloggers — and counting — can do this to any brand on any given Sunday. Winning executives will:

- **Locate influential consumers.** Adidas runs the Adicolor Web site, where creative consumers can customize shoes and buy them. One benefit is the free word-of-mouth publicity from these creators raving about their unique trainers on MySpace. But better yet, by observing the trends in custom designs, Adidas marketers can more accurately predict mainstream trends. They essentially attracted and empowered an ongoing focus group, recognizing the influence the creators have in their respective communities.
- **Share control with influencers.** None of the leading brands in the audience had an executive like Lego's Head of Community Development, Tormod Askildsen. He made it very clear that firms don't make communities: Communities make firms. He started his job by locating 11 Lego fan site owners and offering them various privileges and tools to co-develop the new product line, Mindstorms. These influencers spread the word, and soon Lego received 9,600 applications from other consumers to also get involved.
- **Gain trust by acting human.** Loïc Le Meur, who receives about 100 comments on his blog every day, hopes that he will eventually be able to focus his attention on just a small group of friends — bringing the chaos back to human proportions. Edelman advises its clients to develop intimacy by becoming human, as social media is a level playing field for humans and firms. In the words of Bob Lutz, vice chairman and former über-blogger of GM: "We've found the blog to be a [. . .] terrific way to conduct a grassroots, largely unfiltered conversation with GM fans and non-fans alike."

ENDNOTES

- ¹ Industry speakers included: Angel Gambino, VP, Commercial, Strategy & New Media, MTV Europe; Tormod Askildsen, Head Of Community Development, LEGO; Pierre Bellanger, CEO, Skyrock; Georges-Edouard Dias, SVP E-Business, L'Oréal; Dom McBrien, Director, Group Manager — Online Marketing, Xbox; Mark Charkin, Head of Sales UK & Ireland, BeBo; Loïc Le Meur, Blogger and Executive VP & Managing Director of Europe, Six Apart; Spencer Hyman, COO, Last.fm; Jaime del Valle Sansierra, Consumer Dialog, Direct Marketing and Digital Marketing Manager, Chevrolet; Pieter Dorenbosch, Head of Interactive, Mazda Europe; Gurval Caer, President and CEO, Blast Radius; Catherine Salway, Group Brand and Marketing Director, Virgin; Jos Williams, Director Online Sales, Philips; Anthony Mayfield, Head of Content and Media, Spannerworks.
- ² Since 2000, consumers are increasingly likely to say that price is more important than brand, and are less likely to stick with a brand, even one they are familiar with. This data does not imply that brand is unimportant. It simply indicates that brands have to meet higher standards in order to ensure customer loyalty. In the words of NewsCorp President and COO Peter Chernin, “mediocrity is dead” for the typical brand today. See the February 13, 2006, Forrester Big Idea “[Social Computing](#).”
- ³ European bloggers are very attractive to marketers as these consumers are young, early adopters of new technologies, and heavy Internet users. They also trust each other and are more open-minded than the average online consumer. Savvy marketers will take into account those differences before entering the blogosphere. See the November 14, 2006, Trends “[Profiling European Bloggers](#).”
- ⁴ Loïc Le Meur’s full list of reasons to blog, as outlined at Forrester’s Consumer Marketing Forum EMEA: “My ego?; my brain’s memory assistant; pleasure to share; learn from others; collective intelligence; get background on anything/everybody; self-promotion; business opportunities that come to you; incredible opportunities (Davos, TV, press, etc.); could be revenue (but I am not pushing it); international network; high-level networking; ability to do amazing projects in a short period of time.”
- ⁵ On the list of trusted sources, the Net scores second and fourth — higher than magazine, TV, or radio ads. Only advice from friends and family beats consumer opinions posted online. Consumers don’t just passively read peer recommendations online: A quarter of online Europeans have passed valuable information on to their friends or relatives, and 15% have rated a product online. This Net trust and word-of-mouth activity increases with online tenure. See the September 29, 2005, Data Overview “[The European Consumer Media And Marketing Landscape](#).”