



Book Connecting With Consumers

Marketing For New Marketplace Realities

Allan J. Kimmel
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Recommendation

While replowing much of the same landscape as other social media marketing guides, this academic treatise offers two appealing, redeeming features: numerous fresh examples of campaigns which illustrate specific tactics and, for the academically inclined, an extensive bibliography of market research papers and articles. Professor of marketing Allan J. Kimmel focuses on how new media change the practice of marketing, but his presentation suffers from repetition and overuse of labels and diagrams. Perhaps this is the byproduct of the deluge of marketing research and new theories that drive the advertising business. *BooksInShort* recommends this well-researched book to research-driven marketers, academics and marketing researchers.

Take-Aways

- Increased online social communication shifts power from corporations to consumers.
- This power shift alters the traditional marketing balance; customers control marketing messages and corporate reputations.
- Consumer tastes are fluid, so marketers need constant conversations with their clients to respond to changing demands.
- Conversations between marketers and customers should be “natural, honest, balanced, open, organic, timeless, valuable, heated, viral” and “productive.”
- An average US consumer sees, hears or reads 3,000 to 5,000 marketing messages daily.
- Companies using social networks risk overwhelming customers with unsolicited offers.
- Customer-to-customer communication depends on word of mouth.
- In the future, successful websites will rely on community involvement, constant feedback, increased user evaluations and content-creation tools.
- Any corporate website or Internet initiative should always identify itself as company created.
- One way you can measure the power of online discussions is to determine “share of conversations.”

Summary

Consumer Power

Contemporary consumers control the marketplace. They no longer passively receive marketing messages and then purchase goods. They connect with other consumers and, in the process, assume more control over product development, modifications, distribution, and even pricing. The driving force behind this shift is the increased social communication available through the Internet and other social media devices. Connected consumers transfer power from product providers to other consumers. This happens through word of mouth, but guerilla, mobile and viral techniques accelerate its force. Some practitioners call these techniques “participant” or “engagement” marketing, which means that marketers no longer can simply address consumers; they must converse with them.

“It was inevitable that marketers would reach an impasse with their traditional arsenal of communications, persuasion and selling tactics.”

This marks a dramatic shift from the “selling concept,” which occurred when companies pushed items through their distribution channels to consumers. Companies used aggressive sales techniques such as price-cutting or increased advertising to drive demand. In contrast, the “marketing concept” evaluates customers’ needs and creates products that satisfy those needs faster or better than the competition’s merchandise. Since consumers’ tastes are fluid, marketers must hold constant conversations with customers to respond to changing demands. Intense competition and increased message volume have overwhelmed audiences. The average American consumer sees, hears or reads an estimated 3,000 to 5,000 marketing messages daily.

“Marketing is in need of a new paradigm that acknowledges consumer connectedness and seeks to leverage the consumer conversation through collaboration rather than control.”

The development of the marketing concept alters the management of the “4 Ps” of the product mix: price, place, product and promotion. One executive suggests that “participation, predictive modeling, personalization and peer-to-peer communities” now replace the conventional 4 Ps.

Consumers themselves now create content that affects marketing activities. This is best illustrated in new product development. In the past, companies were very secretive about new products, but, increasingly, they involve customers from start to finish. Companies that invite this kind of mass collaboration engage in “wikinomics” or “customer-made” activities that use open technologies to create new products. Some examples include the music collaboration network Napster, social media and blogs.

“If audiences are bypassing traditional marketing efforts, then firms need to put those audiences front and center in seeking new ways to reach and engage them.”

New digital technology enables “narrowcasting” and “micromarketing,” the opposite of mass marketing. These two tools let companies target subsections of wider audiences based on stated preferences, habits and media use. Micromarketing increases marketing clutter. The advertising firm TBWA\Chiat\Day puts ads on bananas, hangers and swizzle sticks, and in bathroom stalls. Many consumers now tune out ad messages, yet TV advertising in the US increased 250% between the mid-1960s and the end of the 1990s.

Web 2.0

Web 2.0 refers to the next phase of the Internet. Trends indicate that future successful websites will rely on community involvement, constant feedback, increased user evaluations and content-creation tools, reflecting the need for more complex, multistage communication. Within any audience, powerful and influential “opinion leaders” receive messages, interpret and amplify them, and selectively pass them along. Marketers should court opinion leaders and see them as important brand advocates and innovators.

“The rise in skepticism about marketing tactics is consistent with a growing trend among consumers to be less trusting of business enterprises than in the past.”

Opinion leaders guide buying habits by providing product or brand information via online communication. Their specific technical knowledge often makes doctors, mechanics and lawyers into opinion leaders. People become opinion leaders to demonstrate their intelligence, gain attention, help others, or to demonstrate their emotional connection with a product or service.

“Word-of-mouth communication and opinion leadership represent the two key processes that underlie how personal influence takes place in consumer-related situations.”

Marketers focus on opinion leaders and their related communication models because word of mouth (WOM) is the most powerful form of persuasion. Negative or positive WOM is the foundation of customer-to-customer communications. WOM, first identified in 1954, is based on personal experiences or evidence – as opposed to rumors, gossip or news. WOM is powerful because it is primarily face-to-face. Studies find that consumers discuss about “12 brands per day” and most frequently mention media, entertainment, food and dining. Via social media, WOM has morphed into “viral marketing.”

“It goes without saying that some people are more influential than others.”

WOM buzz has more power among younger consumers. Some “50% of 12- to 21-year-olds get purchasing advice from friends and families.” WOM reduces fears about making the wrong selection or suffering “buyer’s remorse.” Brand loyalty, positive or negative feelings or experiences about a product, or curiosity about whether a product is new or different drive WOM. People solicit advice when their purchase or action carries a degree of risk or requires high levels of involvement, or when they lack knowledge of a product or service.

“The average person is just as likely as a well-connected person to start a huge new consumer trend.”

While powerful and popular, WOM is difficult to measure because it is hard to know when, where and how often it occurs. Researchers overcome these limitations by “text mining” on the Internet and creating Web research communities. These valid techniques raise ethical dilemmas, especially regarding consumer privacy. It’s also hard to quantify consumer loyalty, satisfaction, and advocacy, or the effects of blogging, forums, user reviews, and social network advertising. The scarcity of evaluation tools poses problems for advertisers who need to quantify their return on investment.

“Any firm that believes that the posting of, say, a ‘viral’ video online constitutes a nontraditional campaign utilizing social media to achieve certain marketing goals is sorely mistaken.”

“Share of conversations” (SOC) is a measure of the power of online discussions similar to the “share of voice” metric utilized in traditional advertising campaigns. Researchers calculate SOC by monitoring all social media outlets and discussions that refer to a product. The “conversation index” assesses how many posts a blog entry generates, and the 10-point Net Promoter Score (NPS) subtracts the number of negative customer responses from positive responses. Other surveys identify

opinion leaders and opinion receivers, while others gauge consumer receptivity to interpersonal influences.

Connecting with Customers

To be effective, conversations between marketers and customers should have the following characteristics: They should be “natural, honest, balanced, open, organic, timeless, valuable, heated, viral” and “productive.” These are based on trust, a critical component of any customer relationship. Trust is foundational for long-term, profound business relationships because it accelerates conflict resolution, strengthens commitments and reduces the dangers of uncertainty.

“If consumers are now in control, and if they are the ones with the money, then everything in marketing must begin with them.”

Blogs build trust and are well-suited for engaging new clients, conducting conversations, and responding quickly to changing customer concerns and business conditions. Companies can use blogs to gain information, discover consumer preferences, and promote their brands and themselves. Customer conversations posted on blogs prove effective for assessing brand equity and brand associations.

“If managers cannot recognize the present for what it is, how can we expect them to accurately anticipate the future?”

Some firms offer comments and explanations about their activities on their blogs. They use “blogvertorials” and other proactivity to establish positive relationships with key bloggers. Nokia sent select bloggers free portable phones and asked them to test the phones’ cameras. Nokia did not ask the bloggers to write anything, but many did. Traffic subsequently increased on Nokia’s corporate website.

“Marketers need not respond to this new marketplace reality as a threat and obstinately continue their march backwards into the future.”

Similarly, some corporations, especially those in the entertainment, film, and music industries, have started their own blogs to generate interest, drive sales, create goodwill, establish expertise, and begin a dialogue with customers. While blogs benefit certain brands, they also must conform to new ethical standards. For example, the blog manager must state clearly that the cited corporation sponsors the blog, and participants should not use pseudonyms. Walmart’s public relations firm, Edelman, got in trouble when it started three fake blogs that touted the store’s benefits by quoting supposed customers and employees, and the public learned that the blogs were not independent.

“Marketers and consumers will coexist on an equal footing, mutually satisfying their respective needs and embracing a future that is yet to be written.”

Firms can engage with social networks, such as Facebook and Twitter, but they should not do so while pretending to be individuals. Social networks do not invite promotional brand input, so corporate participation should be unobtrusive and fully disclosed. Businesses can participate in corporate-to-corporate blogs based on sharing expertise. For example, Home Depot and the French gardening retailer Leroy Merlin engage do-it-yourselfers via their respective blogs. Organizations can use white papers, visitor registration pages and customer relationship management software to gather qualified leads and increase sales. They also can employ social networks to share information, rebuff rumors and host online educational sessions.

“Once we put consumers first, the essence of marketing communications changes.”

But there is a caveat: Companies using social networking run the risk of overwhelming their customers with unsolicited offers. A British research firm found that two-thirds of the respondents to one particular survey said they received too many invitations to install applications or too many irrelevant ads via social networks. Thus, firms alienated customers rather than making them enthusiastic advocates.

Companies that took an effective route to engaging social media include Dell, Starbucks and Procter & Gamble. In 2005, Dell incurred the wrath of a customer who posted unflattering comments about “Dell Hell” on his blog. His complaints about customer service and hardware issues resonated, and his blog traffic doubled. Within 10 months, Dell responded by addressing the specific problem areas; creating a new blog; actively joining online conversations via Twitter, YouTube and Facebook; and sharing content with other relevant sites (IdeaStorm, StudioDell). Dell, by adhering to the unwritten rules and ethics of the Web universe, was able to turn a negative to its advantage. Dell’s leaders never tried to pretend that their corporate blog originated anywhere but from Dell.

Starbucks faced a backlash from consumers who felt the company was opening too many locations and had lost its neighborhood ambiance. Starbucks began its engagement campaign by soliciting customer input via the Starbucks Idea website, and by joining MySpace, Facebook, and Twitter. Procter & Gamble, which has more than 300 brands and emphasizes product innovation, began using social media to expand its external network of product inventors at universities, research institutions, and large companies. P&G also created a new online community for teenage girls seeking information about female health issues and care. The site teaches, holds contests and provides free samples of P&G’s feminine products. Urban Outfitters is also aggressive in reaching its target audience of 18- to 30-year-olds via its blog, which holds discussions on music, fashion, and accessories, and hosts contests and links to various hotspots around the world.

Five Ways to Get Connected

Traditional marketers can begin connecting with their customers and making the transition into the new environment by using these five techniques:

1. **Recognize that consumers have the power to connect with one another** – They no longer rely on top-down messages from advertisers to make decisions. Individuals have their own networks, peer review and approval processes. These communities have different levels and degrees of connection, so marketers should view them not as monolithic but as clusters of active potential partners who have connections to a range of people and networks.
2. **Use different marketing tools to achieve different goals** – Consider cultivating influential people, developing online campaigns and WOM, holding special events, and creating mystery around a product. Each type of campaign enacts a different role in building consumer attention. These efforts can promote brand awareness, position products and increase sales, but no single method will meet all these disparate goals.
3. **All social networking techniques must be part of a larger marketing strategy** – Marketers must link these approaches with more traditional efforts, such as pricing, positioning and promotion. A stand-alone online video, which could be mistaken for a component of a nontraditional marketing campaign, will not generate any results by itself. A single social networking event would get lost in the clutter, as would a common print advertisement.

4. **Conduct your nontraditional campaigns ethically, transparently and honestly** – These are the integral characteristics for establishing quality, long-term customer relationships. This approach may take more time and effort, but the payout, in terms of lasting relationships, will be much greater.
5. **Measure everything** – When you track the activities related to your integrated marketing campaign, you increase your chances of identifying relationships that help achieve your marketing goals. This approach allows you to identify variables and link them to performance measurements to gain new insights into what drives results.

About the Author

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