

POWER

Now that consumers can create content of their own, marketers no longer control the message. If you can't lead the conversation, you'd better learn how to be part of it.

Companies can no longer sweep dirt under the carpet and hope no one notices. Like it or not, consumers are going to find out—and they're going to talk. Marketers used to be able to control what consumers knew about their companies, but the Web 2.0 era has opened up a new realm of product experts. Consequently, consumers have turned to one another for the truth—or at least, a version of the truth they perceive to be less biased.

Online user-generated content (UGC)—feedback on company sites, postings on forum/message boards, and blogs—has evolved into one of the most potent sources of information. As a result, marketers have had to leverage consumer insight as a core component of their marketing strategies. Nita Rollins, director of thought leadership at Resource Interactive, an Ohio-based technology marketing and communications company, has a stern warning for marketers: “You can only be in denial of this avalanche of content for so long.”

I LISTEN TO ME

A recent Edelman Trust Barometer study revealed that “a person like me” is the most trusted source in Europe and the Americas; in Asia, only “physicians” ranked higher. In the United States alone, 51 percent of surveyed adults ranked “a person like me” as their most trusted source. A separate Forrester Research study also found that consumers prefer listening to each other (see graph on page 30)—another sign of the trend toward a world of insular customers. “When someone doesn't have an incentive to share word of mouth about a product, when it's unbiased, *and* [when] that person has firsthand experience, it's authentic, credible, and relevant,” says Sam Decker, chief marketing officer of Bazaarvoice, an Austin, Texas-based provider of social commerce applications. In a way, Decker adds, online UGC serves as a reliable alternative to an in-store experience.

Still, conflicting findings show that not everyone is buying into UGC. Emily Riley, an analyst at JupiterResearch, wrote a report classifying 24 percent of the online adult community as “influential brand advocates”—individuals characterized by higher-than-average online activity and a tendency to research before purchasing. For all online users, and to a greater degree among influential brand advocates, UGC ranked behind only company Web sites and professional reviews—and *above* advertisements. Understandably, customers would expect companies to be the most self-knowledgeable, and yet corporate-produced marketing material is often treated with skepticism.

to the **People**

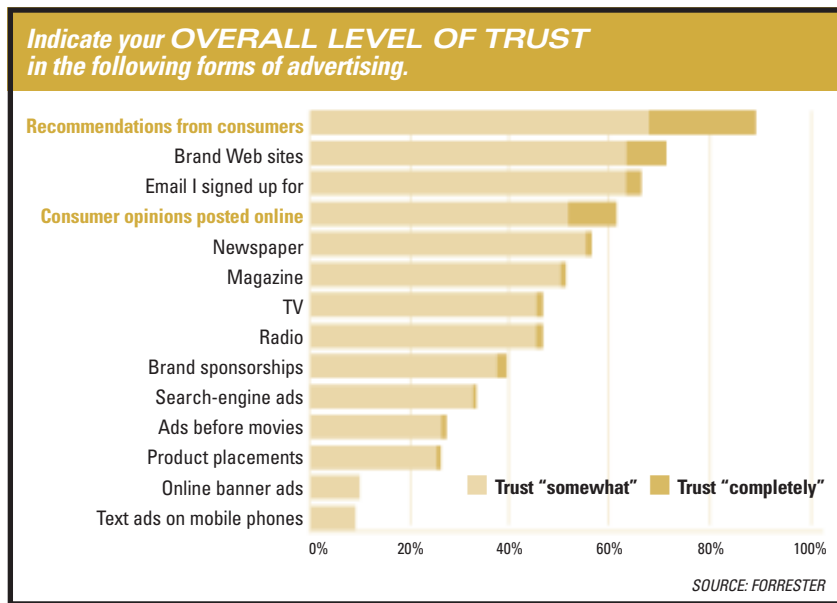




NOT JUST YOUR KIDS' WEB

Once thought to be an exclusive club for youngsters and early adopters, the Web has flung its doors wide. While it seems sexier to target younger generations, older audiences are just as likely to engage online. In fact, 93 percent of Web-goers 45 and above use email, compared to 83 percent of the 18-to-24 set. More than half the users of social networking site MySpace are above the age of 35, according to comScore, a Virginia-based Internet marketing research company, and *The New York Times* recently reported that more than 40 percent of active Facebook users are now over the age of 25.

It's clear that UGC's on the rise: According to the Pew Internet and American Life Project, 35 percent of adult Internet users have posted some of their own content online—1.5 billion pages of UGC each year. "So much care is taken in presenting [businesses'] message and controlling their marketing message that there's no way [businesses] can be as voluminous as amateur marketers or consumers," Rollins says. YouTube, an online video-sharing site owned by Google, receives approximately 65,000 video uploads daily; 3,807 photographs were uploaded to Flickr, an online photo-sharing site owned by Yahoo!, in the minute you spent reading this paragraph. Users want to be a part of the online world—and while they're not



Now, a movement called citizen journalism has allowed amateurs to upload their own photos and post their own content without the red tape typical of a formal publication. MSNBC.com recently acquired Newsvine, a Seattle-based online news channel driven by community participation, similar to other "social rating" sites such as Digg and del.icio.us. MSNBC.com says it intends to gain from "the power of unmoderated user commentary and ranking of the news," while Newsvine will benefit from MSNBC.com's "audience and distribution power."

opinions with readers—which, in the magazine world, translates as "advertisers' target audience." Similarly, a *Newsweek* redesign set aside more space for readers' letters, emails, and online contributions.

There's also been increased interest in consumer content in other realms. George Lucas noticed that StarWars.com was receiving noticeably less traction as fans were seeking other venues to create illegal video mashups and sharing them on sites such as YouTube. In response, Lucas amped up StarWars.com, created "Star Wars MashUps," and hosted a video contest. Thus armed with high-quality Eyespot.com video-editing technology and more than 200 movie clips, fans had the means to do what they enjoy right at the home base. This not only improved site traffic, but strengthened brand affinity and stimulated creativity.

Giving consumers open rein, however, does not ensure that UGC is professional-caliber; instead it should be viewed as a fantastic way to collect consumer insight. UGC is typically subjected to diligent editing and fact-checking—but not by the corporate overseers who control traditional marketing. When users make mistakes, the community of fellow users is often ready to pounce and offer corrections. That principle underlies the concept of "crowdsourcing" at the core of sites such as online encyclopedia Wikipedia.

Indeed, other media outlets have made similar moves. A *BusinessWeek* editor recently blogged that his magazine's then-pending redesign would utilize what he called "open-source aggregation." By including "blog items, quotes, and content from unusual, global sources surrounding stories," he wrote, the magazine can stir conversation with its audience; *BusinessWeek*, he stated, sees the new model as not only exciting, but the best way to share information and intellectual

User-generated content is usually the product of customers who should clearly be a top priority: They're not only influential, they're usually high spenders and repeat purchasers.

necessarily marketing products, they *are* influencing the marketing world through their ideas, skills, and experiences.

LET ME DO IT

"The greatest impact on the online user," Rollins says, "has been the availability of digital tools, the do-it-yourself tools." She describes how five to 10 years ago, the path to becoming a journalist required going to college, getting a journalism degree, and slowly working up through various publi-

MORE THAN JUST CLICKING

Earlier this year, the *Resource Interactive iCitizen Motivational Study* found that 86 percent of the American adult online population does much more than just consume information. These consumers are what Resource calls iCitizens: Whether passing along links or posting on a message board, consumers are seeking a more intimate relationship with the Web; they enjoy expressing their passion and fostering their expertise online. Many iCitizens have a transparent relationship with the community, which provides a credibility that companies and marketers should envy. By understanding what motivates these iCitizens, marketers can understand how to target them in a collaborative marketing effort.

The majority of iCitizens—74 percent—are simply motivated by the desire to be digitally savvy, Rollins says. These individuals want to extend their online experiences to create blogs or other con-

than even the manufacturer. Marketers who can access these domains can then offer highly relevant products to people who are already very passionate.

The third group is what Resource dubs "change agents." Seven percent of individuals are influential, driven by the belief that they want to benefit others with their advice and information. Marsha Collier, author of *eBay for Dummies* and an active contributor to eBay's marketplace, says she found the online world "totally by accident." Her career took off when she began helping people understand how to effectively shop and sell on the site. From there, she branched out to writing reviews on products and services.

"I won't write about anything unless I've done it myself," Collier says. After trying a product, Collier only praises those she truly believes work well. "There has to be someone out there that gives people the truth," she says, and adds jokingly, "I like to sleep well at night."

When Petco.com incentivized user participation with the prospect of a \$100 gift certificate, the company saw reviews multiply eightfold.

tent. One user's prolific tagging can lead others to link to or research products they would not have found otherwise.

UGC is often seen as a way to develop meaningful and personal relationships online. Resource found that 16 percent of users reported a desire for collectivism and have found that their social networks extend far beyond physical boundaries. A Google search for "fan club" brings up more than 70,200,000 results. Whether officially sanctioned or amateur fanaticism, these affinity groups bring like-minded people together. Even outside the confines of a club, consumers are talking and sharing. "We've seen more than 700 reviews about a 99-cent dog treat," says Bazaarvoice's Decker. Even for the most mundane objects—say, a paper clip—Decker believes that there are people out there who work with it to the extent that their extensive experience with the product makes them more knowledgeable

The final 3 percent of iCitizens are motivated by the desire for fame. Perez Hilton, for one, made a name for himself as a celebrity blogger, and now has his own television show on VH1. He's not alone: Marketers increasingly seek user-generated content to supplement their own, and are sometimes willing to pay for it. "People will actually be able to make a living out of this," Rollins says. Once UGC is bought and paid for, though, does it lose its value to other consumers?

WHOM TO BELIEVE?

The best information providers establish a brand of integrity. Whether it's eBay feedback or Amazon.com star ratings, other users assess the people they listen to. Some contributors, Rollins says, either can't write well or have little regard for the benefit to the general public. Regardless, as the community engages in content Darwinism, reviews perceived to be the

NO ONE LIKES A TATTLETALE

When inaccurate or offensive content is posted online, it's extremely rare for people to resolve it in a diplomatic manner, said Jimmy Wales, founder of the online encyclopedia Wikipedia, at the DMA'07 in Chicago in October. Most often, he said, a user will go on his "crowdsourced" site and post angry comments; then, the user will delete disagreeable content without openly saying, "I am so-and-so. I believe this information is incorrect. Here's an article that shares our side of the story." Soon enough, the line gets put back in; the firm deletes it again; it gets put back in; and so on. In the end, everyone is mad at each other, and out come the lawsuits.

A verdict is pending, for example, on whether the 30 anonymous individuals sued by direct marketing firm Quixtar, sister company of Amway Corp., are in fact former Amway "distributors" with an axe to grind. The Ada, Mich.-based Quixtar is seeking more than \$25,000 in damages for UGC posted on blogs, online forums, and YouTube videos. At press time, Quixtar had managed to convince

authorities to put the accused "under court order not to disparage the company or disclose proprietary information," according to a report by the Associated Press.

"Think about the online world like the real world," Wales said in Chicago. "People are not anti-commerce—they're anti-jerks." Just like the real world, online communities want respect—and respond in kind. Too often, he said, "we think about the horrible things that people might do and design around that.... Let the people police themselves." Otherwise, Wikipedia would never have achieved such a vast, open society that lives and breathes for the benefit of the community. Community sites such as Wikipedia are not the place for shameless promotion. But Wales advised patience: "Do good work; someone will notice."



most insightful and useful get naturally shifted to the top of the pile.

“Useful” content, in fact, doesn’t necessarily contain glowing praise. “We’re always surprised by how much negative reviews help drive sales,” says John Squire, vice president of product strategy for Coremetrics, a California-based provider of digital-marketing optimization. “If all you saw were five stars all the time, would you really trust that site?” he asks. Negative reviews often specifically reflect the personal interests of the buyer, Squire says: A computer shopper looking for long battery life, for example, will most likely disregard a negative reviewer who was criticizing the weight of the laptop. As a consumer, Squire admits that he enjoys “the banter back and forth as to why

somebody else doesn’t like the product. [It] gives me a better perception on whether I should buy it or not.”

But a negative review isn’t always a subjective one-off—sometimes it can open the floodgates. Shortly after Jeff Jarvis, founder of *Entertainment Weekly* magazine, blogged about his poor experience with Dell, hundreds of consumers hopped on the bandwagon, fervently expressing similar experiences. Jarvis had ignited what was apparently a popular sentiment, sending the computer manufacturer’s reputation on a downward spiral.

Any company in Dell’s position could have stuck its corporate head in the sand and regarded the comments as insignificant. Rollins and others strongly advise the opposite approach. There are no

secrets in the world of Web 2.0 and the more companies try to hide, the more customers are going to enjoy talking, says David Weinberger, a fellow of Harvard Law School’s Berkman Center for Internet & Society. Companies are better off facing up to their inadequacies and taking immediate responsibility for their faults—which is precisely what Dell did.

The computer maker set up a “Dell Community” page on its Web site, for customers to openly post questions and comments via forums and blogs, some of which were powered by Salesforce.com. By tapping into this “idea sharing,” Dell took measures to improve areas such as product development, public relations, sales, and customer service—and continues to do so, according to a presentation at this year’s Shop.org conference by Sean McDonald, Dell’s director of global online community. The shift has been reflected in improved press and higher earnings.

Instead of *reacting* to customers, a company should *proactively seek out* their views. When asked whether or not they would write a review if companies asked them directly, 21 percent of American adults polled by Resource said yes. According to Rollins, this figure presents significant potential for advertisers to pursue consumer insight and to provide the tools to facilitate it. For example, editors of *InsideFlyer Magazine* created FlyerTalk.com, an online community that welcomes frequent fliers to share their experiences and provide advice to others.

“I was having trouble answering the many letters (yes, actually physical letters) and faxes from readers asking for advice for their [frequent-flier] miles and points. FlyerTalk was a concept that allowed me to utilize the knowledge of my readers,” wrote Randy Peterson, *InsideFlyer’s* editor and publisher. Travelers share topics ranging from “Rio Gallegos—where to stay?” to “How offensive do you find the smell of Vicks VapoRub?” providing airline and travel companies a wealth of information to leverage as another touch point into the concerns and interests of their customers.

Endless UGC becomes a burdensome chore for most companies, one that requires both time and resources to

reviews as one of the primary reasons for their purchase—either online or offline, according to a ForeSee Results report. Only 17 percent said reviews had little or no impact on their purchase decision.

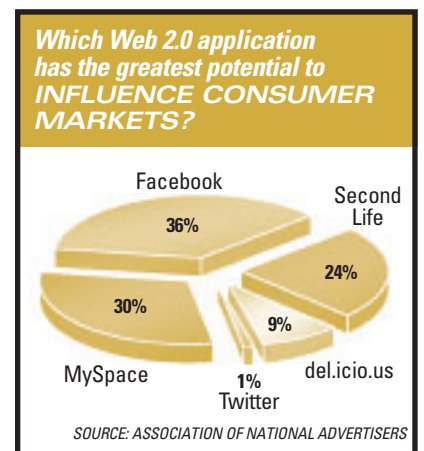
STICKS AND STONES

For businesses afraid of the unpredictable impact of reviews, incorporating user content should be viewed as a necessary disruption. Companies need to believe in their brand, believe in their product, and be true to it every day. In the grand scheme of things, “one voice isn’t going to destroy your brand,” Squire says. Moreover, companies should avoid being too sensitive—not every complaint is necessarily detrimental to business objectives.

Corporate sites employing UGC, however, may want to consider some degree of content moderation even though the Web is generally considered a free realm. “There are gaps that are wholly acceptable and legally advisable that brands need to invest in,” Rollins says. Violence, pornography, and offensive language are considered to be legitimate reasons for a company to remove

Bazaarvoice combined its review technology with analytics software from Coremetrics to measure the impact of the reviews. Quantifiable data fed into Coremetrics reveals information such as who the user is, each user’s purchase history, and how much each user spends. More important, the software quantitatively measures which reviews are best at increasing conversion rates. This helps determine which quote is best in an email, an online banner, or even on a poster in the physical store.

Regardless of whether or not marketers want to loosen their grip on their campaigns, UGC is an undeniable force that cannot be ignored. The shift from push to pull marketing has put the consumer in control and for the most part, it has improved marketing efforts dramatically. “Sites that are getting high satisfaction scores and the ones that are continually growing their base of loyal customers appear to be using user-generated content at a very high level,” Squire says. He observes that marketers who have accepted the influence of the iCitizen are “invested in it, they believe in it, they’re using it to design their go-to-market



develop into actionable insight. And yet, UGC is usually the product of customers who should clearly be a top priority. Online users are not only influential, Decker says, “but they’re [usually] high spenders; they’re repeat purchasers.” He advises companies to encourage these individuals to continue posting comments, hopefully stirring up more conversation and more interest. Ratings and reviews are a start, but it’s quickly evolving into something much more than just content on your site, Decker says.

When Petco.com wanted to increase its user participation, for example, the company offered the opportunity to win a \$100 gift certificate at the end of a single month. All customers had to do was write a review about a product they purchased. According to Squire, Petco saw the number of reviews multiply eightfold.

Offering an incentive is one motivation, but the interesting subplot is the fact that Petco.com continued to sustain UGC production even after that particular promotion ended. Experts have observed that it takes just a single review to prime the pump. “Once [users] see other shoppers filling out reviews and helping others, it just feeds on itself,” Squire says. “It’s just a virtuous cycle.” As the product reviews start to accumulate, people begin relying on those reviews for their shopping guides. After they’ve purchased and experienced the products, they, too, are more apt to fill out a review, especially if prompted with a follow-up email.

Of people who bought from a site with reviews, 44 percent mentioned customer

It often takes just a single review to open the floodgates of user-generated content. Corporate-owned sites employing UGC may want to consider some degree of content moderation.


a customer posting. To deter such behavior, most sites require user registration or have messages sent through an internal system for review before they get published. Companies have few rights that allow them to censor privately owned content or third-party sites.

SOFTWARE LENDS A HELPING HAND

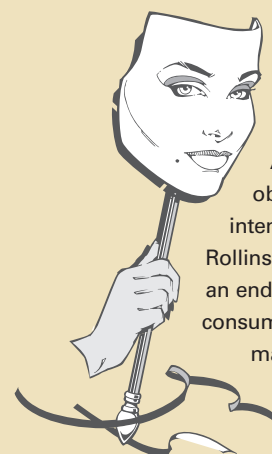
Decker says that a company that relies on outsourced help to handle UGC reduces two major obstacles: first, the IT cost of effectively collecting UGC; second, the time-consuming task of actually processing it. According to Decker, Bazaarvoice improved in six weeks the level of UGC processing that Overstock.com had been juggling internally for four years.

strategies around marketing, merchandising, and customer experience.”

UGC will only become more important as businesses reap the benefits of engaging in conversation with their customers. Customers *want* to help one another and they *want* to know about good products. Companies can focus on the basics to set the stage for that exchange: Forget about technology, forget about analytics—it’s the *customer* who’s most important.

“When you have [UGC] on your site, and people raise their hand and share their voice, they are very valuable customers,” Decker says. 

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THE FACE OF THE BRAND

Adopting or redeploying consumer insight for marketing objectives is a practice that “will only increase in volume, intensity, and influence over the next several years,” says Nita Rollins, of Resource Interactive. But be careful when reaching out to an end-user who volunteers to speak out about your brand. As consumers find their respective niches online and contribute content, marketers can finally target the right audience. With millions of unique online identities, though, companies have to figure out which users match their products.

Some users can’t be bought. Marsha Collier, author of *eBay for Dummies*, refuses to be paid by the company because she wants to retain the freedom to criticize. She lectures at annual eBay University training events (paid by a seminar company) and has sold a million copies of her book. “Products, I can choose to align with,” she says. “The core [eBay, Amazon] is where I do business and I have to be blunt [and] honest.”

Birdie Jaworski committed herself to a brand when she started the blog “Beauty Dish: True Underground Adventures of an Avon Lady.” Jaworski, now an ex-Avon Lady, detailed her experiences in an attempt to help others become better at selling Avon products; in the meantime, she was a strong advocate for the brand. She developed a solid fan base, and many readers contributed comments. Jaworski claims to have helped sign up (and increase sales for) at least six new Avon Ladies. Avon, however, failed to capitalize before she left the company. Had the company done so, it could have adopted the voice of the people for its own purposes—at very little cost, Rollins says.

Of course, a strong following may not make content the right fit for your brand. Video blogger William Sledd, for example, opens each installment with a word many women find derogatory. Despite his knowledge about fashion, not every company would benefit from his style, at least not without some tweaks and changes. “He has to be groomed to some extent,” Rollins says. “You can’t just let him loose.” In other words, marketers can’t expect to completely turn the ship over to the crew.