

## Marketing Using Web 2.0

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### Abstract

*The increasing popularity of Web 2.0 tools, such as blogs, wikis, and virtual worlds, is fundamentally changing how consumers use the Web. The basic core of Web 2.0, that users can generate and share their own content, often regarding company brands and products, provides both potential value and challenges to marketing practitioners. Along with conducting secondary research, we interviewed 30 marketing executives and senior managers at companies at the forefront of using this technology. We found that there were four principles which guided managers' marketing actions: 1) facilitate users in generating content, 2) focus on building a community, 3) ensure authenticity of the message, and 4) look for marketing opportunities through experimentation.*

### 1. Introduction

Internet tools, such as blogs, wikis, on-line communities, and virtual worlds, are increasingly being used to build social connections, collaboration, affinity, and friendships/relationships. Collectively, this new generation of tools, applications, and approaches is referred to as Web 2.0. While variations on its definition exist, a fundamental principle of Web 2.0 is that users add value by generating content (themselves) through these applications, resulting in network effects among the community of users [1]. The focus in the popular press has described Web 2.0 as a social phenomenon, where consumers are in control, driving content to build personal relationships. A key interest to marketers is how to effectively leverage Web 2.0 and derive value from these tools.

As Web 2.0 tool usage is becoming increasingly ubiquitous in the consumer space, a majority of marketers are still not familiar with the notion of Web 2.0; and among marketers who are familiar, roughly one-third are deploying these tactics. Further, these early adopters are achieving success [2]. The Web 2.0 approach aligns with an emerging, dominant logic in marketing: value is defined by collaborating and co-creation with and learning from customers [3].

Marketers can benefit from incorporating Web 2.0 tools to: get real-time feedback on existing products or new product ideas/concepts, build "community" among consumers around their goods, services or brand, leverage customer self-service, and have consumers collaborate on developing future product strategies. However, in order to derive value from using Web 2.0, marketers are best served by a mindset or philosophy that involves giving up some control of certain processes in order to allow consumers more direct input into driving the organization's value proposition. While certain processes will and should be managed and controlled by the marketing organization, other processes can benefit from an emergent approach where consumers are generating content in real-time. The end result is a portfolio of marketing processes, ranging from traditional market research to user-created company/product content.

In addition to conducting secondary research on companies involved with Web 2.0 deployment, our research included interviewing organizations who were early adopters and used these tools effectively in marketing practice. These organizations ranged across multiple industries, including retail stores, technology, healthcare, and business consulting services. We performed over 30 in-depth interviews with key stakeholders, including leading officers in the marketing, strategy, and information technology (IT) areas of the organization. In this paper, we discuss 1) key processes for adopting, integrating and employing these tools, 2) enhanced marketing outcomes that can result from using these tools, and 3) recommendations to companies pursuing Web 2.0-based marketing strategies. We frame this discussion around four important principles which guided the marketing actions of the organizations we interviewed.

### 2. Principle #1: Let Your Customers Contribute to Your Marketing Content

Most organizations we talked to described the importance of understanding the "real-time" customer. The concept of the real-time customer is not new. McKenna [4] introduced this notion with the premise of his work being that IT enables companies to conduct

real-time dialogues with their customers. These conversations should then facilitate long-term relationships with current and potential customers. In addition, in an environment where consumers are presented with increasingly abundant product choices and information, it is becoming extremely challenging to anticipate customer reaction to a new product or changes to an existing product. However, what is new with the advent of Web 2.0 tools is that capabilities exist for marketers to not only communicate with customers through traditional broadcast advertising, but also to empower consumers to participate in several marketing activities, including branding, product development, product feedback, and customer service.

Leading organizations we interviewed deployed Web-based customer communities to solicit product ideas and product feedback. One of the leading companies in the greeting card and gift business had been successfully using a customer community to verify and explore ideas that were currently being worked on by their product development department. Conversations among community members ranged from discussing colors that should be used on a greeting card to selecting what gifts and price ranges were appropriate for a high school graduation. Community members were also asked to keep an online journal where they recorded and ranked marketing materials that they received from the company. Additionally, the company used the online community to learn more about the customers themselves. Community members were asked to upload and share their pictures and provide insights about their lifestyles, hobbies, and needs. This resulted in the company gaining valuable insights into consumers' behavior, reactions to new products and ideas, as well as the effectiveness of the company's marketing materials, all at a very low cost and effort. According to a marketing manager, "Web-based customer communities provided us with 50% faster turnaround time and cost reduction in obtaining effective product ideas and feedback when compared to traditional market surveys and focus groups we had used exclusively in the past. In addition to answering our direct questions, it was the customer-to-customer trusted conversation that yielded some of the most interesting insights."

Web-based customer communities also proved to be beneficial to a large, publicly traded toy company that sold to retailers such as Wal-Mart and Target. The company launches roughly 250 research initiatives per year. Frustrated with traditional research methods that were expensive and not always valid enough, the company launched a virtual community consisting of 300 mothers. Community members were engaged throughout the product development cycle: participating in ad hoc brainstorming sessions,

completing online surveys, looking through photo galleries and streamlined videos of potential products, and evaluating product packaging. The company saw the online community as a vehicle that allowed for experimentation and the elimination of poor product ideas before committing resources to the project. Despite the fact that the community had only been in existence for 18 months, a product concept that was initiated through the community recently launched successfully! The managers involved commented that this was a far superior process and outcome when compared to the pre-Web 2.0 status quo.

Several organizations talked to us about their use of company-sponsored blogs (personal websites that provides commentary on a particular subject and contains links to related content) and wikis (a website that allows users to add, delete, and edit content) to help with customer service. One leading IT company developed a Web-based platform consisting of blogs, wikis, technical discussion forums, downloads, and podcasts of sponsored events. The community network consisted of end-users, software and hardware partners, as well as experts from within the company. The community grew steadily over the past few years and currently has several hundred thousand members.

The purpose of this community was knowledge exchange across several technical areas related to the company's many product lines. While traditional technical forums, where questions are posted and answered, had been useful in the past, recent Web 2.0 features provided added value to both the company and the users. Blogs created by community users discussed a variety of topics that helped the company develop more effective IT products: company software tools and features, common problems and best practices concerning software methodologies, and opinions regarding IT industry trends. Blogs contained links to relevant articles and other user comments. Wikis were used to create documents relevant to the community. For example, frequently answered questions (FAQ) documents existed for each company product and methodology. While the document was started by a company representative, significant editing, including adding new sections, was performed by all community members. It was also transparent who did the editing, when it was done, and why it what was done, along with any comments.

One useful feature for users to judge the relevance and quality of the content was a contributor recognition system where points were given to those who posted content. Points were rewarded for publishing blogs and technical articles, providing code samples, and contributing wiki content. Points were also distributed/earned by both posting and answering technical questions. Different points were allocated by members posting questions/solutions to the forum

based on the complexity of the question and the level of contribution. For example, someone who solved the problem was given the highest point total, followed by lesser points for helpful answers. Points could also be taken away for anyone trying to “game” the system.

This recognition program was valuable since it seemed to make the overall quality and effectiveness of the content better. Users were being recognized by their peers, which was identified as a strong motivating factor for contributing, and the vast majority of the top content contributors was *non-company* employees. Also, it became much easier to identify “experts” in a particular domain. Previously, contribution was measured by frequency of posts, which did not necessarily reflect expertise. According to one community member, “The point rankings help me find experts in different domains that will answer my questions. This is useful since an expert in one domain is not necessarily an expert in a similar domain. Also, I follow the blogs, article links, and downloads posted by these experts. That alone keeps me up-to-date on what is happening in the industry and is a *big time saver*.”

### **3. Principle #2: Focus on Community, Not Just Content**

One key recommendation based on our conversations with companies that are using Web 2.0 for generating user content is to focus on usability. It is critical to have a user-friendly system for users to exchange knowledge among themselves. Policies should be clear on how blogs, wikis, and forums are to be used. This is especially important when a third-party is providing the Web 2.0 tools and platform. User profiles should be easy to fill-out. To help build affinity among users, some companies encouraged users to provide personal information in their profiles such as background and work history, favorite hobbies, and favorite websites.

In order to generate traffic to the company’s website, there needs to be obvious benefits to the member community. If a member perceives that the company is interested in only obtaining information to help itself, the community will not likely be successful. One way to build an effective community is to provide opportunities for the users to network among themselves. For example, in the toy company community mentioned earlier, blogs existed where mothers could discuss various family-related problems and issues, share their family pictures, and have conversations that were not always pertaining to the company’s products. In the IT company’s technical forum, the mindset was to communicate *any content created or discussed* (e.g., *answers to questions,*

*downloads*) *to the community forum where everyone could benefit*. Members were discouraged to communicate solely via email. Unanswered questions were highlighted to make it easier for users to contribute and benefit.

Companies indicated that providing incentives is a key driver in community involvement. While most companies did provide small monetary rewards or prizes, such as gift certificates, most users participated based on their affinity to the community or the company sponsor. For example, one community group preferred company-branded gifts, such as mugs and t-shirts that could not be purchased by the public, over a monetary reward. Peer recognition was also deemed important. Having top contributors of ideas and content recognized was a common approach used by companies. Some mentioned the importance of community members themselves having some say in determining the “value” of content (as opposed to a standard method created by the company).

Having a community moderator role was considered a critical success factor by several of the organizations we interviewed. This moderator helps manage and facilitate discussions, especially around focus-group questions regarding product ideas and feedback. This role can also ensure that the community is active by encouraging member participation in blogs, wikis and forums, pointing out community events such as podcasts, training sessions, or conferences, and sharing electronic articles and links to relevant websites. Finally, companies mentioned the importance of sharing user-generated content *inside the organization*. This sharing process required a moderator who would play the role of a “broker” between several groups: the member community, the IT group responsible for supporting the Web 2.0 tools, and the marketing and R&D groups in the organization. Product-related content often had to be scanned, interpreted, summarized, and shared with the appropriate people within the organization. Therefore, potential candidates for community moderator roles had to be skilled in electronic group facilitation, as well as have a good understanding of the company’s marketing strategy and products.

### **4. Principle #3: The Authenticity of the Message is Better when Coming from Other Customers**

While the vast majority of the companies we talked to deployed Web 2.0 tools in a controlled or company-sponsored setting, almost all agreed that user-generated (marketing) content outside of the company’s direct control was playing an increasingly important role in its marketing strategy. User-

generated content could be found in home-made videos mentioning a company's brand, blogs where customers gave their opinions on a particular product, and social shopping websites where potential shoppers could share product ideas and opinions. Marketing managers indicated that this type of user-generated content represented a "risk" to the product brand because consumers, not the company itself, were shaping how a product was being perceived in the marketplace. However, almost all of these same managers accepted that Web 2.0 content was "here to stay" and that it was critical to monitor and recognize user-generated content, and to collaborate/work with these consumers as opposed to trying to prevent them from generating content that was relevant to marketing. A recent example is the YouTube videos involving Coca-Cola and Mentos products. The user-generated videos (viewed over several million times!) showed an experiment involving dropping Mentos candies into a bottle of Diet Coke, resulting in a fountain-like eruption. While Coca-Cola marketers might have been apprehensive in how these videos were affecting its brand, they have since taken the concept of user-generated content and made it part of its strategy. For example, Coca Cola is currently promoting a contest/competition where consumers design an online "virtual thirst" Coke machine in the virtual world Second Life, supporting its "The Coke Side of Life" global marketing platform [5].

Most companies emphasized to us that it was critical to monitor external social bookmarking, networking, and shopping sites and blogs to understand the "voice of the consumer". The message was more authentic to consumers when it came from other consumers. One way of doing this was to track their company and product brand through bookmarks and tags. Social bookmarking sites such as Del.icio.us allow users to post bookmarks to websites. Tags are a user-generated word to describe a bookmark. For example, an article announcing the release of Apple's iPhone product could be described using tags such as "iPhone", "Apple", "mobile", "phone", etc. The social aspects of these sites enable users to share their tags with others. The most popular bookmarks and tags are often shown on the front page of the site, further influencing what gets read by site visitors. Digg allows user to vote or "digg" on the popularity of content. Again, popular content is given front-page status, and consumers can comment on, blog about or email forward the content. It is also easy to track the posting history of any user. Finally, social shopping sites have become popular as a means to share product ideas [6]. Stylehive.com, for example, allows users to "follow" the shopping ideas of others, and it is easy to find the most popular shoppers, shopping websites, and shopping tags at any given moment.

Marketers indicated to us that tracking tags and bookmarks was especially useful when they or their competitors launched a new product or marketing campaign. One marketing manager of a leading consumer electronics company indicated that monitoring blogs was an effective way to capture the "buzz" of a new product introduction. According to the manager, "We would launch a product having done our homework with focus groups, and the third-party product reviews would be positive as well. However, there is little substitute for understanding how customers are actually reacting to the product, and reading user blogs and comments always gives us a new take on a certain feature or value proposition that we hadn't thought about before."

We also interviewed employees in a medical office, consisting of primary care and specialist physicians, and employees in a pharmaceutical company to understand how the healthcare industry was using blogs, wikis, and electronic communities to serve customers. Physicians today are able to tap into a larger network of physicians through blogs, wikis, and discussion threads on specific medical topics. Physician-only communities, such as sermo.com, allow doctors to exchange, comment on, and rate others' postings on medical topics. One of the biggest impacts these communities have had is to help physicians keep up with new medicines and treatments, which ultimately leads to better patient/customer health. Doctors are willing to share their experiences and provide answers to specific questions, which has helped them more effectively serve their patients.

Perhaps the biggest impact that Web 2.0 has had on healthcare is patient-to-patient exchange of medical knowledge. Online communities, such as WebMD, enable users to post and answer healthcare questions in forums and chat rooms. Users often go into detail about their own patient experiences, including treatment plans, drug effectiveness and side effects, and doctor referrals. While in several of these healthcare communities, users have the opportunity to "ask an expert" (i.e., a physician), they, on many occasions, have higher trust in the medical advice coming from users who have gone through a similar experience.

Several physicians said they have monitored and participated in these healthcare communities, and the pharmaceutical company we interviewed had provided information about their products, including links back to their company website, through sponsored advertisement. Both physician and pharmaceutical company indicated that it was extremely beneficial to have the ability to listen to the voice of the patient to better understand how medical products and services were currently being used, and to learn more about

product effectiveness and utilization in order to improve patient care in the future.

Most marketers that we interviewed recommended monitoring external social networking websites in order to gauge customers' perceptions about and satisfaction with their products. Some managers mentioned they do intervene when misinformation about a product is presented, and when there is a question that no one in the community could answer accurately, or when there is a request by the community to hear from a company representative. They stressed that these communications should be handled professionally and carefully, and that the make up of an appropriate response may differ from one community to another due to variability in its culture. One negative behavior is to "impose" on the consumer. For example, during an online chat, one marketer had provided a consumer at a social shopping site with additional information about the company's product, including a link to a specific area of their website where that product was sold. While the marketer thought she was being helpful, the user perceived this as unwanted advertising and "pushing" a company product. Any interaction between a company and consumers on a third-party site should be done with the perspective of the consumer in mind to ensure authenticity of the message.

In particular, when discussing external social consumer sites, marketers mentioned "influencers" – individuals who have a particularly high impact on product and brand discussions based on their expertise and postings [7]. While anyone who registers at these social sites has an equal opportunity to submit content, the reality is that a smaller core group of individuals generates most of the content. At Digg, for example, 30 people (out of 900,000 registered) submitted one-third of the postings [8]. The important point for marketers is that these influential members have a better chance of being on the "front page" and have their content (or links to content) read. Therefore, they have a greater potential impact on a company's brand. It is critical to identify these influencers and speak with them.

Indeed, many marketers we interviewed have adapted their target market strategy to reach out to influencers. For example, a large consumer electronics company targeted a person who had his own blog devoted to consumer electronics. He often gave his opinions which were generally favorable of the company and its products. He was also a frequent user of Digg, often posting bookmarks and tags directly related to the company, and he was very well-followed by other consumers at the website. Just prior to a new product launch, the company sent him several of their products and invited him to provide a review if he so desired. This strategy worked as he wrote about the

new product and posted links to relevant content on his blog and other popular sites.

These influencers may ultimately have an impact on how companies do their advertising and market research since they potentially impact a large proportion of consumers. The question then becomes, "How can marketers target influencers and make them aware of their company, brand, and products?" According to the digital marketing service company Doubleclick, Web sites and online advertising were social influencers' primary source for researching a potential purchase. Therefore, marketers could use rich on-line advertising to attract influencers [9]. In terms of market research, companies could focus on finding online social influencers for a desired product category. Once found, the company could solicit these influencers to be part of an electronic focus group. This influencer group could then be invited to: provide feedback and ideas on current and future products, help create early "buzz" after provided with prototypes of new company products, and help promote and communicate/advertise company products through their personal blogs by writing opinions and reviews, linking to product materials such as articles and videos, and advertising through sponsored links. However, we were also told that organizations should not be too aggressive with bloggers since bloggers pride themselves on providing independent viewpoints. Bloggers might feel their credibility would be damaged if they were too closely aligned with a particular company. Therefore, organizations must act appropriately and professionally when engaging influencers.

## **5. Principle #4: Experiment with Digital Media**

A final principle coming from our research is that marketers should encourage experimentation to better understand and serve the customer. Web 2.0 tools and approaches have enabled this mindset. Whereas some managers might view Web 2.0 and the loss of control of the marketing message to the user as a risk that needs to be managed, the more effective managers that we interviewed view Web 2.0 as a way to explore new opportunities along the marketing value chain.

For example, most marketing companies that we interviewed offer a real-time chat feature. This feature allows website visitors to interact with a company representative in real-time to ask questions or to get more information on a particular product. The next step for marketers could be to "experiment" with this chat feature to see if being proactive and launching this feature at certain points in a site visit would be more effective. For example, the company could run several

experiments. If a user spends a certain amount of time in a product category on the website, then a chat window opens with the question: “Do you need any help searching for a product?” Or, if the user spends a certain amount of time with the shopping cart feature, then a chat window opens with the question: “Do you need any assistance purchasing a product?” In each scenario, data could be collected to see if the user actually purchased a product, which could then be compared to situations where the user initiates the chat feature. With this approach, the company could determine the best opportunities to use live chat for customer service.

Another way to experiment is to leverage rich digital media such as animation, audio and video that enables interactivity. When done well, this type of digital media tends to attract, engage, and retain consumers. For example, car makers are starting to use animation, video, and audio on their website to allow users to “test drive” their cars and provide some feel for the driving experience.

Interactive product demonstrations are another way to engage users by allowing them to “touch-and-feel” products. Users can rotate 3-D graphical representations of products and view different sides or features of a product. Companies such as T-Mobile, Canon, and Sharp are already actively using this experimentation, using services provided by Exemplum, a company specializing in interactive product demonstration development [10]. Sharp, for example, uses online product demonstrations to show its customers the features and experience of owning their AQUOS LCD televisions. Companies could use interactive product demonstrations to gather customer feedback on a new or enhanced product design even before the product is built and launched.

Marketers told us that online video was becoming increasingly important, both as a way of advertising a particular product or brand and as an informational tool. Recent research seems to underscore the growing importance of online video, where spending on online video ads is expected to increase to about \$1.5 billion in 2009 from \$385 million in 2006 [11]. DoubleClick reports that the click through rate for online video is, on average, five times higher than those for image ads [12]; online video is the most popular online activity among emerging media, and people value online ads more for ongoing learning than for discovery [13].

Marketing managers indicated that an informational approach to on-line videos seemed to be a more effective strategy than a sales approach in which videos appeared to mimic their television commercials. Marketers tried to use video to complement their text description of the product, especially if the products were complex, such as those in healthcare or high-technology. Users in on-line

communities also put a high value on podcasts, especially those that involved a high-energy and motivational speaker. For example, the IT company frequently posted video podcasts of their CIO and project managers giving keynote talks at conferences. Marketers made sure that these videos were available on company-sponsored communities and blogs, and that users were able to comment on these videos.

Companies today are also able to experiment in virtual worlds such as Second Life. In Second Life, residents are represented as avatars (3D graphical animations), and they can socialize, participate in community activities, and conduct commerce involving both virtual and real-world products and services. Several companies have used Second Life to perform market experimentation. Dell has visitors come to their virtual space to customize computers that can be delivered to their real-world addresses. Dell also conducts virtual focus groups. Both Adidas and Reebok use Second Life to test market sneaker styles, and Starwood Hotels gets feedback on new hotel layouts from their virtual group [14]. Virtual worlds are a natural place for companies to perform marketing experimentation and build a sense of community with users.

## 6. Conclusion

The purpose of our research was to learn from companies at the forefront of using Web 2.0 tools in their marketing activities. With so many customer “touch points” today (e.g., the Web, face-to-face, retail store, catalog), a company needs an effective multi-channel marketing strategy to serve the customer [15]. In a sense, Web 2.0 is changing how we think about and use the Web, from a channel to sell products to a virtual community where real-time knowledge exchange among companies and consumers can take place. While Web 2.0 is certainly in its early stages of application with regards to marketing, it is clear that it has the potential to provide value to companies who use it effectively. The basic core of Web 2.0, that users can generate and share their own content (often regarding company products), certainly has risks to the company due to less control. Although marketing groups are excited about the promise of customer contributions, the loss of control for a classically run marketing organization is considerable. But, as we have found in our research, those companies who facilitate consumers in generating content, focus on building a community, ensure authenticity of the message, and look for marketing opportunities through experimentation, can overcome certain risks.

Going forward, the descriptive research provided in this paper could be augmented with larger studies for

a rigorous normative analysis. A key question for both the marketing researchers and practitioners is when Web 2.0 utilization will be more effective than the status quo. The Web is rarely the sole means for interacting with a customer, so companies will need to integrate other customer touch points. Which marketing activities are best done face-to-face rather than through a virtual community? If we think of the customer life cycle as awareness, learning, purchase, and post-sales service of the product, then how does implementing a Web 2.0 philosophy provide value in each stage of the cycle? Or, perhaps is it most effective in only certain stages or for certain products? As Web 2.0 usage continues to grow, those companies that can answer these questions will be at the forefront of serving the real-time customer.

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