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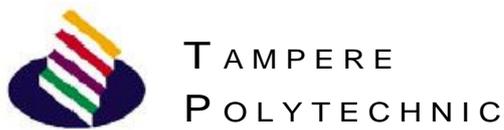
FINAL THESIS REPORT

Utilizing Online Technologies in Connected Marketing

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SYNOPSIS

This thesis focuses on explaining how the demise of mass media advertising has created room for various alternative marketing practices such as word of mouth, viral and buzz marketing. The demise is caused by decreasing ROI in advertising, which is at least partly caused by changes in the marketing landscape, as well as by the emergence of online communities and digitally aware consumers.

After examining the shape of the new marketing landscape, the thesis focuses on explaining what kind of customers would be the best target for marketing efforts in order to increase sales and market share, and how these customers can be reached.

The thesis then proceeds on explaining various connected marketing methods and strategies in use with the help of various real life examples and case studies. For example, how to use PR to generate word of mouth, how to reach online communities or create a community of ones own, what kind of factors are important when trying to enable or aggregate word of mouth, and how seeding trials and Hawthorne Effect can be used to ones advantage when trying to create brand advocacy.

Lastly, it is explained why the most important goal of marketers today is to create brand advocacy, and how it directly correlates with the success of a company. A reference model for planning connected marketing strategy is also introduced. The case study presents an example of how connected marketing – especially word of mouth and viral marketing – can be used in the marketing of an online service, which is scheduled for launch in December 1st 2007.

The author of the thesis was responsible for the business development of the said online company at the time of writing the thesis.

Keywords Connected Viral Word of mouth Online technology

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1 Definitions

1.1 Connected marketing

There is no universal agreed-upon definition of ‘connected marketing’. However, Paul Marsden (2006: xviii) of London School of Economics defines it as an “umbrella term for viral, buzz and word of mouth marketing. Any promotional activity that uses word of mouth connections between people, whether digital or traditional, as communications media to stimulate demand.”

The above definition of ‘connected marketing’ shall also be used for the purpose of this thesis.

1.2 Word of mouth marketing

Wikipedia (2007: *Word of mouth marketing*) defines word of mouth marketing as “a term used in the marketing and advertising industry to describe activities that companies undertake to generate personal recommendations as well as referrals for brand names, products and services.” Marsden’s (Kirby and Marsden 2006: xviii) definition is similar, describing it as “The promotion of a company or its products and services through an initiative conceived and designed to get people talking positively about that company, product or service.”

1.3 Viral marketing

Viral marketing is defined as promotion of a company or its products and services by creating a marketing message that facilitates and encourages people to pass the message to others in their social networks. Typical of viral marketing is spreading the messages online (Kirby and Marsden 2006: xviii, Crucial Marketing 2007 and Wikipedia 2007: *Viral marketing*).

1.4 Blog

Blog is a term derived from *web log*, but has gained popularity on its own and created commonly used terms such as blogging (the act of writing a blog, also ‘to blog’) and blogger (a person who writes a blog). A blog itself is a website where entries are written in chronological order and commonly displayed in reverse chronological order. A typical blog combines text, images, and links to other blogs, web pages, and other media related to its topic. The ability for readers to leave comments in an interactive format is an important part of many blogs (Wikipedia 2007: *Blog*).

Blogger (2007), one of the world’s leading blogging service providers gives the following answer to “What’s a blog?” -question:

“A blog is a personal diary. A daily pulpit. A collaborative space. A political soapbox. A breaking-news outlet. A collection of links. Your own private thoughts. Memos to the world.

Your blog is whatever you want it to be. There are millions of them, in all shapes and sizes, and there are no real rules.

In simple terms, a blog is a web site, where you write stuff on an ongoing basis. New stuff shows up at the top, so your visitors can read what's new. Then they comment on it or link to it or email you. Or not.“

1.5 Buzz marketing

Depending on the source of definition, buzz marketing can be easily confused with viral marketing and word of mouth marketing, and considered as the synonym for those two. However, for the purpose of this thesis we use Marsden’s (Kirby and Marsden 2006: xviii) definition for buzz marketing, which stands for “The promotion of a company or its products and services through initiatives conceived and designed to get people *and the media* talking positively about that company, product or service.”

When comparing to viral marketing and word of mouth marketing it is important to notice the presence of media in buzz marketing. Also another important difference is that the purpose of buzz marketing is to get people talking about a desired topic instead of getting them to directly recommend a brand, product or service to their social networks, or to pass a marketing message.

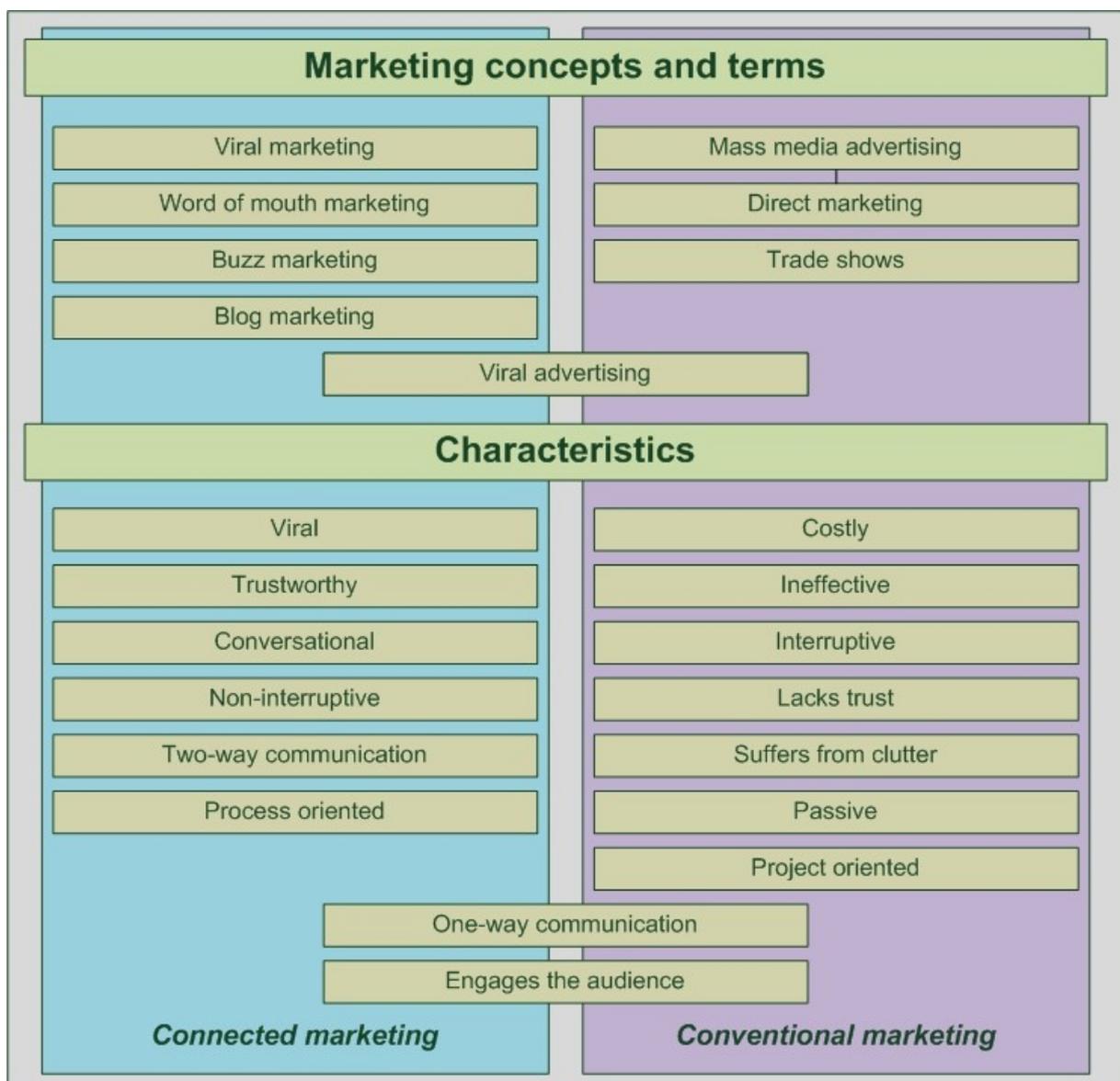
1.6 Viral features

For the purpose of this thesis, viral features are considered as *product* features that are typical of a product or service and help to facilitate or aggregate the word of mouth potential of that product or service. For example, the easy inserting of YouTube videos to any other website is a feature of YouTube video player, which enables YouTube videos to gain exposure in other websites than YouTube and thus spread *virally*.

2 The increasing importance of connected marketing practices

The increasing importance in finding alternative marketing practices, including those related to connected marketing, is not because they would automatically deliver better ROI, increase your brand value and sales, or get you more customers, but because the traditional mass media advertising is becoming “a mass mistake” and “obsolete.” At least if the marketing executives of Procter & Gamble and McDonalds, in addition to many other marketing experts, are to be believed (Kirby and Marsden 2006: xviii).

Connected marketing represents a natural evolution of marketing practices and is mainly caused by the decreasing effectiveness of mass media marketing, changes in marketing landscape, changes in consumers’ attitudes, and even changes in how businesses are perceived today.



Key differences in concepts and characteristics of connected and conventional marketing practices.

2.1 Mass media marketing in crisis

In order to summarize the seriousness of the crisis in mass media marketing, Marsden (Kirby and Marsden 2006: xix) quotes various studies done in the US by authors such as Deutsche Bank, *Harvard Business Review*, *The Economist*, UCLA, ACNielsen, Ernst & Young etc. saying that:

- 18% of TV advertising campaigns generate positive ROI.
- 54 cents is the average return in sales for every \$1 spent on advertising.
- TV advertising costs (CPM) have increased by 256% in the past decade.
- In order to gain a 1-2% increase in sales, advertising spend has to increase by 100%.
- Only 14% of people trust advertising information.
- 90% of people who can skip TV ads will do so.
- The market share of video recorders with ad skipping technology is projected to be 80% in 2008.
- In 1965 one needed 3 prime time TV spots to reach 80% of adult population. In 2002 the number of required TV spots was 117.
- People are exposed to 3000 advertising messages every day.
- 56% of the people avoid buying products from companies who they think advertise too much.
- 65% of people believe that they are constantly bombarded with too much advertising.
- 69% of people are interested in technology or devices that would enable them to skip or block advertising.

Tomi Ahonen and Alan Moore (2005: 178) refer to a study by *The Financial Times* in their book *Communities Dominate Brands*, stating that in 2003 the average cost of making a new Hollywood movie went up 8.6%, whereas marketing costs of a new Hollywood movie increased by 28% but audience numbers decreased by 4%. In addition to that, expected blockbuster films such as *Hulk*, *Charlie's Angels 2* and *Gigli* were devastated by the amount of negative word of mouth around them and generated far less revenue than expected. This would indicate that there is no correlation between advertising spending and actual purchase decisions.

A 2003 study by Cap Gemini Ernst & Young about American car buyers shows that of the 700 people interviewed only 17% said their car-buying decisions were influenced by TV ads, whereas Internet search engines influenced 26%, direct mail offer from a car dealer would influence 48%, and the most influential measure was word of mouth with 71% (Ahonen and Moore 2005: 181).

A 2004 UK survey by consultants CIA:MediaEdge of 10 000 consumers found that 76% cite word of mouth as the main influence on purchasing decisions, whereas traditional advertising influenced only 15% of the respondents. NOP research shows that 92% of Americans cite word of mouth as their preferred source of product information, and according to an advertising company Euro RSCG, generating excitement about products is 10 times more effective by using word of mouth than by TV or print advertising (Kirby and Marsden 2006: xx).

Not even an award-winning advertising campaign is guaranteed to generate positive ROI. For example, the ‘Whassup?’ campaign by Budweiser in 2000 did not manage to increase sales. Instead, the company’s market share dropped 1.5-2.5 percentage points during the campaign, and sales in barrels fell by 8.3% - yet another indicator that advertising does not have direct influence on purchase decisions (Kirby and Marsden 2006: xix).

Considering how small percentage of people trust advertising information, the increasing costs of mass media advertising and decrease in ROI, it is clear that word of mouth is amongst the driving forces when it comes to increasing sales or market share, and connected marketing practices focus on harnessing the power of word of mouth.

Even though the aforementioned studies indicate that mass media advertising is no good at all, that is an overstatement. Instead of abandoning all traditional marketing means, marketers should instead change their approach to mass media advertising, and realize that it cannot function as a reliable mean to influence purchasing decisions. After acknowledging this, it becomes easier to design campaigns that use mass media advertising for what it can achieve much easier; create awareness. This is an important difference between connected marketing and advertising. One can be effectively used to influence purchase decisions, but the other is still viable for making people aware of your brand, service or product.

If the goal is simply to create awareness, online banner advertising can be a very tempting method, as the service providers such as Google Ads usually charge advertisers based on how many people click the advertisement on a website. Now what if a marketer designs an unconventional banner ad that is not even *meant to* generate click-through, but instead simply have the advertiser’s logo, message or product visible on a number of websites? This approach has a potential of being a very low-cost way to generate awareness compared to for example newspaper or TV ads.

2.2 Customers changing

One of the main reasons for the demise of traditional mass media advertising is that the people on the receiving end of marketing messages are not the same as fifty, or even ten years ago. The standard of education is getting higher every generation in parallel with the wants and needs of consumers, for whom it is increasingly important to not just work, receive paycheck and earn a pension, but younger people are also expecting to contribute to their own satisfaction by means of creating, achieving or discovering something (Ahonen and Moore 2005: 116).

Ahonen and Moore (2005: 115-133) introduce factors typical to the consumers of digital age, of which the following are the most important to take into account when planning a connected marketing campaign, especially if the target audience is relatively young and grew up with an Internet access.

Technology savvy

Consumers are aware of the options and sources of information available to them. Internet has become a natural step in the decision-making process for any major purchase; to see what is

available, what options exist, what price levels are reasonable, etc. Because of this, in product categories with lots of competition the price-quality ratio is increasingly important unless companies can come up with ways to differentiate their products from the competitors' offering.

Don't want to be told what to do

A little more than a decade ago it was necessary for companies to advertise in order to make their products known to people. However the increasing importance of individuality and blurring of previous boundaries such as gender, class, ethnicity and geography have caused people to become more aware of their identities, all of which contribute to how they see themselves. People do not want to be told by a faceless corporation what they should do, what they should want and how they should think.

Skeptical of marketing messages

As stated in previous chapter, only 14% of people trust advertising information. This skepticism is not just limited to ads, but to any messages from any interest group. Politicians, environmentalists and non-profit organizations etc. are all assumed to have a degree of "spin" and thus lack trustworthiness. Even news sources are losing their credibility due to recent scandals.

Want to participate

The modern digitally aware consumers are also aware of the increasing number of feedback channels available to them. SMS and email messaging are used in TV shows to provide real-time feedback and commentary. There are even dedicated SMS chat programs on TV with surprisingly many people participating despite the relatively high cost of sending a message.

The willingness to participate is not just limited to TV programs. Already a third of Americans have participated in some sort of a rating system, and an increasing number of consumers are ready to send feedback to a company or participate in a poll, as the Internet has created on-demand channels that can be used to answer a questionnaire or send a message without spending too much time and effort on them.

Companies in different industries are starting to realize the value of enabling their customers to participate. For example, the leading Finnish newspaper *Helsingin Sanomat* (www.hs.fi) allows their readers to post comments on their website and start discussions regarding news topics. One of the key success factors of Amazon (www.amazon.co.uk) online stores was that its users could comment and rate items they bought, so for example when looking for an MP3 player a prospective buyer can research which player has gained the best peer reviews.

Lifelong learning

In the increasingly competitive environment it is necessary to acquire knowledge and information throughout ones whole career. To stop learning means to stop progressing and to stop increasing the number of opportunities for a better life.

Attention spans growing shorter

Catching people's attention is becoming increasingly difficult due to short attention spans. The largest influence on this has been MTV, which is blamed for shortening the attention spans of youth by popularizing 3 minute music videos and programming with fast cutting. It

has become difficult to keep people's attention if they are not constantly bombarded with changing imagery, as demonstrated by JimmyR.com in "What All MTV Videos Have in Common." Also, searching for 'attention span mtv' in Google gives multiple results from sources including BusinessWeek.com that cite the following:

"is television giving us a shortened **attention span** (MTV generation, etc)..."

"It seems that ever since **MTV** popularized quick-cutting as the dominant editing paradigm for video, the **attention span** of the general public has been getting..."

"**MTV** is, of course, the popular cable music video channel that makes you not have enough **attention span**..."

"If you thought **MTV** was short **attention span**, now we're really talking about short **attention span**..."

Need entertainment

One of the key elements of the modern society is that all of our information and education needs to be entertaining as well. With the short attention spans, focusing on learning is a difficult task if it does not entertain at the same time. Creative combinations of education and entertainment have proven to be wildly successful. Good examples would be the TV series *Roots*, *Last Fatal Days of Pompeii* and especially *Walking with Dinosaurs*, which by combining traditional facts-based documentary with drama effects managed to spawn a popular wave of interest that resulted in countless children's books, exhibitions and many other forms of cultural and commercial activity.

Natural gamers

One key dividing factor between people over and under age 35 is that those under it have grown up with gaming consoles and home computers. Video games have become as important past-time activity as watching television was for the older generations. This causes differences in the way younger people think, learn and feel compared to the older people. In video games the player has an active role, which is also becoming more immersive as the consumer technology advances, contributing to the demise of 'passive' advertising.

The games have also become increasingly interactive, with the latest advancements in online games where individuals can interact with each other through the game. These types of games are also becoming increasingly popular. For example, a Massively Multiplayer Online Role Playing Game, or MMORPG, World of Warcraft has over 9 million paying players worldwide, and the free virtual world Second Life has 1.6 million active users (Blizzard Entertainment 2007, Linden Research, Inc. 2007).

Generate own content

For the average consumers Internet has become a very effective distribution platform. The combination of digital tools such as (video) cameras, editing software and recording software and high-speed always-on Internet connections has created a whole breed of content creators. It is no longer the sole privilege of recording companies or movie studios to create quality content.

For example, Damien Rice recorded his award-winning album *O* in his bedroom, and *Star Wreck: in the Pirkinning* – the most viewed Finnish movie of all time – was created by a group of amateur movie makers using their home computers and video cameras borrowed from school, whereas the movie itself was distributed through Internet. The content for South Korean online newspaper Oh My News! is created by 25 000 citizen reporters who earn up to \$20 per article – as well as recognition for being part of something important – and has garnered a readership of 1.2 million people per day, making it larger than virtually every US newspaper (Ahonen and Moore 2005: 132-133, Wikipedia 2007: *Star Wreck*).

Sense of belonging

The old social communities such as family, church, school and later friendships formed with work colleagues are slowly eroding. The nuclear family is not as clear concept as it used to be, fewer people go to churches, classroom sizes are on the increase, families move frequently and it is not uncommon that people change jobs numerous times in their lives. All this contributes to creating a sense of detachment and not belonging to any group.

In order to replace the traditional social groups, young people define their identities by participating in different online communities. For example, the increasing popularity of social networking sites is partly due to the fact that people can use those sites to create digital identities, hang out virtually with interesting people and also get feedback from others in their digital peer groups.

Unlike traditional social groups such as schools or workplaces that were relatively restrictive to people's age and social background, these digital publics mix together people based on their interests or, in case of general social networking sites such as MySpace, even everyone who wants to register for the service (Boyd 2006).

Brand loyalties changing

There is no longer such a thing as “a loyal customer.” The new level of consumer awareness has contributed to willingness to change to a competitors offering if it provides better value. A retail-industry tracking firm NPD Groups study revealed that nearly 50% of those describing themselves as “highly loyal” to a brand were no longer loyal a year later. Also, brands such as Cafepress have emerged with the aim to make less – or not at all – profit, but instead support humanitarian or environmental causes introducing different kinds of options for consumers to choose which company to buy from (Ahonen and Moore 2005: 159).

2.3 The rise of communities

It is old news that Internet is affecting the core level of how businesses work, and many business practices are changing to take advantage of the global reach and connectivity enabled by the web. However, it is not just businesses that are changed by the technology; people everywhere are searching for information globally, handle their shopping online, belong to different online communities, use email and post their pictures or videos for everyone to see. Young people of today have grown with Internet and take it for granted similar to having a TV or radio.

The notion of online-enabled communities is something that cannot be ignored by marketers, whether they are general social networking sites, communities around a specific topic (i.e. photography), communities tailored for people with specific interests (i.e. a traveling community) or individual blogs that have garnered a steady readership. Information moves fast from people to people through the online communities, and the communities already have influence that far surpasses that of marketers.

In some cases, the influence of online communities is even reaching that of renowned news media, and it is not uncommon to see references to blogs or established online communities by professional reporters. For example, a Forbes.com news story by Jessica Mintz of Associated Press about the ongoing technical problems on Microsoft's Xbox 360 gaming console has sources such as GameSpot.com forums, Xbox-scene.com (a community site for Xbox enthusiasts) and Xbox360fanboy.com blog (Mintz 2007).

Not only is the influence of communities and individual bloggers on the increase, but also the speed of information tends to be on the non-corporate side: Ahonen and Moore (2005: 104) discuss a case in 2004 where a CBS reporter was caught using doctored evidence in a news story. It took only a couple hours for bloggers to uncover the truth, whereas it took the mainstream media few days to cover the story.

Suzanne Goldenberg of *The Guardian* wrote about the incident and the power of online communities, as well as detailing the significance in the shift in information sources that is caused by blogs and online activism: "... [CBS] failed to appreciate the force of the thousands of voluntary fact-checkers out there on the web (let alone trying to harness their power in advance), while also failing to interview bloggers after the event as part of an ongoing story. In fact, bloggers are often people very expert in their own fields who attract other experts when issues in their domain are newsworthy (Ahonen and Moore 2005: 104)."

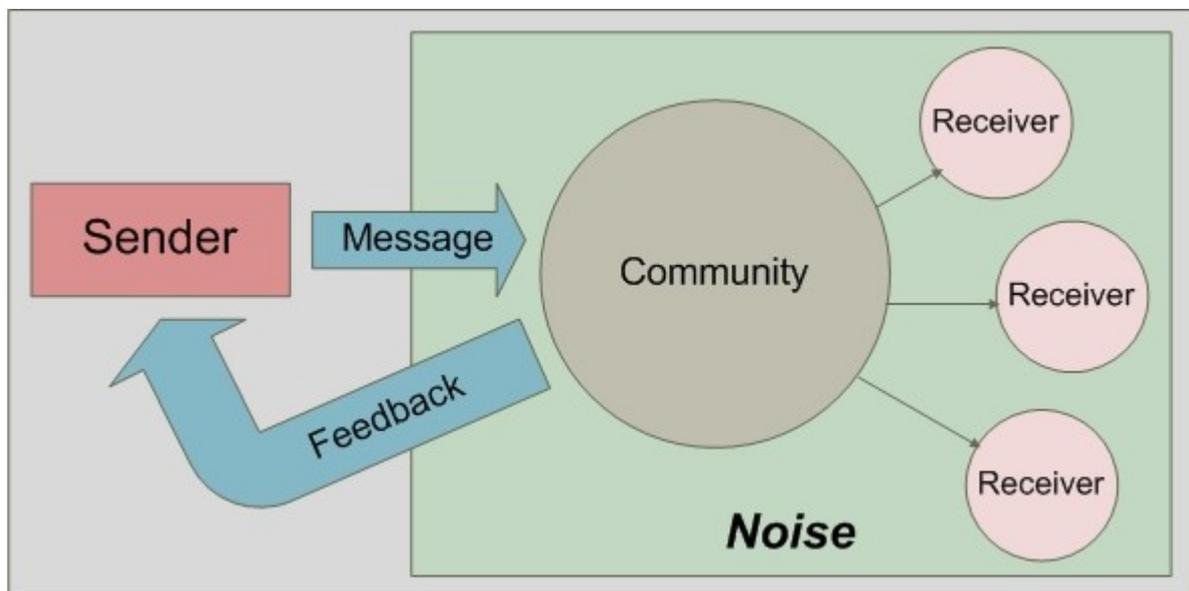
As hinted with the above examples, online communities have vast power over how businesses (or other public personas such as politicians) are perceived. Ignoring the influence of activists and other people who want to be heard (and know how to use online means) can be a devastating mistake. Already in the 1990s Nike was under scrutiny for its use of child labor and sweatshop manufacturing, followed by demonstrations, boycotts and eventually decline in revenues (Ahonen and Moore 2005: 20). However, because of online activism Nike is not given a reprieve even now; Educating for Justice, Inc. is running a Stop Nike Sweatshops online campaign and an independent documentary film labeled as SWEAT is under post-production (Educating for Justice 2007).

The protests against Nike's use of questionable means for making profit were not an isolated incident. The emergence of Internet has taken consumer activism to the next level; news travel fast and regular people can take major roles in organizing protests and demonstrations, as proved by the demonstrations against the war in Iraq, where people gathered *simultaneously* to the streets of approximately 800 cities around the world in February 2003, also earning the Guinness World Record of the largest demonstration. In the London Hyde Park alone was estimated to be 2 000 000 protesters (Wikipedia 2007: *Protests against the Iraq War*).

Ignoring the power of the communities simply is not an option for businesses. There are countless stories of consumer activism leading to product callbacks and companies facing billion-dollar losses. Instead, businesses have to identify which communities are most important to them, embrace those communities by participating in them and listening to what they have to say.

The customers are not passive recipients of marketing messages anymore, instead they are already engaged in discussions about your business or your products between other members of the community, and it is up to you to tap into that discussion and start a dialogue with your most vocal customers (Ahonen and Moore 2005: 213-217).

Ahonen and Moore (2005: 217) suggest that in the new model of communication, marketing messages go from sender through possible noise to a community, from which the message will move on to the individual members of the community. Feedback on the other hand is the voice of the community as a whole, sent directly to the sender, provided of course that the sender is listening.



The revised communication model.

2.4 From control to guidance

Change is a constant factor that has been a headache of marketers throughout the last century, and the change has never been as fast since Internet achieved similar status to what TV has enjoyed for the past few decades. Information moves faster from peer to peer and suddenly it is not just a few active brand fanatics who want to have a say on how companies market their products, but an increasing number of regular consumers are utilizing Internet when making purchase decisions in order to find out what others have to say about the product.

The demise of mass media advertising and the rise of digitally aware consumers have significantly undermined the influence that marketers have, reaching a point where it has become impossible to *control* what is said about your product, service or company. When

taking into account that whatever a marketer says is considered to be biased or in some cases completely untrue, directly influencing consumers has become extremely difficult.

In connected marketing the focus is not on control, but on guidance and steering which way the discussions about your products are going. Marketers can influence this to some extent directly by for example generating good will in online communities, but an even more efficient way is to focus on creating brand advocates, which will be discussed later in this thesis. This is a strategy that can generate long-term growth and also provides one of the best measures for the success of a company, as stated in *The One Number You Need to Grow* – article in *Harvard Business Review* (Reichheld 2003).

3 New target markets

3.1 *Who to target?*

When it comes to innovative technology products, companies have traditionally tried to target people they categorize as early adopters. However, there is a flaw in this approach, as early adopters by definition are consumers who start using new products at an early stage. The flaw in targeting to early adopters is that the defining factor does not take into account what kind of communicators the early adopters are, and how much they have influence within their social networks. Especially in the case of technology products an early adopter may likely be a geeky guy with poor communication skills who prefers playing with his gadgets instead of socializing, which is not going to aggregate word-of-mouth and help the marketer to reach wider audiences (Ahonen and Moore 2005: 201-203).

Instead of striving to reach early adopters, marketers should focus on reaching people who have high number of social connections, and who also carry influence within their respective communities. Ahonen and Moore (2005: 203) say that some of these *Alpha Users* are also early adopters, but even within a group of early adopters are people with more influence on the behavior of that group, and those people are ideal targets for marketing. Idil Cakim, the Director of Knowledge Development in Burson-Marsteller, further specifies the Alpha Users into those who have influence in an online world and virtual social networks, calling them online opinion leaders and e-fluentials (Kirby and Marsden 2006: 107).

According to a RoperASW and Burson-Marsteller survey among the US online adults in 1999, e-fluentials compose 10% of the US online adult population, but generate most of the buzz about brands, products and companies, influencing the other 90% what to think, say and buy. On average each e-fluential shares their experiences with companies to 14 people, who then pass on the e-fluentials' messages to their peers. A 2003 study of e-fluentials of the ERP systems provider SAP proved similar results to the 1999 study, indicating that the communication patterns of e-fluentials are remarkably universal and do not depend on geographical or demographical factors, which makes the group even more attractive for targeting (Kirby and Marsden 2006: 48, 110-115).

The 2003 study also showed evidence that there is a significant difference between the e-fluentials and non-e-fluentials regarding how vocal they are. E-fluentials were more likely to email companies than non-e-fluentials (97% compared to 82%), provide feedback to websites (97% compared to 82%), make friends online (77% compared to 39%), participate in chat discussions (75% compared to 39%), post messages to newsgroups (94% compared to 35%) and online bulletin boards (92% compared to 44%).

During the follow-up of a viral marketing campaign targeted to SAP's e-fluentials, it was found out that the e-fluentials are also slightly more likely to forward a creative piece to their peers and colleagues (8.5% compared to 6.6%), and that the emails forwarded by the e-fluentials were more likely to be opened by the recipients (27% compared to 14%) than if the messages were sent by non-e-fluentials (Kirby and Marsden 2006: 110-115).

3.2 Reaching the e-fluentials

Considering that e-fluentials represent a desirable target for marketing messages, the next step is to find out *how and where* to reach them. A great advantage that marketers have today is that online search methods have become accurate and advanced enough to provide a great tool for finding the sites and communities where your brand or product is already being discussed and what is being said about it. According to the New Media Strategies CEO Pete Snyder, marketers need to tap into these discussions and focus on how to influence or magnify conversations online (Kirby and Marsden 2006: 125).

A significant advantage of this method is, that it provides an early warning system that helps protect your brand by helping to identify what kind of potentially damaging information is circulating on the Internet. The first signs of a product malfunction for example might be found in discussion boards, and then forwarded to the engineering department to solve the issues before more damage is done. Also, if someone from the company engages into a discussion about the product and gives more information to the participants, it will boost the company's image by showing that they care about their customers, which consequently increases brand loyalty.

Ahonen and Moore (2005: 109, 229) state that this kind of involvement in communities by marketing organizations can enhance a brand's influence more effectively than working around communities, or in the worst case against them. Communities can be influenced but it requires intelligent dialogue, not one-way invasive advertising. Also, to gain the best benefit from being involved in communities, the company should have an ongoing strategy to participate, instead of just rushing in when negative or undesirable signs are starting to appear.

One segment of e-fluentials that is rather easy to identify is bloggers, as by the definition of their trade bloggers are vocal, respected in their communities and have a wide reach. The power of blogs was demonstrated in 4.3 *The rise of communities*, but as they can work against you, blogs can also work for you. For example, in conjunction with the launch of its new camera phone, Nokia seeded the phone to a number of 'leading edge' bloggers in Finland, asking them to experiment with the camera function. Nokia did not tell them to write about the phone, but the majority of them did so voluntarily. When measuring web traffic to the Nokia site they found out that four of the said blogs were in the top 15 traffic generators.

When approaching bloggers it is extremely important not to appear too pushy and beg for coverage. Companies that have tried to "bribe" bloggers telling them what they should write have faced outrage and furor among the blogging community when the truth has gotten out. In some cases bloggers have even started to boycott companies' products (Kirby and Marsden 2006: 150-151 and Ahonen and Moore 2005: 238).

An interesting fact about the world's over 98 million blogs is that they are much more interconnected than regular websites, forming something similar to a connected community, or collection of connected communities, which is also known as *Blogosphere*. To demonstrate the significance of the Blogosphere and how quickly messages can spread through it, we can use the Technorati Authority number, provided by the blog search engine Technorati. The number shows that the ten most popular blogs in the world have been linked to almost 19 000

other unique websites in average, whereas an average top 100 blog has over 5 000 similar referrals. Now considering that those 5 000 blogs have been linked to a number of other blogs with their own readerships and then linked again onward and onward, it is possible to gain some understanding how vast potential reach blogs have (Technorati 2007, Wikipedia 2007: *Blogosphere*).

E-fluentials can be reached even though your company or product is not something that easily generates discussions online, such as a manufacturer of dairy products. One way to screen for e-fluentials is to run a questionnaire on your website (or elsewhere), asking for the visitors' communication patterns such as how often they use instant messaging, post to bulletin boards, send feedback to companies or forward website information to others. Other segmentation information useful for targeting can also be asked, such as demographical and geographical factors. However, the focus must be on the communication patterns; the more active the more likely they are to influence their peers (Kirby and Marsden 2006: 108-109).

A sample survey could also take form of asking about the status of the respondent when it comes to category-related advice by researching how much the respondent agrees or disagrees with the following statements in 1-5 scale, where 1 indicates strong disagreement and 5 strong agreement:

- 1) My friends/neighbours consider me a good source of advice about [category]
- 2) I tend to talk a lot about [category] to friends/neighbours
- 3) In the past 6 months, I've talked to a lot of people about [category]
- 4) When asked for advice about [category], I offer a lot of information
- 5) When discussing [category] products, I usually convince them of my opinion.

(Kirby and Marsden 2006: 9)

In the end, depending on the company and products, it is not unlikely that e-fluentials have already been trying to *reach you* instead of the opposite. Simply sending a message to a company, whether it is good or bad, shows that the sender has stepped over a threshold which indicates that the message is important, no matter if the message itself is positive or negative. By giving not just good, but extraordinary customer service in return can easily help produce a brand evangelists who will tell others about the unexpected quality of service received.

In addition to individual e-fluentials, entire communities with interest in your brand may have already contacted you! Many technology companies such as Apple, Nokia, Samsung, Sony etc. have online fan clubs and enthusiast communities that are run by people who are passionate about their products, providing an amazing chance for marketers to engage with their most loyal customers and create brand advocacy, which according to *Harvard Business Review* is the most significant figure and indicator directly relating to the growth of businesses in various industries (Ahonen and Moore 2005: 216-217 and Kirby and Marsden 2006: 47).

4 Executing connected marketing

4.1 The role of PR

PR and connected marketing are well suited to be used together, as the goal of connected marketing is to get people talk about your brand or product with the ultimate aim of creating brand advocates. In this context, PR can become a powerful tool for creating buzz that gets people – and the media – talking. Like any connected marketing activity, PR also should be considered an ongoing process instead of a one-time incident or campaign.

Graham Goodkind (Kirby and Marsden 2006: 71-73), a founder and chairman of Frank PR, talks about a pattern in media coverage regarding topics such as product failures or malfunctions that have caused injury or significant material damage to their users. According to him, the news first appears in a local free sheet or sometimes in a trade magazine that gets to know about the story first. After that, the story is picked up by the daily regional, local radio stations, and then a local television crew makes a story of it. After that, a regional desk of a national newspaper catches on the story and the news editor in head office decides to make a bigger story. After that it is the other national news agencies who publish their versions and soon after the story goes global and penetrates everyday conversation.

When planning a PR campaign, one should take into account how the bad news spread in aforementioned model, and design marketing communications in a way that will have at its core something that will spread through the media in a similar manner, gets them excited and consequently has the strength to become a subject of everyday discussion among regular people. In other words, PR can be used to create buzz in both media and consumer level.

To further specify the role of PR in connected marketing, Goodkind (Kirby and Marsden 2006: 71-74) states that one should be able to recognize or create ideas that the media will like and therefore write about. He argues that most of the PR people have a one-dimensional approach to their trade, where the goal of PR is to get media coverage and nothing more. In this sense, PR and advertising are close to each other, as both can be used to maintain and reinforce a brand by keeping the brand name visible. However, PR can also be used more effectively by using it to generate buzz, delivering far better value than advertising. Instead of using PR to simply get a story to a newspaper, the content of the story should be interesting, amazing or outrageous enough to carry on to the conversations that readers have in their everyday lives.

A good example of such a creative use of PR in conjunction with online technologies was the Size Him Up -campaign for the German condom brand Condomi, which was trying to establish itself in the UK. Prior research discovered that one third of condoms are bought by women, making both sexes a desirable target for the campaign. At the heart of the campaign was a fun online tool that let people ‘guesstimate’ the size of a person’s manhood. For women it could mean the size of their prospective partner’s and for men it usually was an experiment to see how accurately it could predict the size of their own member by inputting hand, feet and nose size to the website. Alongside the estimated size was a suggestion as to the most appropriate condom from the Condomi range.

Links to the Size Him Up –website were seeded to a range of online viral sources, after which the real traffic increase came when news of the online tool reached the mainstream media alongside a fun league table with guesstimated size of a number of celebrities. Each story about the site generated a large influx of people, and further increased the strength of the word-of-mouth around the website, going even so far as to reach the political section of *The Sunday Times* with the guesstimated size of politician’s members. Within the first month the site had over one million unique visitors and the campaign had generated enough buzz to reach everyday conversations between friends and colleagues (Kirby and Marsden 2006: 76-77).

To sum up the use of PR in conjunction with connected marketing to create buzz, Goodkind (Kirby and Marsden 2006: 84-85) suggests focusing on the “talkability” of the marketing message and keeping the desired marketing goals implicit. To use the above example, the Size Him Up –test was what made people talking about the site and Condomi, while the implicit message was that Condomi has the perfect condom for you, conveyed with the product recommendation after using the online tool. Condomi also took advantage of the fact that sex sells. However the sexual aspects have to be presented in fun, playful and entertaining way, otherwise there is a risk of being labeled as a company with bad taste.

He also states that it is not the ‘dog bites man’ type of headlines that start conversations; it is ‘man bites dog,’ meaning that creating humorous controversy is more likely to make a good story. Goodkind gives a list of five key parameters to help in the creative process of buzz worthy PR:

1. What are the current conventions in the market? Sales channels, design, naming, behavior, media, anything. How can we disrupt those conventions? What can we do that’s different – but for a reason, not just for the sake of doing something different?
2. What’s the imagery? What are the visual cues that stick in the mind? What could be done from a visual perspective that would get people thinking? And talking?
3. What’s going on in the world? What trends can be identified and with which we could tie in? Importantly, what are the trends going to be going forward? What’s going to make up the zeitgeist (the spirit of the times)? What do the future gazers, experts, tea leaves say?
4. Perception is reality. How is our brand, product or service actually perceived now? (Not ‘what is the reality?’.) How would we like it to be perceived? How could it be perceived?
5. What are the brands, products, or services unique selling points? What other USPs could we identify? What USPs would we like it to have? What would its USPs be in another market sector?

(Kirby and Marsden 2006: 84)

4.2 Capitalizing on communities

Consumers are looking for relationships with brands, and expect them to provide complementary, meaningful and relevant experiences to enhance their lives and to earn their loyalty. Also, numerous brands are starting to recognize the value of integrated relationship marketing, creating the need for new kinds of social scientists and marketers who are skillful in building community structures, know the social dynamics in communities, and can use that knowledge to activate communities and engage them in bi-directional communications (Ahonen and Moore 2005: 227-230).

There are two clear, easy to identify, approaches to capitalize on communities; to either tap into existing communities or build a new community from the scratch to suit the businesses needs. Both approaches have been successfully used by several companies. For example, Boeing created a community called the World Design Team, which garnered over 160 000 members who took part in helping Boeing to build their next-generation aircraft – Boeing 787 Dreamliner – by voting and discussing on factors from naming the plane to optimal cabin pressure (Ahonen and Moore 2005: 233-234, Leach 2003, Dodge 2007, The Boeing Company 2007: <http://www.newairplane.com>).

Another example is a social music discovery service iLike, which created a small application the users of the Facebook social networking site could insert on their profile pages for their friends to see. At the time, the nine month old company had 3.5 million users, a pretty good achievement on itself. However, after introducing the application to the Facebook users, iLike's customer base increased by over 5 million users in less than two months, with almost 5 times more people registering to the service by using the Facebook application instead of iLike's own website (Arrington 2007).

An Australian beer company Brewtopia went so far with the community approach that the whole company was started on the notion of giving their customers power over *everything*. Already before their product – the Blowfly Beer – was even ready, the founders had invited their friends and relatives to register to the new beer website. In exchange they would get the opportunity to vote on every aspect of the beer development and its marketing. Also, they were given the opportunity to receive a single share of the company for every vote they cast, every carton they purchased and registering friend they referred.

In the beginning the consumers were able to vote on things such as the name of the beer, style and taste, logo, bottle type, packaging, launch party location, merchandise, pricing and where the beer would be sold. In some cases the company experienced that due to unforeseen circumstances the voter's decision could not be honored, in which case they sent personal apologies to everyone with an explanation of what had happened. Instead of disappointing their customers, this approach gave the customers faith as it was a sign of their opinions being taken seriously by the company.

Brewtopia managed to use a completely untraditional approach to marketing and business development with success. At the founding of Brewtopia, the Australia's beer market was dominated by two companies with 94% market share. In two years Brewtopia sold beer to over 20 000 individuals with AU\$50 000 to AU\$100 000 monthly turnover in beer sales, 90% of the sales coming from the Internet and 54% of referrals registering as members, and they

achieved this without spending any money on advertising or any traditional marketing. Brewtopia has also expanded their product portfolio to include water and wine, as well as the possibility to order custom-branded beverages through the company's website (Kirby and Marsden 2006: 59-70, Brewtopia 2007: <http://www.brewtopia.com.au>).

4.3 Enabling word of mouth

It is impossible, or at least very difficult, to create brand advocacy and evangelists out of thin air if a company keeps ignoring its customers and is offering inferior products. However, assuming that the company has done its customer service diligently, it very likely already has customers who have positive things to say about it. In this case, the role of the business is to create solutions that will enable these keen customers to spread the word to their peers and lower the barrier of talking about the company, product or service.

The idea of enabling customers to share a good product or service experience with their friends is nothing new. This kind of *viral sampling* has been used by various companies in different campaigns. For example, the Finnish photo service company IFI sends a voucher to new customers alongside their order of prints of digital photos. The voucher contains an offer of 100 free prints from IFI and the name of the recommender. If a friend of the recommender uses the voucher to order prints, IFI will then also send a note thanking for the referral with another voucher the recommender can then use him/herself.

The UK mobile telephone network Orange used another kind of initiative to aggregate word of mouth: Orange Wednesdays. The idea was that any Orange customer could invite a friend for free to any cinema in the UK every Wednesday by sending an SMS message to Orange and getting an immediate response SMS containing a buy-one-get-one-free voucher that could be then redeemed at over 80% of UK cinemas. This was a sure way to start a conversation about Orange ("How did you get that free ticket for me?"), and if the friend then signed for Orange they too got the possibility to invite a friend for free every Wednesday. By using this sort of promotional offer that could be shared with other people, Orange managed to turn its customers into promotional agents (Kirby and Marsden 2006: xxv).

Another way of turning customers into promotional agents is used in the world of computer games called MMORPG's (Massively Multiplayer Online Role Playing Game), which are currently played by millions of people around the world. These games are highly social and the players often prefer to play with their real-life friends so they can share the experience. Similar to viral sampling, the MMORPG companies such as Codemasters, CCP and Blizzard Entertainment give their customers an option to invite a friend to try the game usually for a 10-day period free of charge, after which the customer will have to buy the game in order to continue playing it.

Turning customers into evangelists is not a task that should be left single-handedly for the marketing department. By combining marketing and product development it is possible to come up with features that are integral part of the product or service, but will give extra value for the customers if their friends are also using them. A great example is a children's toy by Radica Games called Skannerz, which lets the user to scan any barcode, and by doing so discover things such as monsters to battle against, or magic items to help your own character

become stronger. The game had a twist though; if a friend also had Skannerz the two players could then battle against each other for greater rewards. Because of the attractive multi-player option, kids with the toy started to tell their friends about it, trying to get them to buy one as well so they could play the game together. The highly addictive and social nature of the toy also spawned a very active online community (Wikipedia 2007: *Skannerz*).

In the world of online services these viral features are usually an essential part of the marketing strategy. For example YouTube, the acquisition poster child of 2006, got bought by Google for \$1.65bn and is the fastest growing website of all time, but contrary to the usual belief, YouTube had a slow start. The website was ready and the video player worked great already in May 2005, but despite various marketing efforts such as offering money to pretty girls for posting videos on the site, YouTube did not grow.

In June 2005 the YouTube site was redesigned to include a video player that could be easily put to any other website (embeddable player) by copy-pasting a line of code. The videos became easier to share with other people and the “Related videos” feature was introduced, showing links to other videos alike the one that was being watched, thus creating an addictive nature to the videos on YouTube.

Soon popular videos started to spread all over Internet through sites such as MySpace and individual blogs, which in turn brought more users and more popular videos to YouTube. After receiving a venture capital investment, YouTube also started giving away MP3 players to their users. The campaign lasted for several months and further increased the growth rate, eventually turning YouTube into the fastest growing website ever. Similar viral features have since become standard for many websites, and greatly enhanced the growth of sites such as the picture sharing service Flickr and the social news site Digg.com (Karim 2006, Gabbay 2006, Thomas and Buch 2007).

4.4 Seeding trials

Marsden (Kirby and Marsden 2006: 3) summarizes seeding trials as “...sampling conducted in the name of research, designed to transform opinion leaders into loyal adopters and word of mouth advocates.” The technique is and has been successfully used by companies such as 3M, Microsoft, Google and Procter & Gamble among others. It caters to the customers’ need to participate and also triggers a psychological phenomenon known as the Hawthorne Effect.

The idea behind seeding trials is not simply to let opinion leaders test a product or give them free samples, but to create goodwill, loyalty and advocacy by also giving them a say in how the product will be marketed. In other words, inviting them to become part of your marketing team helps create a powerful sense of ownership among those of your target clients, customers or consumers who have the power to ignite word of mouth demand.

The Hawthorne Effect – discovered in 1930s by a team of researchers from the Harvard Business School – in essence is a result of increased productivity and advocacy in a group of people, resulting from an exclusive trial the group has been chosen to participate in. By singling out a small group for a research trial will make the group members feel valued, special and important. This on the other hand gratifies their ego and creates a positive

emotional bond with what they are trialing, transforming the research participants into advocates of whatever it was they were trialing. The success of seeding trials is a result of harnessing the Hawthorne Effect to transform opinion leaders into loyal adopters and powerful word of mouth advocates (Kirby and Marsden 2006: 4-6).

Procter & Gamble has recruited over 250 000 teenager opinion leaders in the US to an online seeding trial panel called Tremor. In order to test the effectiveness of seeding trials, P&G has done comparisons about how a region where seeding trials were used performed against a control region where seeding trials were purposefully not used. For example, inviting 2100 opinion leaders in Phoenix to get involved with the launch of a new milk product saw sales outperforming those in a matched control city, Tucson, and 23 weeks later sales were still 18% higher in Phoenix. In a similar test, Tremor panelists were sent a partial script of an upcoming TV show, which resulted in 171% higher viewer ratings. Depending on product, the seeding trials have increased sales by 10-30% reportedly (Kirby and Marsden 2006: 13-14).

Marsden (Kirby and Marsden 2006: 4, 16-19) suggests that in order to get the most out of seeding trials as a means of marketing, one should take into account the following:

- The product or service should be something new and different, giving the opinion leaders a sense of being exclusive, as they are treated with something special.
- The product or service must deliver superior experience. The advocacy will not last long if the product itself is substandard or disappointing. A groundbreaking product is not needed, as even a canned soda or bath soap can greatly benefit from seeding trials, but you need to have a unique selling point that is easy to pass on verbally.
- Seeding trials work better when the product or service is easy to sample. For example, automobiles and seeding trials are an unlikely match unless other ways such as trade shows or in-store trials are used to get the product into the hands of opinion leaders.
- If the opinion leaders are not identified accordingly, a seeding trial will not deliver expected results. For example, 3M used secretaries of CEOs of large companies in the US as a target for seeding Post-it Notes and asked them how they could be used. By correctly identifying secretaries as opinion leaders in office supply products, the seeding trial was a great success and Post-it Notes became a product that is known worldwide.
- In order to maintain cost-efficiency but to reach the critical mass of advocates, one should seed up to 10% of opinion leaders, or up to 1% of the whole target market.
- Getting the product into the hands of the opinion leaders should be done cost-effectively. Depending on the product this might prove a logistical challenge.
- Seeding trials create stronger advocacy when the opinion leaders get their hands on the product before anyone else. The more they feel like VIPs, the more they will advocate. Also, to further enhance word of mouth potential one can seed the product with discounts, vouchers, gifts etc. to share with friends.
- There has to be some mechanism of participation. The goal is to make opinion leaders feel they have contributed to your innovation or how it is marketed, but the participation must not feel tedious, which is why simple online voting systems for example work better than lengthy discussions, questionnaires, or surveys.

- To further make the opinion leaders feel important, one can share some insider information or exclusive material with them such as gossip, stories, insider guides, or even give them branded contact cards.
- As with all marketing, seeding trials should also be measured for effectiveness. This can vary from pre- and post-trial poll to complex online tracking systems or using a control region similarly to Procter & Gamble's seeding trials.

5 Practical models for connected marketing

The era of consumers engaging in online activities has created a paradigm shift in the marketing practice. Marketers are used to being in control of guiding people's opinions and thinking. It was easy to create one-way communication to direct how your brand is perceived and how and where your products were being marketed. However, with the rapid information flow, increasing consumer awareness, online communities, bloggers and connected world, the power of marketers is not what it used to be.

The carrying idea of *Communities Dominate Brands* –book by Ahonen and Moore is that your brand is not really yours anymore. It is not shaped only by what you as a business is doing, but also how it is perceived by various communities, and they have influence on how it *will* be perceived in the future as well. The same idea is conveyed by Justin Kirby (Kirby and Marsden 2006: 270), saying that connected marketing is not about control, but about management. In other words, you cannot control what people say about your brand, products or services, but you can *influence* and manage what is being said.

However, as the connected marketing practices are still emerging and to large extent undefined, there are no standard sets of metrics for measuring the effectiveness of the various practices. Kirby (Kirby and Marsden 2006: 270) predicts that these ROI metrics will evolve in the near future and become mandatory for viral, buzz and word of mouth campaigns, with focus on measuring 'Advocacy rates' and 'sales uplift,' displacing traditional measures such as campaign reach.

For a long time the marketing practice has been similar to shouting, where the goal has been to push your marketing message to as many people as possible, hoping that some of them hear it, and of those who hear some will actually do the desired action, such as buying a product. Compared to this, connected marketing is about getting the proper marketing message across *when* the listener is ready to hear it, and preferably the message is conveyed by someone who the listener trusts instead of a faceless corporation or media outlet.

Advertising is usually centered on advertising campaigns, and is thus project oriented, whereas connected marketing has to be considered as an ongoing process for it to be effective. Many of the important factors for creating brand advocacy have to be continuous. Take customer service for example; providing superior service is a very powerful tool to create brand advocacy and word of mouth. When a customer feels like his/her expectations of a service have been greatly surpassed, it can become enough powerful positive experience that the person is likely to pass on the story of it in daily conversations.

However, if the customer service level then decreases or does not meet the expectations of customers, the resulting dent in the reputation of the company may be even worse than the original positive impact. Using customer service to boost brand advocacy can be done by treating your customers *better* than you would like a company to treat you. Another good guideline is to maintain a status where a company can constantly underpromise and overdeliver without losing credibility (Kirby and Marsden 2006: 65).

A good example of connected marketing gone wrong because of a project-oriented approach is the launch of Nokia's N-Gage gaming phone, which took place at the time when Nokia had

almost 40% mobile phone market share. Combined with enormous amounts of marketing funds and resources Nokia seemed to be perfectly poised to succeed in bringing mobile gaming to the masses. However, the first generation N-Gage device sold less than half a million units worldwide and did not gain traction even with massive subsidies.

Ironically, Nokia had used connected marketing practices by recruiting early adopter types of testers for N-Gage before the worldwide launch. The testers had repeatedly voiced the same complaints about the product, but Nokia chose to ignore them and launch the phone anyway. It took Nokia a full year to launch the second generation N-Gage device which overtook the sales figures of its earlier counterpart in a matter of months. However, Nokia's credibility in gaming market was severely damaged. Amongst the gaming enthusiasts Nokia got a reputation of a corporate giant that does not understand its users' needs. In addition to that, an underground Internet movement called Sidetalking (www.sidetalking.com) was born to mock the way users had to hold the original N-Gage on its "side" when making phone calls. Eventually the N-Gage product line was discontinued in 2006 (Ahonen and Moore 2005: 213-214 and Wikipedia 2007: *N-Gage*).

As the connected marketing practices become more popular, important questions about the moral and ethics in connected marketing are also likely to gain attention. For example, many viral marketing actions currently involve the marketer somehow pretending to be a customer or a client. It is very common to see "fake" comments and testimonials in various websites or blogs that are focusing on product reviews. Although history has proven that using this kind of "stealth" marketing can backfire severely, it is likely that many companies still use the technique to their advantage and try to balance between when and how much – if at all – they should disclose to the public about their contemporary marketing activities (Kirby and Marsden 2006: 270-272).

Another factor to take into consideration is that product recommendations and word of mouth marketing messages coming from trusted people can *also* become clutter and potentially create an even stronger negative effect than if traditional advertising methods were used. One rather disturbing example of this pattern is network marketing, which is already a few decades old method. Even though network marketing is basically relying on social networks and word of mouth connections, the way of spreading the message is too pushy to be accepted without reservations by the majority of people.

It is important to realize that in network marketing ordinary people are turned into (often unprofessional) sales agents by offering them tempting – possibly deceitful – compensation schemes. At this point, the simple referral or recommendation from a friend turns into selling, which affects negatively to the trust that the two people might otherwise share, as the person in the receiving end of the message feels like something is being sold, and that the seller is not being sincere.

A sample model for successful planning of connected marketing strategy could be as follows:

- 1) Identify what is being said already.
 - This includes using methods such as search engines, questionnaires etc. to gather business intelligence on how consumers perceive your brand, product, service or company.

- 2) Identify where your brand, product, service or company is being discussed the most.
 - This can take place simultaneously with identifying what is being said, but the idea is to gain a good understanding on which websites, discussion forums, blogs or social networks are focused on topics that relate to your brand, product, service or company.
 - The goal is to identify potential communities and e-fluentials to target.
- 3) Determine the goals for connected marketing.
 - Whether it is creating awareness, generating page views on a company website or directly increasing sales orders or product recommendations, each marketing strategy has to have a set of goals.
- 4) Determine measurement criteria.
 - After the goals are clear it is possible to define how the success of the campaign will be measured.
 - This can be anything from direct increase in sales to increasing the number of visits on a specific website or getting media coverage.
- 5) Determine who to target.
 - This can be existing customers, identified e-fluentials or entire communities, depending on what the goals are, and can vary by geography, demographics etc. as usual in any marketing practice.
- 6) What is the desired call to action?
 - This overlaps somewhat with the goals, but indicates a direct response to receiving the message. For example, purchase of a product, passing the message or visiting a website.
- 7) Creating the message.
 - This can be a tricky one, and depending on the goals sometimes a message is not even necessary. For example if the goal is to generate positive feedback, an effort in increasing customer service level can be enough and no marketing messages are needed. However, as this is often not the case, the message should focus on conveying your unique selling points in a way that is genuine and easy to pass on. It is very difficult to provide general guidelines on how a marketing message should be created.
 - The message can be short and simple as well. For example, McDonalds realigned its focus to the core idea of providing good quality food, and fast.
- 8) Seeding the message.
 - This is where the target audience meets the message. One has to identify the proper ways to deliver the message to the right people at the right time.
 - Seeding does not have to be pushy as traditionally believed, but for example a message can be seeded every time a customer contacts the company on his/her own.
- 9) Monitoring and steering.
 - After the target audience is aware of your message and discussions are underway, it is important to monitor what is being said and try to influence the opinion leaders by participating in the conversations.
 - This phase overlaps with phase 1 and creates a process-oriented approach, where potential changes or re-definitions in goals, target audience etc. can start the process cycle again and create new connected marketing messages

that can be used to give a bigger push in influencing what is being said about your brand, product, service or company.

Although connected marketing is still emerging and the various methods and practices are still being polished, one thing is clear: connected marketing is about creating brand advocates, and brand advocacy is directly related to the growth of a company. According to Frederick F. Reichheld (*Harvard Business Review* December 2003) asking your customers “How likely is it that you would recommend [company X] to a friend or colleague?” alone can predict whether your company is going to grow or shrink. Within the 14 industries that were researched, the companies with high advocacy rates also were the ones that outperformed their competitors.

In comparison, companies such as AOL that were spending their marketing budget on price competition and getting new customers started to stagnate. Although the inflow of customers was high, so was the outflow. In this sense, building true loyalty amongst your customers is the way to achieve long term growth, and there is no better way to measure loyalty than to ask how likely it is a customer would put his/her own reputation at stake by recommending your company or a product. On the other hand, the leaving customers might tell their peers to *avoid* your company instead of recommending it, which leads into a situation where it is very difficult to gain new customers even despite various marketing efforts.

It is important to also notice, that loyal customers are *not* necessarily the ones who spend a lot of money on your products or services, or even use them at all. A customer can be very profitable for your business due to other circumstances than loyalty. For example, people may very well go to the closest pizzeria even though they know that the one five kilometers away has better service, price and food quality. However, if the person is asked about which pizzeria he/she recommends, the one further away would be mentioned. A rich businessman might be driving an expensive Lexus, but when a relative who recently graduated from college asks the businessman to recommend a car, he might very well say Honda if he has had good experience with one, and because Lexus is too expensive for the relative at the moment. In this sense, loyalty does not even necessarily mean that the loyal person is a current client of the company.

6 Chapter removed due to confidential information

7 General pointers for connected marketing

When engaging into connected marketing activities, whether or not those involve viral marketing, PR, word of mouth or buzz marketing, there are some general pointers and reminders one should take into account:

Before any connected marketing action plan can be developed, ask yourself

- How do I motivate word of mouth?
- What are my customers saying today?

Try to think how you can differentiate your offering from competitors'. If you cannot differentiate, you do not have a unique selling point and no foundation for the word of mouth in your connected marketing strategy.

Financial stimulation works and can be used in conjunction with word of mouth, as is the case in various affiliate and referral campaigns, as well as in seeding trials to some extent. However, one should remember that in this case the word of mouth message is not purely influenced by a genuine interest and advocacy towards your offering, as there is financial motivators on the background. Also, when enabling consumers to do the selling for you, you lose control on *how* your product is being sold, and in order to achieve financial gain some consumers might even rely on unethical means which can cause harm to your reputation.

Stealth marketing is risky. Posting “fake” product endorsements to blogs or fan sites can be very effective, but also potentially results in serious damage if uncovered. Instead, connected marketing should be built on brand or product differentiation and trustworthy, solid conversational connections between companies and their customers.

Always consider what is ethical and what is not. Many companies have been busted by digitally aware consumers of using questionable marketing means such as fake endorsements. Also be aware that marketing to minors should follow strict guidelines, as well as local laws and regulations.

There are two different approaches to connected marketing; first one is tactical and involves advertising, such as crafting messages help connect with customers and provide content for daily discussions. The other approach is more strategic and involves building long term relationships with your customers. Both approaches should be used together to ensure success.

Other general guidelines for getting involved in connected marketing include:

- Providing reliable and clear information
- Answering to customer complaints with respect
- Genuinely involving yourself to communities to earn the respect of your customers
- Continuously gathering and analyzing customer feedback
- Making a point to share knowledge freely
- Building word of mouth networks
- Encouraging communities or customers to meet and share
- Devising specialized, smaller offerings for the delight of customers
- Creating a cause that customers can rally around

Lastly, connected marketing does not guarantee success. It is as much an overstatement as saying that traditional advertising is no longer working. A successful connected marketing activity does not simply create a closer relationship between a company and its customers, but also integrates the different ways in which marketers approach people – from viral, buzz and word of mouth marketing to advertising, direct marketing, sales promotion and PR, across the whole marketing mix.

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