Social Media / Web 2.0 as Marketing Parameter: An Introduction

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Abstract

This paper reviews the nature, effects and present state of affaires of the new generation of Internet applications known as Social Media or Web 2.0. It explores the aptitude and potential of these applications as influencers of customer behavior and marketing instruments. Based on research findings and field experiences the article identifies the main ways corporations can use the social media as strategic marketing instruments. The article identifies the main types of Social Media applications and proposes two main ways marketers can utilize social media: As "passive marketing tools" i.e. as sources of market intelligence and as "active marketing tools": as platforms of communication/promotion, customer interaction and customer feedback. The paper proposes a classification of the main Web 2.0 applications as strategic marketing instruments arguing that Web 2.0 applications can be engaged as effective and low cost tools that can substantially support marketing operations in the virtual and physical marketplace.

Keywords: Web 2.0, Social Media, E-Marketing, Marketing Strategy, Internet Marketing.

Introduction

The commercial Internet opened a whole new world of opportunities to consumers and corporations by revolutionizing business practices and social relationships. Following the dot.com boom of the 90s and the high-tech debacle at the beginning of the 20th century, the Internet - already counting today around 1.5 billion users worldwide - is by and large perceived by most academics and businesses today as a mainstream business platform and integral part of the commercial and – increasingly – of the social landscape (Birdsall, 2007; Beer and Burrows, 2007).

The Internet as marketplace is a subject extensively debated by researchers and practitioners for more than ten years but limited research attention has been paid so far to marketing issues related to what is widely seen as the new stage of the Internet evolution. This introductory article reviews the theoretical foundations and explains the background of the new generation of Internet applications commonly known as Web 2.0 or social media; it examines the current status, the effects and the possible roles of the social media as marketing tools and proposes a basic classification of social media applications as potential tools of the marketing strategy. Considering the novelty of the subject and the limited research on Web 2.0 marketing the analysis is often using practical examples and field experiences illustrating early efforts to engage social media as marketing instruments.

Despite the novelty of the issue and the lack of reliable measurements it is obvious that the Web 2.0 has already attracted a good deal of attention among marketers who seem willing to invest in social media applications and integrate them into their strategic marketing arsenal (McKinsey, 2007; Hitwise 2007[1], Forrester, 2007). Field experiences seem to be positive so far; a survey conducted by Prospero Technologies in 2007 among early adopters of the social media marketing found that "59 percent of respondents reported that social media performance in 2007 met or exceeded their marketing objectives, boosting future spending expectations – with 31 percent planning to spend significantly more on social media applications in 2008".

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[1] HitWise.com in a study published in April 2007 calculates the participation of Web 2.0 to the top participatory web sites to 12,28% , an 668% increase compared to 2 years ago

The Internet and the social media are integral parts of the business landscape

Paradoxically, unlike the first wave of the Internet revolution that was largely ignored by the majority of traditional large corporations in the 90s, it is now this category of firms that has taken the lead. Evidence suggests that small businesses are a distinct minority among the earlier adopters of social media marketing: According to a recent study of American Express less than 5% of businesses with less than 100 employees have a blog[2].

On the consumer side things are different: adoption of the social media grows fast. There are several reasons for that but also an important technological breakthrough. Low cost broadband connectivity has been a major enabling factor: a large proportion of the people forming the online population (more than 40% in the US / Europe and increasing) has access to broadband connections. This has resulted in a growing number of Internet users becoming familiar with interactive online applications like web logs, online communities, internet messaging, interactive online games, video exchanges and social networks. Many consumers already regard such applications as key elements of their daily life and Peer-to-Peer (P2P) interaction has become the basis of a unique consumer evolution and empowerment (TIME, 2007). Many forms of social interaction take place online already: communication, information exchange, sharing of experiences, dissemination of individual creativity and entertainment (Bernoff and Li, 2008). Young consumers are particularly active in this domain: according to a recent survey by Alloy Media & Marketing 96% of US teens participate to online social networks at least once a week (Biz Report.com, June 27, 2007).

The impact of Web 2.0 on consumer perceptions, attitudes and behavior is substantial; social media are becoming a major source of customer information and empowerment (Urban, 2003) while the dominance of traditional mass media and other conventional marketing tools as consumer influencers is steadily declining.[3] Web 2.0 has deprived companies the full control of their message, has made the message weaker and has lead to fragmentation of marketing channels (Eikelmann et al., 2008).

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[2] http://www.nytimes.com:80/2007/12/27/business/smallbusiness/27sbiz.html

[3] 2004 Yankelovich Marketing Resistance Survey

Web 2.0. A fact or a fad?

As mentioned earlier the Web 2.0 (or social media[4]) is the most recent stage in the evolution process of the Internet as social and commercial environment. While some skeptics reject the whole notion as nothing more than the new technology hype, there are indications that Web 2.0 is here to stay. There are three main reasons for that:

- The Social Effects of Web 2.0: The Internet and particularly the Web 2.0 domain becomes increasingly part of the peoples' daily life as a source of information and communication at the cost of traditional communication channels and media. Most Internet users spend already more time in front of the computers than listening to the radio or watching TV; they read less print while in 2007 two thirds of them consider the Internet as a very important source of information (up from 56% in 2005)[5]. Newspapers and other forms of print media experience a steady circulation decline[6] and similar trends are visible in the attendance of television and broadcasting; while attendance and advertising income of traditional mass media are in a free fall the Internet and cable news see the numbers of their users and their share on advertising budgets increasing (TNS Media Intelligence, 2007)[7]. The rejection of traditional media is more dramatic among the younger consumers; according to a 2006 Arbitron study (www.arbitron.com) the time spend on radio listening among the ages 12-24 years has fallen between 1999 and 2006 by 15%, much higher than all other age groups.

- The popularity of Web 2.0 within the business community: According to the Social Network Practitioner Consensus Survey of May 2007[8] more than 50% of professionals are- using social networks and an increasing number of corporations are already experimenting with social media as part of their organizational structure and marketing strategy. According to the E-Commerce Times (2008) social media play already a "big

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[4] In this article the terms Web 2.0 and Social media will be used as interchangeable

[5] USC Annenberg School Center for the Digital Future, 2007 http://www.digitalcenter.org/

[6] http://www.washingtonpost.com/wp-dyn/content/article/2005/05/02/AR2005050201457.html

[7] http://www.tns-mi.com/news/09112007.htm

[8] BizReport.com, June 5, 2007

role in B2B marketing, driving traffic, building thought leadership and facilitating word of mouth referrals".

- The customer empowerment: The Web 2.0, initially popular among the younger generations, becomes increasingly popular among mainstream consumers as an agent of customer empowerment. Customers become more and more aware of the fact that Web 2.0 applications present them with new and previously unknown possibilities and power (Urban, 2003; Gillin, 2007; Bernoff and Li, 2008), not only due to access to more and better information but also due to ample, almost unlimited online alternatives and choice. In addition the online consumer enjoys the positive effects of social networking, no more limited to teenagers (Stroud, 2008) as it was in the beginning, peer to peer connectivity and community building. Consumers have extensive access to product information, reviews, comments and recommendations contributed by other users and there are already indications that consumers find such recommendation more credible than information provided by corporations or specialists reviews. Online customers seem to have less trust in what marketers tell them: 25% of consumers who shop online and spend at least $ 500 checked at least eight online reviews before deciding to buy a product. [9]

Empowerment makes the consumer voice louder: many social media web sites have become forums of dialog, criticism and confrontation of commercial organizations or governments with their social, ethical and commercial responsibilities. On an almost daily basis "citizen journalists" expose cases of corporate misconduct or product glitches forcing companies to respond. Web log postings about product or services problems often prompt a new form of consumer activism called "blog swarms" (Gillin, 2007) that frequently reach the mainstream media with significant effects and consequences. Dell Computers was forced to recall one of their laptop models after blogs reported a malfunctioning and potentially dangerous battery and the bicycle lock maker Kryptonite was forced to withdraw and replace one of their high security locks after a film appeared in video exchange sites demonstrating how anyone could open the lock with a simple ball point pen.

An empowered customer is not the only upshot of Web 2.0. Another interesting development is the increasing keenness of consumers to become part of the value

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[9] PowerRevies and E-Tailing Group, 2008

creation process. There are several examples of this trend: on February 2007 the BusinessWeek[10] magazine published an article titled "The Latest Research Trend: Customers Behind the Wheel" describing how young consumers are increasingly eager to participate in the product creation process as contributors of ideas or even as co-developers.

Such developments make strategists and marketers feel uneasy and even see Web 2.0 as a potential threat. Yet the social media present marketers with opportunities that properly addressed could open new ways in marketing communication as well as acquisition and retention of the 21st century consumer (Drury, 2008).

Positive attitudes towards the social media are already visible in the field and the term Enterprise 2.0 has also appeared in the literature (Bughin, 2008). Marketers and firms seem increasingly willing to engage social media as part of their marketing strategy (Korica et al., 2006; McKinsey, 2007; Hitwise 2007[11], Forrester, 2007; Parise and Guinan, 2008).

From the academic perspective the subject is challenging and worth of further study. On fundamental level it poses some interesting questions: What is Web 2.0, what are its dimensions and possible consequences for the marketing practice? What are its effects on consumer behavior? What are the lessons already learned from the experience of the pioneers in this field? How corporations can effectively adopt Web 2.0 technologies as part of their marketing strategies and what are the expected benefits?

This paper attempts to address some of these questions by explaining the basic principles of Web 2.0 and reviewing different ways these technologies are utilized; it also formulates some basic recommendations on approaches that firms should consider as the basis for embedding the Web 2.0 concepts in their (direct) marketing strategies.

What is Web 2.0?

The term Web 2.0 has been introduced by O'Reilly (2005) and was quickly adopted by Silicon Valley and high-tech circles as well as by many practitioners and observers as a notion emphasizing the comeback of a renewed and better Internet. The original

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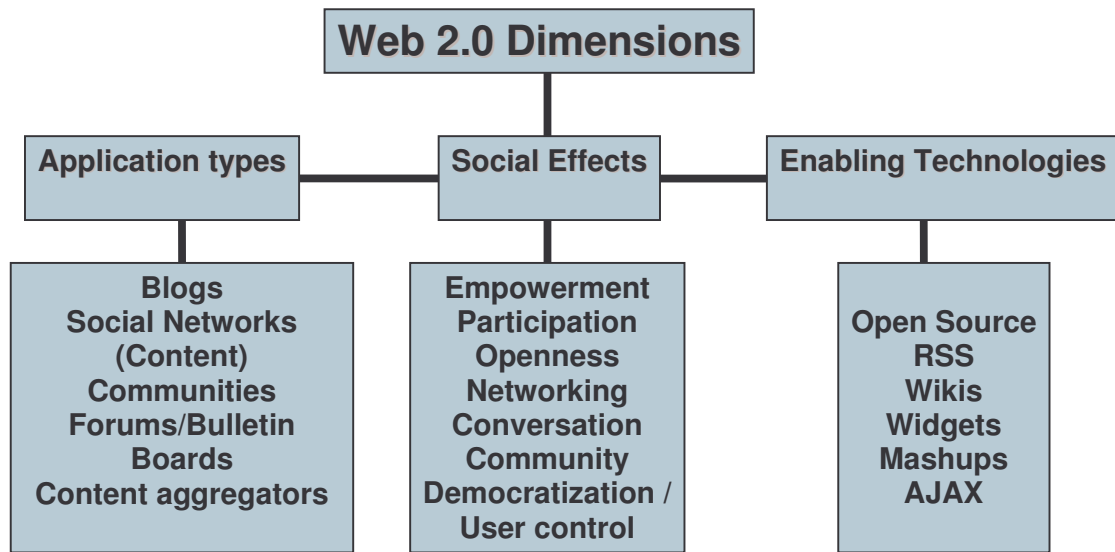[10] BusinessWeek Magazine, February 25, 2007
[11] HitWise.com in a study published in April 2007 calculates the participation of Web 2.0 to the top participatory web sites to 12,28% , an 668% increase compared to 2 years ago

definition of the term by O'Reilly was focused on common elements of the new generation of web applications: "The Web as a platform, Harnessing of the Collective Intelligence, Data is the Next Intel Inside, End of the Software Release Cycle, Lightweight Programming Models, Rich User Experiences". A year later Musser and O'Reilly proposed a refined definition: "Web 2.0 is a set of economic, social, and technology trends that collectively form the basis for the next generation of the Internet— a more mature, distinctive medium characterized by user participation, openness, and network effects". (Musser and O'Reilly, 2006). Defining the Web 2.0 is not simple due to the multilevel character of it (Madden and Fox, 2006). A simple Google search query of this term produces more than 3 million results and there are several definitions already proposed. In the academic literature there is no clear agreement as to what exactly the term means; some researchers describe the phenomenon or its applications as a first step towards a comprehensive definition (Needleman, 2007; Coyle, 2007; Anderson, 2007, Swisher, 2007). Hoegg et al. (2007) note that many definitions do not attempt to rationalize the core philosophy of Web 2.0 but rather describe its symptoms. According to these researchers the Web 2.0 is a philosophy based on a common vision of its user community while "the objective of all Web 2.0 services is to mutually maximize the collective intelligence of the participants". The definition proposed by Constantinides and Fountain (2008) combines and reconciles the basic technological and social elements of the concept:

Web 2.0 is a collection of open source, interactive and user-controlled online applications expanding the experiences, knowledge and market power of the users as participants in business and social processes. Web 2.0 applications support the creation of informal users' networks facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing/refining of content.

Based on this definition the Web 2.0 can be seen as an issue combining different aspects that can be combined along three main dimensions: The Application Types, the Social Effects and the Enabling Technologies. These dimensions are illustrated in Figure 1.

Web 2.0 Dimensions

Application types	Social Effects	Enabling Technologies
Blogs **Social Networks** **(Content)** **Communities** **Forums/Bulletin** **Boards** **Content aggregators**	**Empowerment** **Participation** **Openness** **Networking** **Conversation** **Community** **Democratization /** **User control**	**Open Source** **RSS** **Wikis** **Widgets** **Mashups** **AJAX**

Figure 1: The three dimensions of Web 2.0

Application Types: There is a wide variety of application types fulfilling the criteria of the above definition. In order to simplify the issue the different application types can be grouped in five many categories.

1. Blogs: Short for web logs: online journals, the most known and fastest growing category of Web 2.0 applications (Du and Wagner, 2006). Blogs are often combined with Podcasts or Videocasts i.e. digital audio or video that can be streamed or downloaded to portable devices. Some blogs have millions of readers, have become very influential information sources and therefore important centers of product or services endorsement (Gillin, 2007). Examples: gizmodo.com, boingboing.net, huffingtonpost.com

2. Social Networks: Applications allowing users to build personal websites accessible to other users for exchange of personal content and communication. Social networks play an important role in the distribution of information and word-of mouth and allow users to communicate (in the form of messaging or otherwise) and interact. Examples: myspace.com, facebook.com, hyves.nl, linkedin.com, ning.com.

3. (Content) Communities: Web sites organizing and sharing particular types of content. Examples are applications of Video sharing: video.google.com, youtube.com, etsylove.ning.com, Photos sharing: flickr.com, Social Bookmarking: digg.com,

http://del.icio.us and publicly edited Encyclopedias: wikipedia.org, http://en.citizendium.org

4. Forums / Bulletin Boards: Interactive sites for exchanging ideas and information usually around special interests. Examples: epinions.com, python.org, personaldemocracy.com. Often such forums or bulleting boards take the form online classifieds (craigslist.org) of online markets (ebay.com) allowing customer-to-customer transactions and payments.

5. Content aggregators: These can take two different forms. One category includes applications allowing users to access easily fully customized, syndicated web content. These sites make use of a technique known as Real Simple Syndication (RSS). Examples uk.my.yahoo.com/, google.com/ig, netvibes.com/. The second category of content aggregators are web sites gathering material from different sources and creating a new customized product or service. Google Maps is a good example of this type of aggregators.

Some of the technologies used in social media applications are not really new but there are some essential differences in the way Web 2.0 applications use these technologies and how technologies are evolving (see Enabling Technologies below). One important difference from the marketing perspective is that in Web 2.0 environments the application user is not only a passive information consumer but also an active content contributor. The term User Generated Content (UGC) is often used to underline this special attribute of all above Web 2.0 application categories.

Social Effects: As noticed earlier the Web 2.0 as a social movement Birdsall (2007) has become an internal part of the daily life of many consumers. In this environment several forms of social interaction take place. The almost unlimited possibilities of contacting other users allow the creation of online communities formed around demographics or special interests (Beer and Barrows, 2007; Birdsall, 2007).

Generating content, copying, sharing, editing, syndicating, reproducing and re-mixing information are common practices in the Web 2.0 domain. Such practices lead to democratization of technology, information and knowledge (O'Reilly, 2005) and

facilitate the active participation of the user as contributor, reviewer and reporter. Users can easily create or join communities or special interest groups and share their experiences and knowledge but also engage in a transparent conversation with other users, the industry or even politicians. In short social networking becomes part of the popular culture, mainly among younger generations. Businesses and politicians (as the latest US primary elections have shown) begin to understand the power of these communities as communications platforms. It is getting uncommon that businesses create such communities themselves inviting people to become members[12].

Enabling Technologies

The enabling technologies are often a cause of frustration among many of those who attempt to define the social media: they often are labeled as applications (Korica et al., 2006). The applications described above are usually based on combinations of the Web 2.0 enabling technologies (and indeed on older technologies) in order to be able to function. Most Web 2.0 technologies are not necessarily new yet there is a basic difference between Web 2.0 and the previous approaches to software development and usage; many of the social media applications are based on open source software, often collectively developed by amateurs (O'Reilly, 2005; Constantinides and Fountain, 2008) while many of them (like Google, Skype etc) are continuously improved and updated, even while users are using them. This fact has placed the application user in the chair of the co-developer and the open source software has lead to a fast, low cost and efficient application improvement. The purpose of this article is not to examine this aspect of Web 2.0 in depth but below a short description of the most popular of the enabling technologies and tools common in this domain:

RSS is short for Rich Site Summary, a way to syndicate and customize online content
Wiki is an application allowing collaborative publishing
Widget is a generic term for the part of a Graphical User Interface that allows users to interface with the application and operating system

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[12] Medellín Secret, a coffee brand invites visitors of their Dutch web site to join the brand's social network in the networking site LinkedIn

Mash-ups are aggregators of content from different online sources to create a new service

AJAX is a web development technique used for creating interactive web applications

Web 2.0 as a marketing parameter

The effects of the Web 2.0 on businesses and their environments are issues increasingly attracting academic attention. Most scientific articles about this subject were published after 2006. Research papers are focused on the impact of the Web 2.0 applications on corporate processes (Yakel, 2006; Craig, 2007), the importance of online communities for corporations (Du and Wagner, 2006; Korica et al., 2006; Swaine, 2007) or the effects of these new technologies on business (Karger and Quan, 2005; Biever, 2006; Deshpande and Jadad, 2006; Boll, 2007). Several but mostly non-academic sources provide evidence as to how corporations integrate the Web 2.0 applications into their operations (DeFelice, 2006). An increasing number of studies suggest that corporate interest on the Web 2.0 domain keeps growing and more and more firms are embedding different forms of social media into their daily business routines (Cymfony, 2006). Surveys conducted by McKinsey (2007) and Forrester (2007) indicate that the popularity of Web 2.0 applications is rising among businesses. Most of the surveyed companies have so far adopted a limited number of such applications into their business strategies but many managers think that "investing in them is important for maintaining the company's market position, either to provide a competitive edge or to match the competition and address customer demand"(McKinsey, 2007)[13].   This study concludes that the Web 2.0 applications affect a wide spectrum of marketing activities from building product or brand awareness to providing of sales services.

The Web 2.0 as marketing strategy

Understanding the nature, operation and effects of Web 2.0 applications seems to be imperative for marketers (Stroud, 2006). Marketers should recognize that engaging social media is the best way to communicate with the increasing numbers of consumers who spend considerable part of their time online; this is the public that is hard to reach with

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[13]McKinsey Survey on Internet Technologies, 2007

traditional push-based or mass-media based marketing methods (Forrester, 2007). However lack of experience and systematic research on the aptitude and effects of these applications means that engaging social media part of the marketing strategy is still a trial-and-error process. Based on earlier research and experiences of the field pioneers will propose a classification summarizing the main ways firms and marketers have attempted so far to extract value from the Web 2.0 domain. Earlier theoretical efforts in this direction were done by Swisher (2007) who limited though the effects of the social media on the enterprise media asset management, Craig (2007) who placed attention on the impact of the social media on learning environments and Anderson (2007) who described the specific commercial or organizational effects of Web 2.0 applications, without however linking these to specific marketing objectives. Working from the opposite direction Bernoff and Li (2008) identified ways that different departments (R&D, Marketing, Sales, Customer Support, Operations) can engage Web 2.0 applications, without specifying what these applications are. In an attempt to reconcile both approaches one should look to the issue from a dual perspective: From the applications and marketing perspectives combined. Considering the different types of Web 2.0 applications (Figure 1) and some of the common marketing strategy objectives we can identify two main ways of engaging the social media as part of the marketing strategy: The Passive and the Active way. The main Web 2.0 applications and their role as part of the marketing strategy are summarized in Table 1.

Web 2.0 Applications as Marketing Tools					
	Passive	Active			
MARKETING OBJECTIVE	**Listening In**	**PR and Direct Marketing**	**Reaching the New Influencers**	**Personalizing customer experience and products**	**Tapping customer creativity**
APPLICATION TYPE					
Web logs	XXX	XXX	XXX		X
(Content) Communities	XX	X		XXX	XXX
Social Networks	X	XX		X	XX
Forums / Bulletin Boards	XXX	X	X	XX	XXX
Content Aggregators		XXX	XXX		

XXX: very suitable, XX: suitable. X: suitable sometimes

Table 1. Web 2.0 applications as Marketing Tools

The table identifies the combinations of marketing objectives and online applications or approaches available and identifies the suitability of each application type in reaching the marketing objective. In more detail:

1. The Passive way or *Listening-In*: *Using the Web 2.0 as intelligence tool i.e. as source of customer voice and market information.*

It is nothing new that marketers can collect ample and high quality intelligence by listening to the customer's voice, i.e. what people say online about the firm, its products and its competitors by monitoring the social media domain. Social media offer amazing possibilities to tap this voices since people talk a lot online. Listening to the online customer voice is especially important in order to learn about the users' experiences about the product or brand, identify trends and new market needs or receive early warnings of product problems. Such early warnings help marketers to minimize the damage by a timely recall and modification of the product. The customer online voice can be "heard" in online blogs, forums and bulleting boards and to a lesser degree in

online communities and social networks. Customers' experiences, product reviews, comments in forums or blogs and other forms of customer online voice are considered as credible by other consumers (Elliott, 2002; Bates et al., 2006) and viral sharing of customer experiences – a common phenomenon of the social media space - can lead to success or failure of brands and products, seriously disrupting costly marketing actions. Properly collected and analyzed the online customer voice can provide precious and high quality information at a fraction of the time and cost required in using traditional market research for this purpose.

Finding and tapping the customer's voice can be done in different ways: several services and search engines specialized in locating, gathering and analyzing online buzz are already available. Many corporations try to tap the customer voice in an active way by offering customers the possibility to express their opinion and ideas about the company's products or services. Nokia is one of these firms inviting its customers to join its online "Developer Community" including discussion boards, wiki-based applications and blogs.

2. The Active way: Using Web 2.0 applications as PR, Direct Marketing and Customer Influence tool as well as a means for personalizing the customer experience and tapping customer creativity.

a. Using Web 2.0-based application as PR and Direct Marketing tools

Several businesses are actively engaged in dialog with the customer by launching their own corporate blogs and discussion forums. Business executives like Jonathan Swartz, CEO of Sun Microsystems, Steve Jobs, CEO of Apple Computers and McDonalds Vice President Bob Langert post daily on their corporate blogs, encouraging customers to interact and freely express their feelings, ideas, suggestions or remarks about their postings, the company or its products. A widely applied variant of this strategy (initiated by Microsoft back in 2003) is to encourage company employees to become publishers of content themselves in corporate blogs and forums. This approach requires openness and trust of employee capabilities from the part of the firm (McAfee, 2006; Bryan et. al., 2007). Next to company-sponsored blogs a simple and low-cost way to engage social media as PR tool is to use content communities - like the video sharing sites YouTube, GoogleVideo and others - as broadcasting media for distributing advertising material.

Commercials uploaded to these sites have the potential to be viewed by thousands or even millions of viewers or virally distributed among users at practically no cost. Many companies have discovered the viral video sharing is a low cost and effective communication medium. One of the commercials of Unilever's Dove Real Beauty campaign was viewed by more than ten million times online (Deighton and Kornfeld 2007) and videos of the candidates of the 2008 American elections posted on YouTube been watched by several million viewers.

An alternative option for marketers is to use blogs or online communities as advertising spaces. Placing advertisements in specialized social media enables the very effective access of niche markets and very specific market segments at a fraction of the costs required by traditional media. Other ways to use social media applications as PR tools is using online encyclopedias like Wikipedia or Citizendium as advertising media by publishing company or product information there; the high popularity of such sites means that in these texts appear very high in search engine searches. It is also possible to regularly access consumers by adding RSS capability to company online content; marketers can access with such permission-based and renewable content many millions of Internet users making use of content aggregators like MyYahoo.com or iGoogle.

b. Engaging social media personalities as product or brand advocates

This approach is based on proactively engaging online opinion leaders and personalities (for examples authors of high traffic blogs) as means of customer influence. Such a strategy requires identifying, reaching and informing the "New Influencers" (Gillin, 2007) about the firm, its brands or (new) market offers. Blogs like techcrunch.com, gizmodo.com, engadget.com and others attract millions of readers daily by publishing product reviews, usually much earlier than the traditional media. The endorsement of product innovations by such reviews is decisive for the adoption of the product, at least among large parts of the online population. The objective of marketers should be to establish ties and working relationships with leading blogs or users forums so that they review, discuss, comment on or even recommend the usage of the firm's products. Finding the right blogs requires some search but there are also several instruments

available: Technorati.com, Nielsen BuzzMetrics and others measure the influence of blogs composing rankings and providing other relevant information.

c. Using social media for personalizing the customer's experience and products

This approach aims at strengthening the ties between the customer and the firm by offering customers the possibility to personalize their online experiences or customize products they buy. Firms like Nike, Disney, Coca Cola, TIME magazine and many others offer their online customers Web 2.0 based tools allowing them to customize web pages or parts of their web sites or even encouraging customers to experiment and exploit their creative skills. The second variant of this approach is capitalizing on the growing customer individualism; many firms, even in the consumer industry, develop interactive online applications and tools allowing customers to partly or fully customize the company products they order online. Pioneers in this area are corporations like Kleenex that allows customers to design the packaging of the product (myklenextissue.com), photostamps.com allowing consumers to create their own (US Postal Service approved) stamps from their photos, Heinz (myheinz.com) inviting customers to create their own personalized labels of their ketchup bottle and M&M (nymms.com) that makes possible for customers to select their favorite candy colors and have a personalized message printed on it. Some more examples: Pepsi Co invites fans to design their soft drink cans in the Design Our Pepsi Can Contest (designourpepsican.com) with the best idea adopted as the new look of the product in regular intervals and NIKE offers similar tools to its customers allowing customizing the sport articles they order online (nikeid.nike.com). The popular chain IKEA recently launched an online campaign called "Everyone is Designer" encouraging customers to create and let others see their ideal living space using IKEA furniture (iedereenisdesigner.nl/).

d. Engaging the customer as creator of product reviews, advertising concepts and co-producer

The logic underpinning this approach is the fact that messages (Elliott, 2002; Bates et al., 2006) but also product reviews and advertisement concepts created by peers are perceived by consumers as being more credible and therefore more effective than those

created by experts: According to a Bizrate survey (2007) 59% of web users consider customer product reviews – a concept initiated by Amazon and widely applied by now - to be more reliable than those from experts. A study of Deloitte Touche USA indicates that 62% of the US consumers read consumer-generated online reviews and 98% of them find these reviews reliable enough. Next to that 80% of these consumers say that reading peer reviews has affected their buying intentions. In a study conducted by Carlson Marketing 85% of consumers say that they recommend a company with which they have a trusted relationship to others. The trust of consumers on peer rather than expert opinion is based on the perception that the former reflects the genuine feelings and experiences of product users.

The strategy requires either creating Web 2.0-type corporate web sites where users or customers can place their own product reviews or creating communities and forums or bulletin boards where customers can express their comments, views or even complains and discuss online with others. The advantage of this approach is that marketers can have immediate access to customer reactions and so be able to take corrective action swiftly. Often customer online discussions bring marketers to new ideas or make them aware of product problems before these become unmanageable. Parise and Guinan (2008) carried out a study evaluating the use of Web-based customer communities by firms as to their efficiency as marketing strategies. The companies utilized such communities in order 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 under development by their product development department. Conversations among community members ranged from discussing colors and designs that should be utilized on a greeting card to selecting what gifts and price ranges were more appropriate for a high school graduation. Community members were also asked to keep a virtual 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 consumer

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.

Tapping customer advertising creativity is another way to engage customers with the brand or product in a very effective way. SONY, Frito-Lay's, Sunkist and Coca-Cola are indicative examples of a growing number of corporations partnering with talented amateurs who generate advertising concepts or even create TV commercials for them. The advantage of commercials made by amateurs, next to their low cost in comparizon to professionally made ones is that they are more interesting and attractive for consumers. Web sites like current.com match the demand and supply of such amateur advertising talent and are often used by corporations for recruiting creative individuals.

Another way corporations can utilize the customer creativity and the willingness of customers to express this creativity is to engage the customer as a co-producer and source of innovation. This is a step further than the possibility to customize products as described above; the additional element is that in this case companies make customer-created products available to other customers. The customer becomes therefore an innovation agent. Some examples of this approach:
- The online t-shirt brand Threadless invites creative customers to submit their ideas about T-shirts designs; the submissions are evaluated by other site visitors and the best designs are becoming part of the assortment while the designer wins 2.500 $US in cash and merchandise as award. A similar approach is followed by another t-shirt online vendor, Shirtcity. This firm allows customers to create their own customized T-shirts and accessories and purchase them through the Internet but it also allows them to sell their creations online through a customer-operated shop in the Shirtcity website. The service is free: customers establish their shop and MyShirtcity does the rest.
- OhmyNews is a very influential Korean online newspaper written exclusively by about 60.000 amateur citizen journalists who submit and edit content. It has grown as one of the most influential news media in S. Korea and is currently expanding internationally.
- Domino's Pizza, one of the old and traditional pizza firms not only allows customers to order pizzas online but also invites them to customize their pizzas. Customers can then

give a name to their creation and make it available to others. One of such customer-developed pizzas has been ordered in a short time for more than 80.000 times online. Concluding it can be argued that many proactive businesses have understood that involving customers in their internal processes (something that would sound as pure science fiction just ten years ago) improves relationships and increases customer loyalty; engaging the customer as innovation agent can also substantially reduce the company's mew product development budgets and time-to-market.

Conclusions and issues for further research

The article defines and explains the main features of Web 2.0 (or social media) as a social and commercial phenomenon and identifies the aptitudes of Web 2.0 applications as marketing tools. Divided in five main categories (Web Logs, Online Communities, Social Networks, Forums/Bulletin Boards and Content Aggregators) Web 2.0 applications are rapidly becoming part of the online mainstream commercial domain and important ingredients of the personal and social life for a growing segment of the online population. The popularity of social media has been boosted by low cost broadband connectivity allowing the fast and trouble-free use of new, exciting, interactive and complex applications. Next to the improved technical infrastructure we can identify two major factors contributing to the popularity and rapid adoption of the social media:

a. The perception of consumers that Web 2.0 is a source of empowerment for the user as participant of the market process

b. The fact that for an increasing number of Internet users the Web 2.0 has become an indispensable element of their social environment

Common parameter of both factors is the ability of Web 2.0 applications to address people's needs for sharing information, knowledge and creativity, fulfilling in new ways a variety of personal needs like communicating, learning and socializing. The interactive nature of the new technologies also means that unlike during the previous phase of the

Internet the online public is now actively involved in improvement of applications and technologies and the development, improvement and editing of online content.

The rising public enthusiasm and involvement with social media presents businesses with new realities and challenges. Some marketers perceive the Web 2.0 as a threat to their dominant position in the communication process; brand promises become difficult to get across and the persuasive power of mass marketing is weakening. Customers are less exposed to mass media and increasingly base their buying decisions on recommendations or opinions of their peers rather than on expert opinions or company messages. While some marketers try to come to terms with the new realities, others have realized that social media are in fact presenting interesting opportunities as marketing instruments. Early efforts in this direction – mostly by large corporations – seem promising and many firms are already experimenting with social media as a means of improve their marketing strategies in novel and effective ways: devising innovative approaches or Web 2.0-based online tools for contacting, communicating and learning from their customers.

Two main approaches are visible: Using different types of Web 2.0 applications as "passive" tools i.e. tools that allow them to find, mine and listen to the customer voice. Next to that marketers seem to be increasingly willing to use social media technologies and applications as "active" marketing tools supporting or improving their traditional PR and Direct Marketing approaches. Next to this they can also use such tools in novel ways allowing customer to personalize their online experiences, products and services but also stimulate customers to utilize their creativity and even become agents of innovation and change for the organization.

Results of such activities have not yet been properly evaluated, yet there are strong indications that pioneers see already positive results; the number of marketers willing to enter the field grows. Companies – and mainly the smaller firms that so far stayed in the sidelines – can learn from the pioneers' experience about integrating the social media into their marketing strategy. For smaller firms, often targeting limited or niche markets, the social applications are not only a clever option but also an inexpensive one: social media properly used can provide marketers with low cost yet high quality market information, low cost access to large numbers of customers but also access to niche markets and specific audiences.

From the academic point of view more research is needed in order to analyze this new phenomenon from the strategic and organizational as well from the marketing perspectives. Important marketing-related fields of research are the effects of the social media on markets, demographics, customer behavior and buying decision processes. Since the Internet environment is continuously subject to innovation and change academics must place more focus on trends and developments in the field and frequently assess the role the changing social media play as marketing instruments or as influencers of the decision-making processes. Measuring the social media marketing effects will provide a clear picture as to the advantages of Web 2.0 as marketing tool versus the traditional marketing, something that could mean substantial savings and better deployment of marketing budgets.

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