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My View: Web 2.0 And The CEO

by **George F. Colony**

EXECUTIVE SUMMARY

Quickly: Six things about marketing in the world of Web 2.0 that the CEO should know.

I often get to sit down with large company CEOs to talk about new technology. These days, the topic of conversation frequently turns to Web 2.0 — how to sell insurance, or aircraft parts, or cars when the 30-second TV spot and the one-page newspaper ad are dying. Here's what I tell them:

ONE: YOUR COMPANY IS INSIDE-OUT IN AN OUTSIDE-IN WORLD

Imperious CEOs often have trouble with this one. They still see their company dictating pricing, product configurations, and service levels — a one-way street, with the company lording over subservient customers. The mentality is: “We’ll do what we want to do and the world will love it.” It’s this sort of logic that results in GM focusing on trucks (“Hey, it’s good for our profit!”) in an age of \$3 gas, and Airbus building the A380 (“It’s bigger than the 747!”) when the hub-and-spoke airline topologies are crumbling. Customers are changing too fast, they have seemingly unlimited choice, and, to borrow a phrase, they want what they want.

Advice to the CEO: It’s now a two-way conversation. Listen, respond, and talk intelligently. Stop dictating to customers. It’s your customers, not you, that have the power.

TWO: YOUR COMPANY HAS A BAD WEB SITE

I always hate to break the news, but hey, who will? After eight years of evaluating more than 1,000 large corporate Web sites, Forrester found only 3% with passing grades. The vast majority are hard to use, confusing, poorly designed, and cast an unfavorable shadow over the brand. So, Mr./Ms. CEO, don’t get confident that your company is great at marketing or selling online: it’s not. Go to your Web experts and ask them two simple questions: 1) Do we use scenario design? 2) Do we use personas? If the answers to these questions are “no,” you are building your site inside-out — a recipe for Web junk. Enable your team to make it right.

THREE: YOU SHOULD BE ASKING YOUR CUSTOMER ONE QUESTION

In an age when the buyer has the upper hand, gauging satisfaction is critical. Get your marketers to throw out those 30-question customer surveys and focus on one question: “Would you recommend this product or service to a friend or colleague?” It will yield something called the Net Promoter score, used by Enterprise Rent-A-Car and Intuit among others to understand and improve satisfaction. Net Promoter is a simple, powerful tool that will help focus your company on winning and retaining customers. Read Fred Reichheld’s book, *The Ultimate Question*. He’s the guy who came up with Net Promoter scoring.

FOUR: YOU DON’T OWN YOUR CUSTOMER; YOUR CUSTOMER OWNS YOU

My father always bought Fords. And he bought them through bad (The Pinto) and good (The Comet). The company owned him, regardless of its quality, design, or pricing. Web 2.0’s transparency means that a company gets fired at the slightest drop in service or failure in design. Or, more maddeningly, as a result of a bad online report or a tough, pointed blog entry. The antidote to this world is No. 4 above (know the customers better than the competition) and No. 1 above (be outside-in). You’ve got to earn the respect and allegiance of your customers every day — both of which can wither with unparalleled speed (see Dell and the flaming batteries, circa 2006). By the way, what did Dell do about its problem? It employed some classic Web 2.0 strategies — listening to its customers and talking to them via a blog. This spring it launched Ideastorm, where customers make suggestions and vote on them. The result: Dell’s Net Promoter scores are back on the rise.

FIVE: BITS WANT TO BE FREE — BITS WANT TO BREAK THE LAW

The first part of this quote is from Nick Negroponte, Chairman Emeritus of MIT Media Lab. The point is that digital is highly fluid and it abhors restrictions. The second part of this quote is mine. You may try to restrict your digital content through laws, rules, digital rights management, and/or security systems. The cold reality remains that customers, citizens, consumers want what they want, regardless of how you may try to restrict them. They see the power of digital and its inherent flexibility. They know that it can do amazing things and they could care less about artificial, archaic restrictions that are designed to protect somebody’s 50-year-old business model. So, Mr./Ms. CEO, wake up and face the brutal truths and get on with inventing the future. Stop trying to litigate and legislate your way back to 1992.

SIX: GREAT MARKETING + GREAT TECHNOLOGY = THE ONLY WAY FORWARD

Web 2.0 has forever changed the relationship between your company and your customer. Who best to understand and forge the new relationship? Marketing. Who best to create the technology to get it done? Your business technology/IT group. So, there is only one path: Marketing and technology

in your company must work together to design and implement your Web 2.0 strategy. And you, and only you, can get the dogs and cats to interbreed. It's an unnatural act, but one that must occur before your company can become an opportunist, rather than a victim, in the world of Web 2.0.

Ignore my advice at your peril. We are still living in primitive times — we are cave dwellers in loin cloths, sitting around campfires, chewing on bones. After Web 2.0 will come Web 3.0 followed by Web 4.0. We are at a beginning, not an end. Don't dump the problem in your successor's lap: Deal with it now.

George

P.S. I encourage you to post comments on the discussion board. I'll keep an eye on the board to clarify, answer questions, and offer additional analysis. Thanks in advance for your input.