Your B®and:

Building relationships with your customers in an era of social change

ALTERIAN

Foreword

The emergence of digital channels and internet-based social media has created a new world of communications. In a traditional sense it enables companies to talk to their customers, while in a non-traditional sense it enables customers to talk directly to one another. The content, timing, and frequency of the social media-based conversations occurring between consumers are outside of any brand's control. This stands in contrast to the traditional marketing communications paradigm whereby a high degree of control is present. As a result, brands must now learn to interact with individuals, to listen, understand and engage with them.

What is clear is that technology is changing the game, both in the way consumers interact with brands, but also in their ability to respond to them. Engaging with customers in a two-way dialogue, connecting online and offline channels within an analytics framework, and fully recognising the value of each individual customer is the way of the future. Alterian's pioneering technology, such as Social Media Monitoring and Web Behaviour Analytics software, helps brands to truly engage with the individual at every step of their customer lifecycle.

This report will provide our view of just what 21st Century corporate engagement might look and feel like and, more specifically, what will be the outcome for competitiveness and the emergent role of the marketer and businesses in general.

David Eldridge
CEO
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Executive Summary

There is an urgent need for corporations to respond to the opportunities and challenges of a major social change that has seen the mass empowerment of the customer and levels of expectation of personal engagement that are significantly beyond the scope of the mass communication and segmentation techniques traditionally employed in marketing over the past 50 years. This response, which has long been needed, is now also set against the background of recession and an economy no longer so benign, but one which emphasises the criticality of effective and speedy responses to the challenge. Today the customer is empowered to an extent never seen before. This is linked to both social and technological change, has been relatively sudden and is disruptive to established methods and processes. However, the technology that has empowered the customer, internet and mobile devices, is also the technology that combined with data collection and engagement and analysis solutions, allows the corporation to respond and build a new form of more personal, individualised engagement. However, responding to this requires a commitment to organisational change, integrated deployment of systems and staff skills on all levels within the organisation. This is the challenge of building the 21st Century company.

"There is an urgent need for corporations to respond to the opportunities and challenges of a major social change that has seen the mass empowerment of the customer."

A Summary of Key Points

– The Empowered Consumer

Today's empowered consumers hold a deep rooted cynicism towards companies: 58% (62% UK, 54% US) sampled felt that 'companies are only interested in selling products and services to me, not necessarily the product or service that is right for me'.

Only 9% (7% UK, 10% US) trusted companies to 'always act in their best interest' although more than 50% thought 'they sometimes did'.

Only 5% (4% UK, 6% US) trusted advertising and 8% (9% UK, 6% US) 'what the company says about itself'.

Only 17% (10% UK, 23% US) of respondents thought companies took note of what they said.

Technology 'clusters' around the individual combining with social factors to create the ever on, on-demand, empowered customer. They have great reach and connectivity and expect all those around them to be as equally available and real-time as they are themselves.

Individuals are increasingly used to interacting with content, rather than passively receiving messages.

Individuals are not content with being told something, rather they compare information. 84% of the sample (95% UK, 74% US) used some form of internet comparison site from formal and informal locations, friends, families, professional reviews and people they believe are similar to themselves. 71%[1] sought as many information sources as possible to verify something. In doing so they 'assemble' their view of things.

There is an expectancy of engagement as an individual and there is a preparedness to exchange personal information to encourage the development of relationships and access.

1 *Life Support*, (2009), Hulme, Youthnet

Individuals actively engaged in the use of social media tend to feel more in control of relationships, tending to be more positive about companies in general i.e. in the sample 33% (31% UK, 35% US) of those using social media believe that 'companies are genuinely interested in them' compared with 16% (13% UK, 18% US) of the sample overall. This also indicates that the impact of social media is greater and deeper acting at a faster rate than often thought.

Social media is the most obvious manifestation of the broader social/behavioural change rather than being the change itself.

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– Meeting the Challenge

We are moving from a society where centrally-controlled mass broadcast was the norm, to one where personal broadcast sits alongside this. It is not the end of mass broadcast but it does mark a change in building relationships; they are now more personal, using and exchanging personal data to localise the engagement. Organisations need to respond by balancing mass broadcast signposting with personal engagement, which requires a more responsive approach to engaging with customers across multi-platforms.

Companies need to re-build trust through engagement. To do this trust must allow 'touch' i.e. the opportunity for individuals to directly engage and to see the presence of others similar to themselves.

Many of the behavioural changes of the empowered consumer link to personal identity representation and sustaining this should be understood when building opportunities for engagement.

Dialogue needs to be established in several spaces (channels) so the individual can interact in the manner that suits them and the emotion of a situation i.e. over 70% (63% UK, 76% US) of sampled active social media users (58% of overall samples) thought that social media would be an appropriate channel to use but only if the company was clear (90% of active social media users thought the company should be 'transparent') about who was talking.

Companies need to collect and mobilise more information; they need to listen. 75% (69% UK, 80% US) of individuals sampled believed there would be a positive impact from companies taking more time to find out about their needs and interests. The permissions are therefore present, provided the outcome benefits the individual.

Listening needs to be demonstrated through actions, often associated with direct individual benefit. Feedback must be constantly acted upon.

Getting individuals involved with developing products and services – co-creation – is a means to start engagement or reward existing engagement. 82% (78% UK, 86% US) of overall sample expressed a positive interest in such involvement. Of those actively involved in social media this engagement rises to 91%.

Co-creation helps develop products and services, builds engagement and potentially creates advocates, 82% of the overall sample thought that being involved in the development of a product or service would make them more likely to tell others about the company.

– Are We Ready?

Building engagement requires the collection and mobilisation of individual customer information on an unprecedented scale; few organisations are ready for this. A recent survey indicates only 6% of respondents felt ready[2].

There is a requirement to be able to view the individual transparently across all areas of the organisation. This requires 'joined-up' databases of customer information with all departments being able to access this data.

As information moves towards the heart of the business so different and more analytical skills sets will be required, combined with the need for often real-time interpretations. Again, there is evidence that these skill sets are not, in many organisations, currently in place.

Many of these changes require support at all levels in the organisation, they may lead to major departmental restructuring. Again, there is evidence that the implications of the fundamental change in consumer behaviour and its long term implications are not, in many cases, understood fully at the most senior levels.

2 Alterian Annual Survey, *Are You Ready to Engage?*, (2009)

Introduction

This is a 'time of rampant globalisation and deregulation, technology change, economic turmoil and greater customer choice... companies who cannot sense new market needs and directions, changing customer attitudes and requirements... will surely be left on the beach'[3]. A time of great challenge but, therefore, a time of opportunity. After all, 'for years marketers have been waiting for practice to catch up with potential – for the arrival of technology and media formats that would enable targeting, strong accountability and more granular customer insight'[4]. This has now arrived. This document explores the relationship between marketing, media, technology, social behaviour and the individual. Its central argument is that a social change has occurred, whereby individuals have been massively empowered, and now possess not only much greater expectations but full awareness that they have the technologies/connectivity to achieve these. However, just as technology has empowered the consumer, so it has the organisation, although structuring the organisation and effectively building and deploying the technical and human resources to truly engage with the individual will require philosophical and strategic change at all levels within the organisation.

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In Section 1, **Setting The Engagement Scene**, we briefly set the scene examining the mass use of information and mass targeting of the consumer, contrasted with the recent rise of personal connectivity and broadcast.

In Section 2, **Where We Are Today**, we examine some current consumer attitudes towards organisations/authority, particularly the growing sense of the need for personal recognition, growing cynicism, loss of trust and the use of personal data.

In Section 3, **The Empowered Consumer**, we outline how technology and media access has empowered the individual to 'assemble' their experiences, we explore the individual in relation to social media, seeing social media as a manifestation of a broader change. We explain the central role of identity in understanding these changes and demonstrate how individuals use their 'reach' to build understanding of 'truth' and trust.

In Section 4, **Organisational Challenge – Building Engagement**, we explore how 'trust' can be built, how organisations need to listen to consumers and use active collection of information to demonstrate listening through feedback and action. We explore deeper forms of involvement including product/service co-creation and involvement.

In Section 5, **Meeting The Challenge**, we ask how 'ready' organisations are to take advantage of the opportunity and discuss structural and skill implications.

In Section 6, **Points and Actions**, we close by summarising the key concepts and action points.

Note: The report draws on many data/literature sources including two specially commissioned general population surveys – each survey asked identical questions and is based on 1000 respondents. Chronologically the first survey was undertaken in the United Kingdom in January and the second in the United States in March 2010. Whilst there are differences in 'intensity' of response between the surveys, the two are most noticeable for their high degree of consistency and fully exhibit the same trends. The data in the report is primarily presented in aggregated form, although individual country results are also exampled within the text and analysis.

3 Neal-May, (2010), *Creating Market-Sensing Corporate Cultures*, CMO Council

4 Vollmer C., Precourt, G., (2008), *Always On*, McGraw-Hill, New York

Recession

Within the document we draw attention to the contrast between the relatively benign economy enjoyed for over 20 years and the current economic turbulence. Based on this, we conclude that recession may at least, in part, need to be the 'mother of invention'! As we write, the US having technically emerged from recession, the IMF forecast the US economy to grow by some 3.1% during 2010, seeing it better positioned than Europe and the UK. However, there remain serious concerns over weakness of consumer spending, still nowhere near pre-recession levels in the US. Coupled with high unemployment, currently 9.7% and overall a weak employment forecast. Likewise the level of Government debt and deficit remains concerning. The UK economy has been slower to emerge from recession, shrinking by some 4.8% in 2009 and saw a very modest growth of 0.1%[5], subsequently revised up to 0.4, in the final quarter. The UK along with the US and many other countries has serious National Debt problems with a budget deficit for 2010 forecast to reach £178 billion, moving towards 70% of Gross Domestic Product (GDP).

More broadly, the outlook on a global basis is weak with lending restricted and consumers substantially de-leveraging. Most commentators anticipate no form of speedy recovery, many seeing little or no change for periods as long as 5-10 years[6]. Business effectiveness and efficiency is now very firmly on the agenda of most companies. The search for improved performance, innovation, customer acquisition and retention, whilst minimising risk and expenditure will drive many of the initiatives discussed in this document. However, in this instance, recession should probably be more rightly seen as something that provides focus and immediacy rather than being the real initiator of change. Ultimately, the challenges and opportunities discussed in this document stem from the profound impact of technological innovation, particularly in communications, and the manner in which this has interacted with larger scale social forces to bring about major change in society and consumer behaviour. This has in turn led to a re-orientation of power back from the corporation (or authority more generally) to the individual. That corporations need to respond to this was/is inevitable, however, recession has certainly increased the criticality and speed for this response.

5 ONS, 01-2010

6 *In Political, Economic, Social and Technology Themes 2010*, Hulme/SFO, (2010)

1.0 Setting the Engagement Scene

Building on the already established Business School traditions of the US with their early studies and creation of marketing faculties, it was as late as 1965 before Lancaster University in the UK set up an academic department for the study of Marketing, appointing the first Chair of Marketing in a UK University; it seems both a long and short time ago!

Of course, marketing has been around much longer than this, with formal study dating from the beginning of the 20th Century and the practice of marketing dated back well beyond this time. However, for much of this time it held little actual resemblance to marketing today. Bartel[7] in the early 1960s systematised much of the early thought, demonstrating that substantially up until this later period marketing was held to be 'essentially an economic activity and therefore a sub-set of economics'[8] and, most significantly for today, it was seen that 'the initiator of marketing activities and programmes was the marketer themselves and not the consumer in the marketplace. Whilst it was recognised that understanding consumer behaviour through market research was desirable, even essential, it was primarily regarded as input to the design of marketing programmes so that the marketer can influence, manipulate and control market behaviour with greater effectiveness'.

Today, whilst we would like to think the role and perception of marketing has changed, there still appears to be many elements of the marketer as designer or controller present in our thinking and practice. As such this may point to a current tension whereby this attitude is in contrast to the emergence of new technologies and forms of behaviour *"the way in which social media allows us to take on the opinions of 'other people like me' does represent a fundamental shift. Do I think that brands have taken that on board yet? No."* (Simon Butler, Purestone) and *"new marketing is about the relationships not the medium"* (Ben Groosman[9], BiGMark)[10]. What lies at the heart of the difference between marketer as 'controller or manipulator' and these very recent comments is, at the simplest level, the arrival of social media: Facebook, MySpace, Twitter et al. However, of deeper significance, are the seismic mobility, communication and social changes of which social media is merely a compelling, representative indicator. These changes are significant because they are a break with a path of development. Most of our current marketing behaviours and activities have evolved relatively recently, (say over the past 50 years) and have been accompanied by a corresponding growth in the reach and formats of centralised mass communication media providing mass access to individuals. However, this access has been achieved not on a one-to-one basis, but on the basis of groups or segments of individuals, for it can be argued that, (setting aside marketing rhetoric and whilst acknowledging that there has been many instances of a focus on smaller segments often linked to micro or direct marketing[11]), marketers have not really engaged individual consumers at all. They prefer instead to operate at mass aggregated levels of broad segmentations, a means by which the consumer as an individual is actually aggregated out of personal existence. It is many of the core elements of this approach that appear set to perish as new technologies have resulted in a fragmentation of media audiences, with a proliferation of channels and modes of engagement combined with the empowerment of the consumer[12].

Today we have already entered a period of great change and turbulence; a change that will lead to relationships between brands and the individual changing beyond recognition in a relatively short space of time. Just as in the 60s/70s when mass communications and economic turbulence led to

7 Bartel, (1962), *Development of Marketing Thought*, Homewood, Richard D. Irwin Inc.

8 Sheth & Gardner, (1987), BEBR Faculty Working Paper No 857, *History of Marketing Thought: An Update*, University of Illinois

9 *Marketing Executive Interview*, Metaply, (2010)

10 *Marketing Executive Interview*, Metaply, (2010)

11 Wedel, M., Wagner, K., (2000), *Marketing Segmentation* 2nd Edn., Kluwer

12 Rust R., Oliver R., (1994), *The Death of Advertising*, Journal of Advertising, Volume XX111, 4, Sharpe

new challenges and opportunities, so will the challenges of this new economic era, a time once again underpinned by a major change in communication media – in this case, media that empowers the individual. Crucially, this media and technology 'clusters' around the individual, is often mobile, gives them immense processing power, access, reach and provides numerous complex links to others at a personal level.

1.1 From Mass to Personal Broadcast

The availability of personal mass broadcast is bringing about a change in the power structures underpinning the broadcasting and reception of messages. Mass broadcast, that is to say broadcast controlled from a central source or sources, lives on, and indeed continues to play an important role 'for the power of the media producer and the power of the media consumer interact in unpredictable ways'[13]. However, it is now fully joined, and in many areas, already supplanted by the mass of personal broadcast, in which we each have the power of almost unfettered access combined with the ability to broadcast to many. This does not only apply to just the obvious example of television, newspaper or radio broadcast but to anything where a content or relationship is designed centrally, controlled centrally and broadcast to many.

As already described, much of traditional marketing/advertising is based on this central control of the message accompanied by mass dissemination and, at its best, consistent re-enforcement i.e. brand or values building. However, now 'the interruption-disruption model is dying,' to be replaced by a world where 'consumers control their media content, in fact they may create it'[14]. So whilst it appears likely that many elements of mass broadcast do and will continue to play an important role today and that the future for the relationship between mass and personal broadcast will be complex, interwoven and certainly symbiotic, there is a change in the balance of power from the centre to the individual. Corporate mass broadcast therefore is likely to represent a diminishing way in which brand equity will be built and personally experienced.

Quite simply, the old forms of mass broadcast do not give the 21st century consumer sufficient information to assemble[15] their personal take on a brand, product or service, although it may act as pointer, signpost or guide to somewhere that can or does. The nature of the dialogue, performance and relationship between the individual and organisation or brand is changing, as it is for all forms of authority. Central authority is increasingly questioned at the level of personal relevance, asking what authority means for the individual, (does authority listen, can it be trusted, does it respond, can it be influenced), because the individual consumer defines the beginning and end for the product or brand, what channels are convenient for interaction, the periodicity of interactions and expectations for speed of response[16].

Key Points

Marketing segmentations have reduced the role of the individual, with a reliance on aggregated data.

Engagements over the past 50 years have been primarily mass broadcast to mass groupings.

Previous marketing/segmenting practices recognised the limitations of technology, however, technology and data now available to provide granular data.

13 Jenkins, H, (2006), *Convergence Culture (Where Old and New Media Collide)*, New York University

14 Tuten T, (2008), *Advertising 2.0*, Preager, Conneticut

15 *Digital Lives Programme*, (2009), Social Futures Observatory

16 Azevedo, A, Pomeranz, R (2008), *Customer Obsession*, McGraw Hill

Growth in mass personal broadcast not the end of mass broadcast, they work together.

Mass broadcast likely to have a more 'signposting' role.

Mass Broadcast does not recognise the 21st Century individual sufficiently to engage at an individual level.

2.0 Where We Are Today

The following section explores some current attitudes towards brands and companies and points to reasons for what appears a wide scale cynicism. The Report sees this as a disjunction between the local empowerment of the individual, a failure to appreciate the need to move to a more local or personal form of engagement and the continued use of centrally controlled mass, disengaging 'tell' messaging with little direct listening or resulting actions employed by many brands and companies.

2.1 Consumer Attitudes

Recognising The Person

As we discuss later in Empowered Consumers, consumers today expect to be recognised as personal individuals, as such they anticipate their needs will be met and that organisations will at least try to fit or match these needs. However, as *"I don't kid myself that a company actually cares about what I personally think, they just want to sell to me"* (Female, 40s)[17] portrays, this is not generally held to be the consumer's experience.

We probed this conception in our two quantitative studies, each being a representative sample of 1,000 adults in the US and the UK. The surveys were conducted on the internet in January 2010 (UK) and March 2010 (US). Both samples used the same questionnaire and both are highly corroborative of one another; overall they provide a very high degree of coherence and consistency. Of the respondents, 58% (62% UK, 54% US) of our sample felt that 'companies are only interested in selling products and services to me, not necessarily the product or service that is right for me'. A deeply cynical view that, when taken together with later data exploring willingness to impart to or be asked information from an organisation (see section 4.2), indicates that organisations may not be collecting or interpreting sufficient data to engage with the individual, or to at least convince individuals that they seek to engage on the terms of the individual.

Beneath the headline 58%, lies significant gender and age differences, for instance in the UK 70% of females supporting the earlier statement compared with 56% of males. Both older age groups (35-54 and 55+) demonstrate above 70% also agreeing with this statement. Only in the youngest group 18-34 is there significant difference with 46% agreeing, although even here this remains the single most important response to the question.

The gender difference is not easily explained, this might be related to shopping/purchase experience, although this is not clear from the data. There is, however, a potential explanation for the age related difference (differences present in both the US and UK surveys), in the UK 65% of the 18-34 group also regularly used a range of social media services (within this group the largest, with 40% use, were the 25-34 sub group, so we can perhaps discount the naivety of youth!). Very significantly throughout the

17 *Consumer Interview*, Metaply, (2010)

surveys regular users of social media tended to be more positive towards brands and companies i.e. 33% 'believe that companies are genuinely interested in them' compared with only 16% for the rest of the overall sample. This is supported by other research outside this quantitative survey, clearly demonstrating that internet/social media use gives users feelings of control, connectedness and opportunities for 'verification and comparison'[18] this 'extra' feeling of control may be a significant factor behind this group's responses for instance *"I think if I was with lots of other people, on a Facebook group or something, then they might listen"* (Male, 25)[19], they are less at the 'mercy' of tell messaging, are able to seek advice and comparison and regard themselves as more empowered to engage with a product or service. This analysis points to the impact of social media already being far greater and farther reaching than most companies currently believe, it may be that many organisations have less time than they think to respond!

2.2 Trust

In brand marketing, trust is viewed as both the cornerstone and one of the most highly desirable qualities within any relationship[20]. That trust in general should diminish, is concerning. Figure 1 illustrates the combined response from both our surveys to the question 'Do you trust companies to act with your best interests in mind?'.

Figure 1

Of the whole sample only 9% (7% UK, 10% US) trust companies to always act with their best interests in mind. This answer is consistent across the sample with the only significant variation once again being in the regular social media users group (18%) being twice as likely to believe this. Again this almost certainly relates to the issues discussed in the earlier section. More optimistically, more than 50% of the sample thought that companies sometimes acted in their best interest, the responses were consistent across all groups but ultimately hardly express a 'ringing' endorsement!

This data complements the disappointing and cynical responses exhibited in our qualitative interviews with *"I've never had an encounter where companies have ever had any interest in me, bar selling"* (Female, 20s)[21] being a typical response. Our research appears to confirm the view that brands and corporate activity are currently held in a 'balance of cynicism' with low and highly qualified levels of trust. Whilst there is a general argument that levels of trust in centralised authority are in decline, (most obviously, the Banks and the credit crisis, Government and expense abuse, even Academics and climate change (at least partially responsible for a measurable reduction in believers in climate change, with now 25% believing there is no climate change and 26% arguing it is not related to the action of man, findings that show significant movement from those of less than six months ago[22])), it is likely that much of this can be related to remoteness from the individual; feelings of being unheard, *"You buy a product, they sell it to you, that's it... there's no relationship in that"* (Male, 50s)[23] and lack of opportunity to participate directly. Some of these, at least in the commercial world, are highly reversible factors, albeit that they require a far deeper understanding of the consumer coupled with a far more individualised form of engagement.

2.3 Personal Information

This type of engaged behaviour supported by multi-media connectivity has developed over the past two decades, and is well illustrated by examining the levels of trust that many individuals demonstrate when posting and

Do you trust companies to act with your best interests in mind?

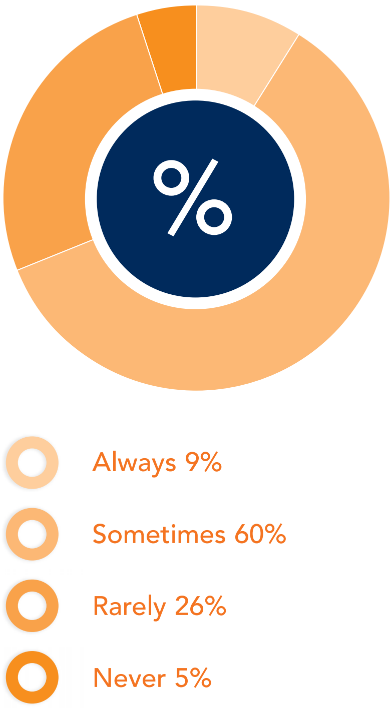


Figure 1

18 *Mo Bonding & Internet Behaviours*, Hulme & CSMTC, (2008)

19 *Consumer Interview*, Metaply, (2010)

20 Delgado-Ballester, E., Munvera-Aleman, J., (2005) *Does Brand Trust Matter to Brand Equity? Journal of Product and Brand Marketing*, Vol. 14, Issue 3, P187-196

21 *Consumer Interview*, Metaply, (2010)

22 BBC News, (07-2010)

23 *Consumer Interview*, Metaply, (2010)

recording personal data. This is particularly the case in relation to social network sites, an emergent media developing rapidly over the past five years, where the familiarity of constantly posting update messages may lead to a build-up of interactions and responses that, in turn, increase competence, confidence and trust. Such trust may build to the point where it often appears that participants are happy to disclose as much information as possible to as many people as possible[24], in order to build and maintain identity and social relations.

However, this idea of the seemingly irresponsible posting of personal data has been challenged. Several academic researchers concluded that the '… overwhelming majority of adolescents are responsibly using the website,' [in relation to MySpace][25]. It should also be borne in mind that the vast majority of contacts are local with the stronger ties relating to pre-existing study or work contexts[26]. Often many of the postings/connections build on existing relationships, each adding further layers of information and by so doing increase the opportunity for further engagement. This behaviour also shares many of the characteristics found in mobile phone use particularly among younger people, (broadly speaking the under 25s so-called Digital Natives), whereby a 'tapestry' of communications contacts are built up, often using several modes (devices/channels), exchanging information and building bonds[27]. A personal behavioural model that appears to lend itself to multi-channel brand trust building.

Key to understanding what is happening here is to consider that position in the peer network is more important than the personal information provided, for 'social recognition is the glue that holds community together'[28]. This relates to identity and social role and, as such, it renders the profile as a place-marker more than a self-portrait. Implicit within this is a notion of being able to read and understand the language of the internet – a capacity based on knowledge and experience – where information not only expresses interest but is also a commodity of exchange used to facilitate the building of relationships. From an information and trust building/engagement perspective this means a new form of information needs to be tracked and understood. To build successful relationships, organisations will not only need to engage at an individual level but, to facilitate this, will need to be aware of direct and passing conversations, and the linkages between people, in addition to more general or transactional data.

Today what is occurring (indeed has occurred) is a fundamental change in the nature of engagement and empowerment of the individual. Trust and belief are strongly related to this 'interactive' empowerment. So, whilst we are indeed moving substantially from mass broadcast to personal media and personal broadcast, what we are witnessing is larger than a mere change of media, say the growth of social networking. It is a societal change that is deep rooted, fundamental and requires major structural and philosophical change from 'authority' structures to respond effectively.

Key Points

Consumers expect to be treated as individuals.

Organisations need to 'recognise the individual' and engage in 'conversations' with them.

Trust in authority is low, held in a 'balance of cynicism'.

24 *Information Revelation and Privacy in Online Social Networks (The Facebook Case)*, Gross, Acquisti, ACM Workshop on Privacy in the Electronic Society (WPES), (2005)

25 *Personal Information of Adolescents on the Internet: A Quantitative Content Analysis of MySpace, Hinduja, Justin, Patchin, Journal of Adolescence*, 31 125-146 (2008), Elsevier

26 *Taking Risky Opportunities in Youthful Content Creation: Teenagers use of Social Network Sites for Intimacy, Privacy and Self Expression*, Livingston, New Media Society, 10,393, (2008), Sage

27 *Mo-Bonding*, 2008, Youthnet, 2009, Hulme

28 Lerman, K., (2007), *User Participation is Social Media: Digg Study, International Conference of Web Intelligence*

Individuals with strong social media experience tend to feel more empowered and less cynical overall.

Trust is seen as something rising out of interaction and influenced by the new ways in which individuals engage with other individuals and information more generally.

Individuals readily exchange personal information to build bonds and engagement.

There has been a fundamental social change in the nature and role of the individual and their modes of engagement; this is manifest in social media.

3.0 The Empowered Consumer

Today the consumer is truly empowered, in previous research[29] we have characterised this empowerment as the move towards 'assemblage'. By which we mean that, for the vast majority, we live in an on-demand world, where we increasingly expect what we want, when we want, where we want, presented to us in our preferred format. In short, we expect to be able to assemble content, experiences and engagements to suit ourselves.

Machine, images, information, power money, ideas... are all we might say 'on the move'[30] our personal mobility is enabled through our mass of connections and networks, each digital connection leaving a digital trace building an ever more complex picture (indeed it is this 'trace' leaving that offers new opportunities for organisations to gain understanding and build engagement at an individual level). Today we are connected in ways some of which were unthinkable even five years ago. In the US some 98.63% of workers regularly connect to the internet, although only 28.9% by household, (placing it 22nd on a world basis). Amongst active internet users broadband connectivity reached 94.55% (as distinct to dial up) by December 2009[31].

Additionally, it is estimated[32] that by 2013 the US will see 50% mobile broadband penetration. Over 70% of UK households now have internet access, 60% via broadband[33] and rising on a daily basis. Over 12% of the population access the internet when mobile[34] and again rising relentlessly as smart phone sales increase. Facebook has over 66million users[35] and Twitter has seen exponential growth rates. 45% of all calls in the UK came from a mobile[36] and SMS, with nearly 80 billion texts[37], continues to expand. Two things are clear; the individual is now personally connected to both people and things, anywhere, anytime, and spends more time actually communicating. Just as importantly with more of the population having learnt to manipulate data from the earliest ages, they are no longer willing to enter into closed-end, non-engaging relationships where things are merely presented to them, but rather seek to assemble things, information and opportunity, to function in the manner most appropriate to the needs of the individual.

A simple example of how we assemble things to suit us is the iconic success of the iPhone. Each individual iPhone rapidly becomes an assemblage of applications, each structured to match individual usage and preferences and to some extent reflecting the personality of the user. It also positions the overall creating organisation, in this case Apple, as both a facilitator and co-creator acting in partnership with what we could term professional third parties and user individuals (so successful is this model that application options

29 *Assembled Worlds*, Digital Lives Research Programme, Social Futures Observatory, (2009)

30 *Global Complexity*, Urry, Polity, (2003)

31 Point Topic, (2009)

32 Park Associates, (2009)

33 Office of National Statistics, (2009)

34 Ofcom, (2009)

35 Masshable, (2009)

36 Ofcom, (2009)

37 MDA, (2009)

are a key part of the iPhone decision process and its market advantage), thus bringing content closer to the user and pointing the way to a compelling, more co-operative and co-creative business model that will continue to emerge over the coming years.

Assemblage, therefore, means the individual as an 'Empowered Consumer', increasingly shapes and re-forms experiences, indeed actively seeks out opportunities to do this, and to a large extent, the user can be said to structure and create things round themselves.

3.1 Individuation and Social Media

With mobile devices at the forefront of much development, future emphasis is located clearly on the individual. In so doing we take forward notions of individuality that have been so powerful in shaping the latter decades of the 20th Century. The new connectivity is not as some commentators would have us believe – 'crowds' or masses assembling as some amorphous grey common denominator – rather it is many connections of individuals connecting many times and in many spaces. Social media is not about aggregation rather it is about individuals connecting and reconnecting over and over again. At times, this may, and does, result in the understanding that, in a given context, *"yes, when there's a group of you it can be really good, sometimes we can really do things, you know, make a difference, but it's still me you know"* (Male, 20s)[38]. This was seen in the UK when individuals literally 'raged against the machine', the target being the X-Factor Christmas single. When the interests of many appear to converge, they can wield far more power than they could alone. However, if we allow ourselves to concentrate solely on 'crowd moments' – mass messages for mass segments – we will fail to see that the real change is in the power, control and enhanced capabilities of the individual. Involvement with individuals – listening, engaging and acting at an individual level – is fundamental to the marketing challenge over the coming decade. What lies at the heart of this is the role of connections and networks in building and sustaining individual identity.

3.2 The Importance of Identity

Identity and the establishment of individual identity is very closely linked to connectivity. The links between new forms of multi-modal communication, including the internet and mobile etc, for identity creation and performance are well established.

Such new devices and media allow individuals to 'speak to' an actual or imagined audience that prompts them to think about what they wish to show, or how they would like to represent themselves[39]. *"I find out what's the theme for the party on Facebook… I see what everyone is going to wear, decide what I'll go like, that sort of thing."* (Female, 20s)[40]. In so doing it can be said we are actors with a sense of audience – an audience to whom one is presenting a particular narrative (or narratives) of the self[41]; this in turn influences behaviour. In this context Slater[42] distinguishes between behaviours of 'self-presentation' and 'self-representation'. Self-presentation is how we present ourselves without reflection or intention in the moment, whilst self-representation entails some reflection or intentionality. As such, some reflection or intentionality must be present in almost all internet based communication as each key depression has a degree of intentionality, for instance, the posting of a photograph or text response.

"Involvement with individuals – listening, engaging and acting at an individual level – is fundamental to the marketing challenge over the coming decade."

38 *Youth Interview*, Social Futures Observatory, (2009)

39 *Volatile Bodies: Towards a Corporeal Feminism*, Grosz, (1994)

40 *Consumer Interview*, Digital Lives Research Programme, Social Futures Observatory, (2009)

41 *Identity, Social Networks and Online Communications*, Merchant, (2006)

42 *Domestic Photography and Digital Culture*, Slater, (1995)

The way identity can be represented is, to an extent, always limited during any performance by the actual mode of access or communication i.e. website, email, text voice etc. Traditionally we might say that each channel has particular characteristics or opportunities for performance, *"Identity now is always a form of performance"*[43], in the same way brand identity likewise must become performative and interactive to engage. This is in turn also influenced by the nature of a relationship or emotional importance assigned by the individual to the task and/or intended recipient. Therefore, for instance 'young people may choose to use a general search on the internet for information about a challenging issue or take part in an anonymous chat or forum group but when in more extreme or personal need, they may turn to an advice helpline or the direct physical intervention of a 'professional'[44]. The space of engagement becomes dependent upon the individual. Those that wish to fully engage, including brands and authority, likewise need to be available to engage irrespective of space (or channel).

Although many communication choices are available today, they each contain their own strengths and constraints relating to the medium and the social conventions that emerge around that particular form of communication.[45] Individuals, particularly those in younger demographics, are particularly adept at understanding these issues and selecting the appropriate mode of access or communication. It is, therefore, certain that we will see a continual rise in internet access through mobile devices as this represents a perfect example of combining several differing communication modes – text, voice, pictures, email or virtual social networks etc – with their associated differing conventions in one ever-present device. This in turn emphasises the need for organisations to 'join-up' their 'presence' seamlessly, yet understand that each differing communication space carries with it different characteristics and opportunities to engage.

Key to the importance of mobile or highly personal devices is, as Wellman suggests, that the person rather than the place becomes the locus of connectivity: 'With the internet and the mobile phone, messages come to people not the other way round. Individuals are connected by their phones, but their phone is not tied to a place and its environment (such as family or office)[46].' So, '…to a certain extent this communication has been abstracted from the constraints of physical space – people can be reached anytime, anyplace[47].' Indeed, all becomes '…permeated with communicative relationships which transcend system boundaries[48]'. As such, creating and sustaining identity becomes entwined with the availability of individuals and others for communication. Just like the always-on/connected culture, engagement with brands will respect no time constraints. Availability to the individual, in the mode the individual desires, becomes 24 hours, every day, with response times likewise reduced, whether this be sales or customer service.

The ideas of identity representation discussed thus far takes place within the context of relationship building and sustaining. In other words – through connecting with others to varying degrees of intensity or 'tightness' – in turn this often becomes part of a verification process that can be used to locate and critique a product or service.

3.3 New Powers of Comparison and Verification

We have already discussed current issues relating to trust and drawn attention to the low trust perceptions for companies. If direct messages are not particularly believed then what is? What are the mechanisms used to formulate trust or belief for the empowered consumer today?

How often do you tend to compare products or services before purchasing?

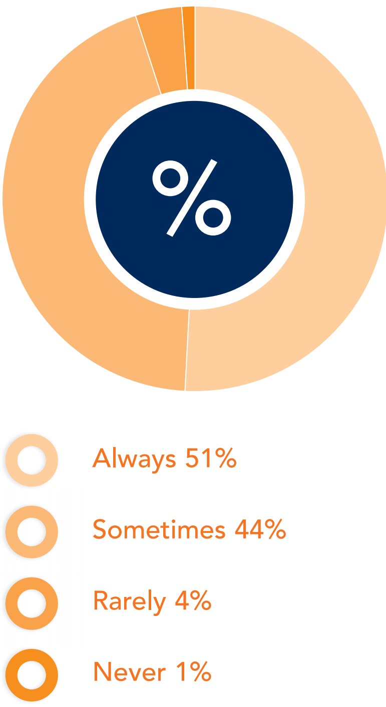


Figure 2 (see page 16)

43 *Drag Spaces*, Leach, (2003)

44 *Life Support*, Hulme, Youthnet, (2009)

45 *A Sign of the Times: Looking Critically at Popular Digital Writing*, Merchant, (2006)

46 *Connected Lives: The Project*, Wellman, Hogan, Berg et al, (2005)

47 *Exploring the Implications for Social Identity of the New Sociology of the Mobile Phone*, Hulme & Truch, (2004)

48 *Towards a Sociological Theory of the Mobile Phone*, Geser, (2003)

A typical example of a verification or comparison is the following statement *"I read good reviews on Amazon, to weigh it up... then I'll copy and paste the link onto Facebook, chat, ask my friends and then decide"* (Female, 20s)[49]. Interestingly it appears from this quotation that today trust forming or verification of information is a social activity, it can be both a form of communication in itself, involving others and, because of the reach of the internet, provides 'security' and support in decision making through accessing several sources.

Figure 2
Figure 2 (see page 15) from the combined US/UK survey examined the use of comparison prior to purchasing. It illustrates that 95% of respondents made some form of comparison prior to purchase and, of these, 46% (54% UK, 38% US) used direct price comparison sites, with a further 35% (33% UK, 36% US) using blogs and other search related methods. Overall, 81% of the sample saw the internet as the 'first port of call' to compare products or services. However, how do we know that even this information is at all believable or trustworthy? We might say go to a trusted source, but today cynicism abounds, who do we trust? Is a visit to a price comparison site enough verification in itself?

Figure 3 illustrates the combined responses to the question 'Which of the following are you most likely to trust to give advice when researching a product or service?'

Figure 3
Consistent with our earlier findings, 'formal messages from the company' or 'brand' rate very low, with 'advertising' placed last with only 5% (4% UK, 6% US), seeing this as at all trustworthy. Second to last was 'what the company says about itself' with 8% (9% UK, 6% US), all well behind the hardly surprising 'friends and family' (40%). Perhaps more interestingly was 'professional reviews on the internet and magazines' (28%) and the next most trusted source 'people that are similar to me' 19% (16% UK, 24% US). Recent research has indicated that, overall, people who view their friends and peers as credible sources of information about a company dropped to 25%. Importantly, Edleman believes this can be interpreted as 'it is a sign of the times, and the lesson for marketers is that consumers have to see and hear things in five different places before they believe it'[50]. The use of several locations echoes our own previous research. When exploring how young people, the so called 'Digital Natives', aged under 24, establish the veracity or believability of something, we saw a very exploratory trust-forming mechanism in action. 71% (again from a 1,000 survey) sought as many information sources as possible, *"there are three things aren't there, the independent reviews like Which, the actual product review by the company and then the user reviews... I tend to trust the independent reviews the most, then I'll use the user reviews to help me decide... the information the company gives is the least important"* (Female, 30s)[51].They often decide what to believe, what to trust by visiting many sources, but often these sources of information did not give consistent answers. This does not appear to be a problem to this group as they actually preferred to see opposing or varying views! They like to see the debate in action, often participating directly *"I look at things from different places if I'm researching something, so I'll Google it, have a look through the first few results, go on forums, see what other people are saying"* (Male, 19)[52]. We also found that they often looked for the presence of similar others, other people sufficiently similar to themselves to provide credible commentaries and, in so doing, to revert back to them. In summary, this behaviour is one where the

Which of the following are you most likely to trust to give you advice when researching a product or service?

Figure 3

49 *Consumer Interview*, Metaply, (2010)

50 *In Age of Friending, Consumers Trust their Friends Less*, Edleman Trust Barometer, in Advertising Age, (12-02-2010)

51 *Consumer Interview*, Metaply (2010)

52 *Consumer Interview*, Metaply (2010)

believability of something – its trustworthiness – is assembled in a dynamic set of negotiations by the individual. As such it emphasises the need for 'multi-space' brand presence, for deep access to, and analysis of, information and data and for, *"Brands to completely re-evaluate how they speak to their marketplace because of this difference between push and pull"* (Margaret Manning, ReadingRoom.com)[53].

Key Points

Empowered consumers are massively connected, always available, expect others to be available and are used to directly interact with content.

Individuals 'assemble' relationships/experiences/things about themselves in an on-demand manner, by doing so they build rich and highly personalised structures.

Devices and media are clustered round the individual, often providing a 'rich tapestry' of multi-mode/channel communications.

Many of these developments can be traced back to a growing social sense of individuality developed over several decades.

Social media is one manifestation of this much deeper social change.

Although the cloud potential of the media receives much attention it is really about expressing/representing the individual.

Much of the communication/engagement by the individual should be seen as a means to express and establish identity.

Building strong engagements requires organisations to interact at a personal level.

Trust is increasingly seen as something established in an interactive manner.

Beliefs or information are tested by verification from several sources, these may not all be in consistent agreement, the final choice arises from 'active dialogue'.

4.0 Organisational Challenge – Building Engagement

In this section we examine how organisations may respond to the challenge of the empowered consumer, rebuilding trust and establishing a level of engagement and co-involvement that responds to the changing social dynamic, particularly individualism in the 21st Century.

4.1 Building Trust

Having explored the breakdown in trust, (a breakdown that appears to be linked to the empowerment of the individual, their super-connectedness and their availability to information and its manipulation, coupled with cynicism towards merely projected, as distinct from enacted, messaging), we turn to exploring how trust might be re-established.

There are now new options to rebuild trust and reposition many brands, for whilst it is difficult to define the nature of trust, most of us feel we have a common sense grasp of the term. Indeed as Koehn (2003)[54] suggests: 'Authors disagree as to the type of thing trust is.' He then goes on to suggest there

53 *Marketing Executive Interview,* Metaply, (2010)

54 *The Nature and Conditions for Online Trust*, Koehn, Journal of Business Ethics, 43: 3-19, (2003), Kluwer

are four forms of trust: goal based, calculative, knowledge based and respect based. Significantly, Charles Handy argues that '…trust needs touch[55].' This is an important suggestion as it immediately poses the question what is touch at an individual level where many of our connections to a brand or organisation will be online or virtual. It may be related to advocacy of a brand, location or site from an external party, such as, *"I'd trust my friends more than the internet because then it's more than one source telling you what it is."* (Male, 19)[56]. Alternatively, this could be based on experience with a brand or brand awareness *"Facts and news: that's BBC… sports is Sky Sports… MSN for concerts and stuff,"* (Male, 18). Or perhaps it is something a little less tangible, a combination of factors such as apparent shared social norms, repeated interactions and shared experiences as the facilitators of trust[57], of the type you might gain through building interactions with a brand in several 'spaces' or channels. This line emphasises a highly proactive and generative style of action or engagement which strengthens trust[58]. It points to a fundamental change in the nature of trust building *"there's been a change in the dynamic of trust,"* (Simon Butler, Purestone)[59]. This is a kind of action or engagement model where individuals are actively 'touching' brands, products or services, through their own direct involvement, or by being able to watch others, in a chat room, social media etc, that the individual could interact with if so minded. By being able to exercise some degree of control of direct interactive engagement the individual is able to function in the engaged way they are generally used to in the broader social life and are not ceding control to some distant authority. If trust is to be touch, there has to be some sense that the individual has some degree of local control.

4.2 Listening and Feedback

Building 'touch' in the manner we outline, while at the same time representing the brand or organisation, requires the organisation to demonstrate active involvement with the individual. This appears to mean that the organisation needs to demonstrate to the individual that there is a real 'interest' in the individual that goes beyond a transaction. This is likely to be built round the use and exchange of information. To explore attitudes to information use and capture we asked the question 'What impact would it have on your experience as a customer if companies took the time to find out more about your needs and interests?' 75% (69% UK, 80% US) believed it would have a positive impact *"Unless you can actually see some sort of two-way interaction between the company and the customer, then I am not really interested"* (Female, 30s)[60]. As in our previous findings, if we just look at those already active in social networking media, we see this positive response rise to 84% (81% UK, 87% US). This is, in effect, a permission to establish a deeper understanding or engagement. It is not, however, open ended, it requires feedback that clearly demonstrates this sharing of information has an outcome beneficial to the individual. Sadly, of the respondents in our survey, only 17% (10% UK, 23% US) of all individuals thought companies currently took note of what they said. So whilst some may be *"seeing companies take a much more strategic approach to what we called 'listening' that includes sophisticated analysis with results that support business and marketing outcomes,"* (Toby Bloomberg, Bloomberg Marketing)[61] this represents a minority and is not happening deeply or fast enough to impact on the consumer. Without demonstrating that the organisation is listening and acting there cannot be a platform on which to build engagement. Additionally, such an absence must surely be an element in the overall balance of cynicism. There continues to be a serious lack of understanding and 'the lack of commitment to customer listening and learning is almost certainly diminishing the revenue and profitability potential of most businesses[62]'.

"Without demonstrating that the organisation is listening and acting there cannot be a platform on which to build engagement."

55 *Trust and the Virtual Organisation*, Handy, Harvard Business Review 73 (3) 40-50, (1995)

56 *Digital Lives Programme Consumer Interview*, Social Futures Observatory, (2009)

57 *Markets versus Hierarchies: From Ideal Types to Plural Forms*, Bradach & Eccles, Ann.Rev.Soc 15-97-118, (1998), *An Integrative Model of Organisational Trust*, Mayer et al, Acad. Management Rev. 20 (3) 709-734, (1995)

58 *Trust in Organisations: Frontiers of Theory and Research*, Myerson et al, Sage Publications, (1996)

59 *Marketing Executive Interview*, Metaply, (2010)

60 *Consumer Interview*, Metaply, (2010)

61 *Marketing Executive Interview*, Metaply, (2010)

62 Neal-May, 2010, *Creating Market-Sensing Corporate Cultures*, CMO

This empirical data leads us to three key conclusions. First, for organisations, there is a need to build and mobilise an enormous amount of information This information – let us call it passive listening or open feedback – will need to be collected by recording and analysing an individual's public presence, through sources such as posted social media events, chat etc. This will then need to be communicated to the customer as genuine, relevant, personal data, rather than mass aggregations.

Second, this data, in combination with more direct data, active listening, (drawn from soliciting and providing opportunities for responses), in addition to transaction histories, will need to examine not just what is said, or what is merely transacted, but to profile the linkages of the individual. The future is to include an understanding of active, passive and influential linkages as *"we're interested in focussing on the behaviours of consumers, not just their age, income and so on but how they are actually using websites and social media... understanding what users are saying about brands"* (Bill Mooney, Director, GB Group)[63].

Third, the organisation must engage in a direct conversation with the individual, through both open and closed feedback loops – in part this is facilitated by the first and second points. Again, as in the desire for organisations to use personal information to create a stronger experience for the individual, there is a willingness that is encouraging connection. For example, in our empirical sample, over 41% (30% UK, 48% US) approved of being contacted by organisations using social media. This rose to two thirds for those already currently active users of social media (again a positively expressed 'permission'). Of these, over 75% (and rising to nearly 90% of social media users), thought that organisations should be transparent about this contact i.e. this should not be via third parties or proxy advocates of any form. The types of conversation currently envisaged by consumers provide organisations/brands the opportunity to find out more and to understand the customer in greater depth. If this seeking of information is set in a context of conversation and results in tangible benefits for the customer, you will be able to develop the relationship still further. However, it is sensible to add a word of warning; what is being outlined here is not, for instance, using social media for broadcast messaging or campaigns. It is perfectly possible to do this, but whilst it may act as signposting, it is something else and it is not talking to the individual or engaging in a personal dialogue.

Earlier, as part of the process of verification, we referred to users seeking 'similar' others and the changing way we establish an understanding of something and 'verify' it. A failure to understand this lies in part behind why many of the commercial social media campaigns have failed to meet their objectives. Instead, there has often been little more than mass broadcast in a different format; asking little of the individual and giving the individual little with which to demonstrate their individuality. Many such campaigns have created 'crowds' but for merely transitory moments, perhaps whilst the campaign is at its most active, and probably expensive. However, in many instances these quickly die away – the crowd simply moves away with little enduring impact. Why is this? Is it just something in the nature of social media or is it a failure in execution? What lies at the heart of this problem is a misunderstanding of 'social media' which is based on the correct observation that individuals will cluster round certain content or activities, combined with a poor understanding of why people use 'social media'. The overwhelming nature of 'social media' usage is related to issues of identity (as discussed

> We're interested in focussing on the behaviours of consumers, not just their age, income and so on but how they are actually using websites and social media.

Bill Mooney, Director, GB Group

63 *Marketing Executive Interview,* Metaply, (2010)

earlier), establishment and sustainability. Just as with many possessions, social media allows individuals to demonstrate aspects of themselves to themselves, to others, or to view aspects of others' behaviours and commentaries in dynamic, active situations.

As previous research has demonstrated[64], many people visited a location because, yes, at an important level they were interested in the subject, but just as importantly they were hoping to meet people similar to themselves there. In fact rarely did they feel it sufficient for just the particular content or location to be the only uniting or common factor. Their search required them to quickly establish sufficient information about some of the 'clustered' others to enable them to find individuals who they thought were much more broadly similar to themselves. They might or might not enter into direct dialogue, although they almost always sought the option. It can be argued that, at the extreme, they were almost seeking a reflection of themselves, a reflection that, by being present, verified or supported their own presence. Only in the use and 'playing back' of the kind of deep relationship centric data we have described does it seem likely that brands will be able to enter into the personal reflective dialogue that lies behind much of the consumers' 'super-connectivity'. One key opportunity for long-term dialogue/engagement may well be through the early engagement of potential consumers in product or service development.

One key opportunity for long-term dialogue/engagement may well be through the early engagement of potential consumers in product or service development.

4.3 Involvement and Co-Creation

As marketing, (or should we say those organisations that embrace and imaginatively respond to the behavioural change already in play) adapts, so older established marketing models based merely on aggregation and the 'downstream' promotion of brand, product and service will be replaced by brands acting as facilitators or co-creators of discovery and engagement. Here, ideas and practices of control will change; many aspects of the old central broadcast control model will be lost for *"those that will flourish are those which give up control and those that retain control will leave a question mark around the honesty of the content"* (Simon Butler, Purestone)[65].

However, we should remember that brands or organisations always have some significant form of control, it will just look and feel different. The new successful brands are those that are responding to the *"need to find out what people want, do a 'model' of it and then go back to those people and see if that's what they want and then it goes back and forth"* (Male, 20s)[66]. Brands will be based on what one could call providing 'opportunity with personality', in that the individual is provided with opportunities to explore, build, personally appropriate and share elements of the brand or service experience. In turn, the 'opportunity' contains within it the essential nature of the brand or service personality.

To explore this sharing or involvement idea further we posed two questions in our survey designed to explore willingness to engage with organisations' product and service development from an early stage. The first, 'How interested are you in the idea of having the opportunity to get involved with companies' product and service development?' simply explored interest in involvement. 82% (78% UK, 86% US) of the whole sample expressed an interest and, in line with previous findings, the percentage for those engaged in regular use of social media rose to 91% (87% UK, 94% US). On this evidence there is a very substantial latent, and largely untapped, resource and demand for involvement. This must surely be a more creative and more comprehensive

64 *Digital Lives Programme*, Social Futures Observatory, (2009) & *Life Support*, Hulme, Youthnet, (2009)

65 *Marketing Executive Interview*, Metaply, (2010)

66 *Consumer Interview*, Metaply, (2010)

process than older design and consumer test models, although this engagement need not replace much of the rigour that other models of development can bring. So far these points consider co-creation engagement as a design and development opportunity. However, it seems likely that this level of involvement would have some impact on an individual's willingness to advocate a brand or product/service.

To explore this we asked the question 'Imagine that you have been involved in helping a company to develop a product or service, would this make you more or less likely to tell others about the company?'. Figure 4 outlines the results to this question.

Figure 4
82% stated it would make them more likely to tell others about the company (85% for social media users), and whilst 16% were indifferent, only 2% believe this to be in any way negative. Indeed, *"if you could be part of building a product you'd feel warm towards that company and think that they were actually listening"* (Females, 40s) and *"they can make you, as the customer, feel valued by being part of the process"* (Male, 50s)[67] for *"from collaboration to measurement, brands need to work with, and for, the consumer"* (Rick Lieberg, Marketing Coms and Brand Council)[68]. Such collaborative 'marketing from conception' or co-creation, should already be on the agenda of brands and organisations as it builds strong advocates, with seemingly little downside risk to either brand/organisation or product or service. This is an additional benefit to the obvious product development benefits, in so doing the organisation is both listening and critically demonstrating listening through direct individual involvement. It does, of course, mark a new beginning to the relationship with the customer. This is not customer as passive consumer, or as research subject or lab rat, testing an already defined product, this is a listening and responding partnership, it is part of a long term dialogue or relationship journey.

Key Points
'Trust is touch', touch should be seen as the goal for engagement, building touch requires a more interactive approach than messaging.

Individuals appear favourable to organisations collecting their 'needs and interests' personal data provided this is translated into a tangible benefit.

To accomplish 'listening' organisations need to build and mobilise significant personal information data.

Data can be characterised as 'passive', contextual from observed 'conversations'. 'Active' from direct response and transactions. Network linkages/connections of individuals are also important.

Feedback opportunities through open and closed loops should be encouraged and demonstrate both direct customer interest and provide opportunities for further engagement.

Individuals seek 'similar' others for verification and reference. To be able to see or experience 'similar' others is an important part of engagement. Involvement with the development of brand/services/products or co-creation is both a tangible example of engagement and is more likely to encourage individuals to advocate brands/products or services.

Imagine that you have been involved in helping a company to develop a product or service. Would this make you more or less likely to tell others about the company?

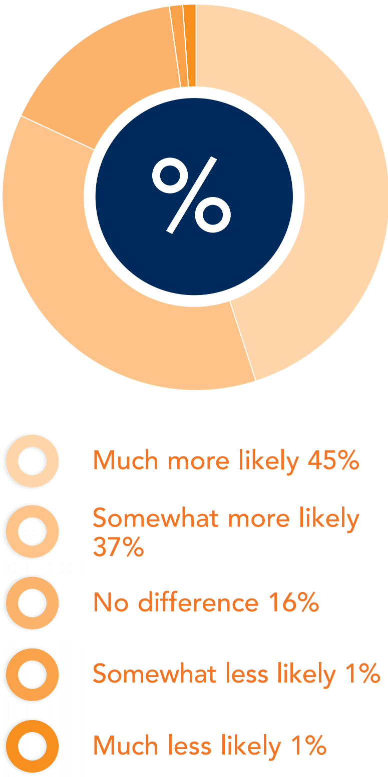


Figure 4

67 *Consumer Interview*, Metaply, (2010)

68 *Marketing Executive Interview*, Metaply, (2010)

5.0 Meeting The Challenge

5.1 Are We Ready?

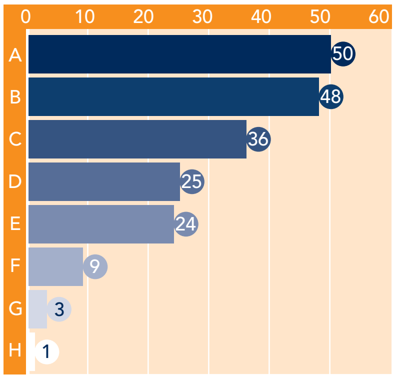
In the previous sections we have outlined how many marketing techniques have their origins in a past of little relevance to today; some current attitudes of consumers to 'authority', (particularly the loss of trust and growth of cynicism), how the consumer is today empowered through technological and media access, (providing unprecedented connectivity, reach and immediacy), and today's social trends of individualism. We have outlined some of the emergent behaviours this brings into play and how organisations can respond to this and indeed create a new relationship with the individual. Meeting the challenge will require, firstly, a realisation of the need to change. Many of our marketing practices and models appear very similar to those effective a decade ago – our readiness is questionable, but a more consistent response is needed for *"it's not that technology is changing, the internet has been capable of doing all these things, what is changing is people's ability to use it" and "if people think of this as just a small new media opportunity then they miss the underlying point. It is a fundamental shift"* (Margaret Manning, Reading Room.com)[69]. Much of the call for change has inevitably focused on social media but, as is clear in the previous comments, social media as we currently know it is only a limited manifestation of a behavioural change that places the individual at the centre of all things. To know and communicate to individuals, to a specific individual, should be the strategic and tactical goal of all brands and organisations – the journey should have already begun and it needs to be made at some pace.

Even if we examine the much more limited response to social media the extent to which we are falteringly beginning this journey is well illustrated in Figure 5.

Figure 5

The chart[70] looks merely at social media within organisations (social media is itself only one part of the broader change), and is worrying in that all the departments outlined should have given far more prominence to its impact. Indeed some do recognise that *"participation is complex especial for larger brands where social media does not reside only in marketing but within multiple departments"* (Toby Bloomberg, Bloomberg Marketing)[71]. No part of an organisation will remain untouched by the changing nature of engagement. Such cross-departmental functionality is a key element of meeting the challenge of individualisation. The individual is not interested in corporate structure, they merely engage on their own terms with the brand product or service. Customer service is part of marketing, as indeed is design and development – or whatever they will be termed in the future! Being fully knowledgeable of the individual wherever, whenever, however, he/she engages with the organisation is a far greater and, ultimately strategically important challenge, than merely responding to social media as a discreet media channel. From the same source as the chart[72] it is stated that 80% of marketers do not believe that social media currently has a significant impact on their brand. Cited research[73] demonstrates that just 14% of 250 marketers surveyed believe social media has a significant impact on their brand and 60% do not currently have a social media strategy for their business. Given that it is currently perfectly possible to engage with social media whilst substantially continuing with the old mass broadcast model (and, as previously discussed, most do), this worrying data indicates just how few organisations are really aware of both the tremendous opportunity and commercial threat

Which department do you think social media is most relevant to?



- A Marketing
- B Public Relations
- C Communications
- D Digital/Online Team
- E Customer Service/CRM
- F Advertising
- G Other
- H Don't Know

Figure 5. Source: ICM

69 *Marketing Executive Interview*, Metaply, (2010)

70 *ICM in New Media Age*, (14-01-2010)

71 *Marketing Executive Interview*, Metaply, (2010)

72 *Most Marketers Doubt Social Medias Value to Brands*, New Media Age, (14-01-2010)

73 Creston, *New Media Age*, (14-01-2010)

that is rapidly engulfing them. This is further evidenced in the same report by marketers saying that factors that contributed to this lack of social media strategy were: 'a lack of support at Board Level' (58%), 'need for resources' (56%), 'lack of experience' (46%) and 'no understanding from the business' (55%)'. Gaining Board level commitment and the broader support of the organisation is going to be critical to developing the cross-organisation vision necessary to respond.

This data is further supported by a recent survey conducted by Alterian Ltd.[74] Within this, 66% of respondents said they planned to invest in social media marketing in 2010'. All well and good, however, crucially only 6% of respondents felt 'extremely prepared' to take advantage of the new techniques that digital and social media represent. A very low 14% believe 'social media to be critical for success', although 54% did believe it to be 'increasingly important to the overall marketing mix'. This indicates that social media is being seen primarily as just another media channel rather than the manifestation of a deeper change that it really represents. The real challenge, as in our previous comments, is to completely integrate a single, 'individual view' of the customer. Without this, any improved positioning on social media will be a further dislocated channel. Indeed, lack of connectivity of individual data and departmental function will be merely highlighted and exposed more readily. Data from the same report, highlighting that 42% of respondents do not incorporate web analytics into the customer or email database, is highly concerning. Examining the data further, it emerges that 61% of marketers do not integrate their web analytics data with any other customer data. Despite some 57% of respondents reporting a plan to invest in individuals engaging on their website, only 36% plan to invest in social media monitoring tools.

A further recent study[75] indicates of 400 companies studied only 10.7% had deployed real-time systems to collect, analyse and distribute customer feedback. Whilst 75.3% said they received customer feedback by email, only 23.1% say they track and measure the volume and nature of these messages. Additionally, only 16% track word of mouth on the internet. In total this is disturbing as 'empirical studies have shown that integration with the internet enhances the customer data collection accuracy and speed, cost saving, greater interaction and promotes better relationships with customers'[76]. So whilst some do recognise that *"vendors who understand buyers and communicate relevant value will capture the next wave of spending"* (Rebel Brown, PeopleWhoKnow)[77], it would appear that many do not. Talking to the individual requires extreme knowledge with high situational relevance, and this must be mobilised, be accessible and provide one coherent view across the organisation. Without these actions it is not possible to create the one-to-one conversation, the emotional engagement that will lead to both a more tightly coupled relationship. For the stronger this emotional engagement, the more it is likely to be shared[78]. This lies at the heart of the challenge of individuation.

5.2 Structures and Skills

Meeting the challenge of individuation will require new thinking in the collection of customer information/data, its analysis and interpretation, access to, and the general mobilisation of, information within the organisation (and any relevant partners) and its effective deployment through customer engagement. This will require both structural and skill changes. These primarily arise from the need to break down silos, both departmentally and functionally. Not only do all need to have a 'single view' of information, but they need to

> "Empirical studies have shown that integration with the internet enhances the customer data collection accuracy and speed, cost saving, greater interaction and promotes better relationships with customers."

74 Alterian Annual Survey, *Are You Ready to Engage?* (2009)

75 *Giving Customer Voice More Volume*, from Creating Market Sensing Corporate Cultures, (2010)

76 O'Leary C., Raos S., & Perry C. (2004), *Improving Customer Relationship Management Through Database Internet Marketing: European Journal of Marketing* 38(3/4) 338-354

77 *Marketing Executive Interview*, Metaply (2010)

78 Dobele A., Lindgree A., Beurland M., Vanhamme J., Wiljk R., (2007), *Why Pass on Viral Messages? Because They Connect Emotionally*, Business Horizon, Elsevier

understand how the information is being used at any one time across the organisation for *"they need to think plan and talk in different ways (whilst maintaining a single vision). It's not about big lengthy projects, it's about short, fast run ones... it's about thinking about things"* (Margaret Manning, ReadRoom.com)[79], for this is a much more mobile and active model that draws information together across areas previously as diverse as 'innovation, cross-selling, customer problem resolution or improved relationship building'[80]. At each turn information will play a different role, sometimes concentrating on the immediate use of current or historic data, sometimes seeking future understanding and projections, at other times taking a broader more aggregated view, but at all times being the core and unifying asset of the organisation.

At each turn information will play a different role, sometimes concentrating on the immediate use of current or historic data, sometimes seeking future understanding and projections, at other times taking a broader more aggregated view, but at all times being the core and unifying asset of the organisation.

The use of information and the structural changes necessary to re-align the organisation to the individual are significant. They are accompanied by a similar requirement for new skills, particularly in the areas of information analysis and deployment, for any information is only commercially as good as its actual deployment. In the Alterian Survey, 40% of respondents stated their staff were 'not prepared to take advantage of the new channels'. There will need to be a major commitment to investment in appropriate skills. However, there may also be savings as some traditional marketing channels are rebalanced with more direct contact opportunities. Ultimately, the most expensive customer is the lost customer. Increasingly, in the future each good experience can lead to many sales; likewise, one bad engagement can also lose many.

It is a matter of joining up the organisation, probably with information and information access as the central core. Yet, while joining up the organisation there is a need to individualise the consumer – the key assets being information, staff and systems – to mobilise the engagement with the individual. These challenges are simple to write but very difficult to achieve – they need the buy-in of the entire organisation. However, only those organisations that truly embrace the challenge are likely to successfully take forward the rapidly emerging opportunities. Those that do not are unlikely to survive the scrutiny and communicating power of the 21st Century individual. For 'the more we create compelling experiences (engagements) that earn our customers trust and respect, the more success we will find as the wireless age progresses... (this) is about brand empowering people to enhance the way they live, work, learn and play'[81].

Key Points

Much of the current debate focuses on social media. Whilst important, this misses the underlying significance of many of the social changes driving the need for new engagement models.

Even within the limited social media debate, there appears to be a lack of readiness. In addition, many of the initiatives appear to see social media as a limited marketing or PR issue, rather than across all departments.

Effective engagement requires information systems to capture and deploy information across the organisation. Evidence indicates that many systems are not currently 'joined' up. There also appears a lack of intention to support new social media initiatives with appropriate systems.

Evidence indicating a lack of senior management support and general interdepartmental co-operation represent a significant barrier.

79 *Marketing Executive Interview*, Metaply, (2010)

80 Neal-May, *Creating Market-Sensing Corporate Cultures*, (2010), CMO Council

81 *Brand Unbound*, Matheson R., (2005), AMACOM, New York

There appears to be a general lack of readiness in the area of staff skills and training. Analysing, mobilising and interpreting data, quite possibly in real-time, presents significant challenges to existing skill sets.

6.0 Action Points

Organisations need to recognise they are not merely responding to a new media form, social media, rather, they are responding to a permanent and far reaching social change, of which social media is merely one manifestation.

Information, and the exchange of information, is the key asset in this process. The effective collecting, structuring, analysis and general mobilisation of information across the whole business lies at the heart of this response.

The key transaction between the individual and the organisation is the transaction of information exchange. This builds engagement and creates/sustains the environment for successful product/service exchange/sale.

Therefore:

- Initiatives require senior management buy-in and need to be fully cross-organisational in scope. Any single area not integrated will become the weakest link that may damage the whole system.
- Strategies need to be in place to develop joined up systems and databases that draw together all available customer data. This should include static/transactional data, direct response data, and more contextual data contained in spaces such as blogs/social network sites. Crucial is integrating all forms of direct customer contact with the organisation to provide a transparent record.
- This data should be available for analysis at the level of the individual and be visible across the organisation.
- The lifecycle of the individual should be fully transparent, from marketing and targeting, through the sales and customer service experience.
- Delivery mechanisms need to be present that ensures the data can be fully deployed in engagement with the individual, such that the individual understands that sharing information with the organisation brings tangible benefits.
- Cross-channel connectivity should ensure that mass broadcast media is both signposting and a call to engage in more personal/local individual spaces, where interest in brand product or service can be reciprocated through engagement.
- Staff skill sets need to be brought in to alignment with these developments.

Methodology

The work has several research and interpretive elements in addition to desk research.

Empirical Elements

- Quantitative studies:
  i) A 1,000 representative US sample survey was conducted online in March 2010.
  ii) A 1,000 representative UK sample survey was conducted online in January 2010.

  The same survey was used for both iterations and although individual percentages may vary, both surveys demonstrate a very high degree of consistency and correlation in their results, with all main conclusions demonstrating the same trends in both the US and UK samples.

- Qualitative studies:
  i) 40 interviews with a general mix of consumer individuals with an age range from 18 to 60.
  ii) 15 interviews with marketing professionals.

Additionally, we would like to thank members of the following academic departments at Lancaster University for assistance and guidance in source materials and general commentary and introductions; Marketing, Sociology, Politics.

About the Author

Michael Hulme Biography

Michael Hulme is Hon Professor and Associate Fellow of the Institute for Advanced Studies at Lancaster University where he is a member of the Lancaster University Development Board. He holds an MPhil in Critical Management also from Lancaster. He is a Fellow of the Royal Society of Arts and a Member of the Market Research Society. Michael is Director of the Social Futures Observatory, an independent 'Think Tank'; closely allied to the Institute of Advanced Studies, it seeks to understand societal change both today and into the future. The Social Futures Observatory is responsible for the Social Laboratory programme, a membership-based programme exploring key themes and issues of social and behavioural change.

His involvements outside social research include Chairing the Merseyside Special Investment Fund, a public private partnership providing seed and growth funding to SMEs in the Merseyside region.

Michael's career began in corporate finance before moving into marketing and then strategy in the computer industry, becoming Head of Strategic Marketing in Europe's then largest financial services software house. He then became an independent entrepreneur starting, developing and selling companies in the consultancy and mobile communications industries.

For more information on the topics and themes raised in this report, please visit www.alterian.com/brands-at-risk

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