

Review:

“Groundswell”

Charlene Li and Josh Bernoff, Harvard Business Press, Boston, 2007

(review based upon advanced reader’s copy, March 2007, 1289 words)

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One of the big ideas to emerge in strategy in the past five years has been the idea of co-creating unique value with customers. First popularized by C.K. Prahalad and Venkat Ramaswamy in their important book, “*The Future of Competition*”, it is summarized by the acronym DART: engage in **D**ialog (or deep engagement) with customers, make your company **A**ccessible to customers and opinion leaders, provide **R**isk Assessment to customers and create **T**ransparency in your relationship with customers.

Charlene Li and Josh Bernoff, two vice presidents at well known technology consulting firm Forrester Research have written a practical experience-based and hands-on book about how to manage deep engagement with customers, and monitor relationships with customers and opinion leaders in cyberspace. The “groundswell” to which they refer in their title is driven by three forces: the emergence of social technologies permitting individual to communicate and discuss their experiences with products, services or ideas, the ubiquity of the Internet, and the changing economics of communication technologies, all of which create a collective and perpetual memory about a company’s activities, products and service experiences.

Li and Bernoff argue that the groundswell of accessible public opinion and ratings is both irresistible and an opportunity for companies to speed innovation, identify quality and service problems, improve loyalty, lower marketing costs and create improved products and brands. The usefulness of the book is the description of the “technographic” segmentation of participants in cyberspace. Forrester research identifies six major segments.

Social Technographic Profile	Percent of On-Line US Adults
Creators - publish blogs, put up web pages, upload video and audio they have created, write and post articles	18
Critics – post ratings/reviews of products and services, comments on other person’s blog, contribute to online forums, contribute to wiki	25
Collectors – use RSS feeds, add tags to Web pages, vote for web sites	12
Joiners – maintain profiles on social network sites such as Linked-In, MySpace or Facebook	25
Spectators – read blogs, watch others’ videos, listen to podcasts, read online forums, read customer ratings and review	48

Totals add to more than 100% because people play more than one role in their on-line activity.

Much of the advice in the book is straightforward. Do your homework on your users. Structure your strategy based upon your technographic profile of your users. See what the competition is doing. Make somebody accountable and responsible for the interaction with customers.

The authors provide practical advice and example ROIs on setting up blogs and interactive web sites. But the most important takeaway from the book is *not to underestimate your users*. Thinking about the Internet and interactions with customers solely as a way to promote your product is likely to lead to failure. Figuring out what customers care about and *listening very hard* to them is more likely to lead you to develop a strategy that will be useful and productive. Users should be valued.

Their overall guidelines are pretty straightforward: start small, educate your executives, get the right people to run your groundswell strategy, get your agency and technology partners in sync, plan for the next step and for the long term. But the authors also go into more detail to illustrate profiling the technographics of a customer base, and the importance of the groundswell of customer information. They provide tips on using different technology approaches. For successful blogging, one of the technologies included in social networking, they suggest.

1. “Start by listening.”
2. “Determine a goal for the blog. Will you focus on announcing new products? Supporting existing customers? Responding to news announcements? Making your executives seem more human?”
3. “Develop a plan.” Are you going to have a single corporate blog, multiple blogs? What is the frequency of update?
4. “Rehearse. Write five or ten posts *before* you go public”
5. “Develop an editorial process: Who if anyone needs to review it?” What can go in the blog?
6. “Design the blog and its connection to your site.”
7. “Develop a marketing plan so people can find the blog.”
8. “Remember blogging is more than writing: a successful blog involve monitoring and commenting on the blogosphere and not existing in a vacuum.”
9. “Be honest. ...Bad things happen to companies... A company that responds honestly even when things go wrong, boots its credibility.” (pp. 115-117)

In a different use of technology, P&G has set up a site called beinggirl.com. Its objective was to influence young girls dealing with the issue of tampons, a topic of potential embarrassment, and not likely a topic that girls would frequently blog about. P&G’s site is not about tampons. Its subject matter is everything that young girls deal with. In other words, it is a community targeting 12-15 year old girls, 48% of whom are Joiners, 37% of which are Creators and 93% of which are spectators. Rather than thinking like an

advertiser, P&G is in effect creating and exploiting content rather like a magazine, but one that is dynamic with user created content which provides a platform for reaching their target audience. In a sense, it's the equivalent of the P&G funded and owned soap operas of the 1950s.

Examples of the many social networking projects in the book include Dell's use of social networking to pay more attention to quality and service problems, HP's use of multiple targeted blogs to support its complex product line, Massachusetts General Hospital use to support patients, Best Buy's use of social networking internally to link employees and their expertise, eBag's use of customer feedback to improve product selection and have suppliers improve products, and BearingPoint's use of a wiki to expose its intellectual property to potential customers and allow them to contribute their knowledge.

Marketers are increasingly moving from one way communication with customers, and broadcast-oriented advertising and promotional activity towards more interaction with customers. Companies will increasingly have to develop or hire staff that have traditional marketing skills, technology experience and knowledge and the ability to integrate across strategic, project management, marketing, new product development, iterative innovation, quality management, customer support, and information management disciplines.

The authors close their book by suggesting:

“ First, never forget that the groundswell is about person-to-person activity...
Second, be a good listener. Marketers sometimes have trouble with this – they think their job is about talking to customers (or shouting at them)...
Third, be patient. The technology moves so fast, it's easy to think you're about to fall behind. But these applications touch so many parts of your company that it's going to take time for everybody to buy in...
Fourth, be opportunistic...start small...This means seeking places to build applications that make progress on connecting with customers...then seek opportunities to expand that success. When you get a green light or have an idea, get moving. You may not have another chance...
Fifth, be collaborative ... and humble.”

pp. 240-241

Groundswell is a useful initial guide to this brave new world where heavy handed marketing is likely to fail, and companies that try to act on behalf of their customers are more likely to develop the preferred brands and relationships with customers.

References

1. Davidson, Alistair and Copulsky, Jonathan, “Managing Webmavens: relationships with sophisticated customers via the Internet can transform marketing and speed innovation”, **Strategy and Leadership**, Volume 34, Issue 3, 2006
2. Prahalad, C.K. and Ramaswamy, “*The Future of Competition*”, HBS Press, Boston, 2004