

## **THE WAY FORWARD: MARKETING AND WEB 2.0**

**M.sc.Tanja Krsteva\***

**Ph.D. Dragan Pavlovic-Latas\*\***

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### **Abstract**

The increasing popularity of Web 2.0 tools, such as blogs, wikis, and virtual worlds, is fundamentally changing how consumers use the Web. The basic core of Web 2.0, that users can generate and share their own content, often regarding company brands and products, provides both potential value and challenges to marketing practitioners.

In the current context of crisis and major organizational transformation, companies are forced to rethink their mode of operation and business models. The main changes affecting the latter are amplified by the explosion of Web 2.0 and social media.

This paper reviews the nature, effects and present state of affairs of the new generation of Internet applications known as Social Media or Web 2.0. It explores the aptitude and potential of these applications as influencers of customer behavior and marketing instruments. Based on research findings and field experiences the article identifies the main ways corporations can use the social media as strategic marketing instruments.

The paper proposes a classification of the main Web 2.0 applications as strategic marketing instruments arguing that Web 2.0 applications can be engaged as effective and low cost tools that can substantially support marketing operations in the virtual and physical marketplace.

**Keywords: E-Marketing; Marketing Strategy; Web 2.0; Internet; Social media.**

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**\*Teaching Assistant, Faculty of Economics, European University - Republic of Macedonia**

**\*\*Adjunct Assistant Professor, Faculty of Economics, European University - Republic of Macedonia**

## 1. Introduction

The commercial Internet opened a whole new world of opportunities to consumers and corporations by revolutionizing business practices and social relationships. Following the dot.com boom of the 90s and the high-tech debacle at the beginning of the 20 th century, the Internet - already counting today around 1.5 billion users worldwide - is by and large perceived by most academics and businesses today as a mainstream business platform and integral part of the commercial and – increasingly – of the social landscape.[4]

This introductory article reviews the theoretical foundations and explains the background of the new generation of Internet applications commonly known as Web 2.0 or social media; it examines the current status, the effects and the possible roles of the social media as marketing tools and proposes a basic classification of social media applications as potential tools of the marketing strategy. Considering the novelty of the subject and the limited research on Web 2.0 marketing the analysis is often using practical examples and field experiences illustrating early efforts to engage social media as marketing instruments.

Despite the novelty of the issue and the lack of reliable measurements it is obvious that the Web 2.0 has already attracted a good deal of attention among marketers who seem willing to invest in social media applications and integrate them into their strategic marketing arsenal.[13][17][19]

## 2. What is Web 2.0?

The term Web 2.0 has been introduced by O'Reilly [20] and was quickly adopted by Silicon Valley and high-tech circles as well as by many practitioners and observers as a notion emphasizing the comeback of a renewed and better Internet. The original definition of the term by O'Reilly was focused on common elements of the new generation of web applications: “The Web as a platform, Harnessing of the Collective Intelligence, Data is the Next Intel Inside, End of the Software Release Cycle, Lightweight Programming Models, Rich User Experiences”. A year later Musser and O'Reilly proposed a refined definition: “Web 2.0 is a set of economic, social, and technology trends that collectively form the basis for the next generation of the Internet— a more mature, distinctive medium characterized by user participation, openness, and network effects”. [14] [20] Defining the Web 2.0 is not simple due to the multilevel character of

it. [11] A simple Google search query of this term produces more than 3 million results and there are several definitions already proposed. In the academic literature there is no clear agreement as to what exactly the term means; some researchers describe the phenomenon or its applications as a first step towards a comprehensive definition.[15] [6] [1] [22] Hoegg et al. [18]note that many definitions do not attempt to rationalize the core philosophy of Web 2.0 but rather describe its symptoms. According to these researchers the Web 2.0 is a philosophy based on a common vision of its user community while “the objective of all Web 2.0 services is to mutually maximize the collective intelligence of the participants”. The definition proposed by Constantinides and Fountain (2008) combines and reconciles the basic technological and social elements of the concept: Web 2.0 is a collection of open source, interactive and user-controlled online applications expanding the experiences, knowledge and market power of the users as participants in business and social processes. Web 2.0 applications support the creation of informal users networks facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing/refining of content. Based on this definition the Web 2.0 can be seen as an issue combining different aspects that can be combined along three main dimensions: The Application Types, the Social Effects and the Enabling Technologies.

Web 2.0 technologies have changed the way people interact with each other, which resulted in more interactive communications between consumers.

The wide range of online applications made it difficult to distinguish between Web 2.0 applications and others that are not Web 2.0 applications. However, the definition of Web 2.0 technologies makes it easier to do so as it encapsulates Web 2.0 applications and web services within the following categories:

1. Bolgs: the word blogs is an abbreviation for Web Logs, which are journals published online by users. Users use different type of contents to enrich their blogs, such as audio and video files. For example, Blogger. Blogs are growing rapidly and gaining popularity faster than other Web 2.0 applications.
2. Social Networks: a platform through which users create profiles that could be accessed by other members of the same network. In this model, users can communicate and share content

with each other. For example, Facebook. It's work mentioning that the scope and the content of social networks and not usually the same.

3. Sharing Communities: applications, or web sites, that allow users to share a specific type of content. For example, YouTube allows users to register and create profiles in order to share videos and comments on these shared videos.

4. Forums: web sites that are dedicated for the discussion of a specialized subject. You can find an online forum for every special interest group nowadays, where members exchange and share their ideas with each other.

Content Aggregators: web sites they allow users to control the look and the content for each one by personalizing their portal. This has been made possible through RSS technology, which stands for Real Simple Syndication or sometimes called Rich Sites Summery.

One of the most important factors affecting the spread of Web 2.0 technologies is the easiness in their applications development and maintainability. Thanks to advancements in development tools, users with little or nonapplication development background can now participate in Web 2.0 service development. This has been made possible by the development of tools that are intuitive and easy to use. Some of the technologies that made this possible are:

1. Wikis: web sites that allow users to publish collaboratively. For example, Wikipedia is an online encyclopedia that allows users to create and maintain content.
2. Rich Site Summery, RSS: and sometime Real Simple Syndicate. It allows users to syndicate and customize online contents.
3. Asynchronous JavaScript And XML, AJAX: used in creating dynamic web sites that interact with users inputs and generate content accordingly.

### **3.The Web 2.0 as marketing strategy**

Understanding the nature, operation and effects of Web 2.0 applications seems to be imperative for marketers. [21] Marketers should recognize that engaging social media is the best way to communicate with the increasing numbers of consumers who spend considerable part of their time online; this is the public that is hard to reach with traditional push-based or mass-media based marketing methods. [19] However lack of experience and systematic research on the aptitude and effects of these applications means that engaging social media part of the marketing strategy is still a trial-and-error process. Based on earlier research and experiences of the field pioneers will propose a classification summarizing the main ways firms and marketers have attempted so far to extract value from the Web 2.0 domain. Earlier theoretical efforts in this direction were done by Swisher [22]who limited though the effects of the social media on the enterprise media asset management, Craig [7] who placed attention on the impact of the social media on learning environments and Anderson [1]who described the specific commercial or organizational effects of Web 2.0 applications, without however linking these to specific marketing objectives. Working from the opposite direction Bernoff and Li [3]identified ways that different departments (R&D, Marketing, Sales, Customer Support, Operations) can engage Web 2.0 applications, without specifying what these applications are. In an attempt to reconcile both approaches one should look to the issue from a dual perspective: From the applications and marketing perspectives combined. Considering the different types of Web 2.0 applications and some of the common marketing strategy objectives we can identify two main ways of engaging the social media as part of the marketing strategy: The Passive and the Active way.

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

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

product. The customer online voice can be “heard” in online blogs, forums and bulleting boards and to a lesser degree in Web 2.0 Applications as Marketing Tools Passive Active MARKETING OBJECTIVE Listening In PR and Direct Marketing Reaching the Customers’ experiences, product reviews, comments in forums or blogs and other forms of customer online voice are considered as credible by other consumers Elliott[9]; Bates et al., [2] and viral sharing of customer experiences – a common phenomenon of the social media space - can lead to success or failure of brands and products, seriously disrupting costly marketing actions. Properly collected and analyzed the online customer voice can provide precious and high quality information at a fraction of the time and cost required in using traditional market research for this purpose. Finding and tapping the customer’s voice can be done in different ways: several services and search engines specialized in locating, gathering and analyzing online buzz are already available. Many corporations try to tap the customer voice in an active way by offering customers the possibility to express their opinion and ideas about the company’s products or services. Nokia is one of these firms inviting its customers to join its online “Developer Community” including discussion boards, wiki-based applications and blogs.

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

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

Several businesses are actively engaged in dialog with the customer by launching their own corporate blogs and discussion forums. Business executives like Jonathan Swartz, CEO of Sun Microsystems, Steve Jobs, CEO of Apple Computers and McDonalds Vice President Bob Langert post daily on their corporate blogs, encouraging customers to interact and freely express their feelings, ideas, suggestions or remarks about their postings, the company or its products. A widely applied variant of this strategy (initiated by Microsoft back in 2003) is to encourage company employees to become publishers of content themselves in corporate blogs and forums. This approach requires openness and trust of employee capabilities from the part of the firm. [12] [5] Next to company-sponsored blogs a simple and low-cost way to engage social media as PR tool is to use content communities - like the video sharing sites YouTube, GoogleVideo and others - as broadcasting media for distributing advertising material. 16 Commercials uploaded to

these sites have the potential to be viewed by thousands or even millions of viewers or virally distributed among users at practically no cost. Many companies have discovered the viral video sharing is a low cost and effective communication medium. One of the commercials of Unilever's Dove Real Beauty campaign was viewed by more than ten million times online Deighton and Kornfeld [8] and videos of the candidates of the 2008 American elections posted on YouTube been watched by several million viewers. An alternative option for marketers is to use blogs or online communities as advertising spaces. Placing advertisements in specialized social media enables the very effective access of niche markets and very specific market segments at a fraction of the costs required by traditional media. Other ways to use social media applications as PR tools is using online encyclopedias like Wikipedia or Citizendium as advertising media by publishing company or product information there; the high popularity of such sites means that in these texts appear very high in search engine searches. It is also possible to regularly access consumers by adding RSS capability to company online content; marketers can access with such permission-based and renewable content many millions of Internet users making use of content aggregators like MyYahoo.com or iGoogle.

#### **b. Engaging social media personalities as product or brand advocates**

This approach is based on proactively engaging online opinion leaders and personalities (for examples authors of high traffic blogs) as means of customer influence. Such a strategy requires identifying, reaching and informing the "New Influencers"[16] about the firm, its brands or (new) market offers. Blogs like techcrunch.com, gizmodo.com, engadget.com and others attract millions of readers daily by publishing product reviews, usually much earlier than the traditional media. The endorsement of product innovations by such reviews is decisive for the adoption of the product, at least among large parts of the online population. The objective of marketers should be to establish ties and working relationships with leading blogs or users forums so that they review, discuss, comment on or even recommend the usage of the firm's products. Finding the right blogs requires some search but there are also several instruments 17 available: Technorati.com, Nielsen BuzzMetrics and others measure the influence of blogs composing rankings and providing other relevant information.

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

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

### **4. Conclusions and issues for further research**

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



participant of the market process b. The fact that for an increasing number of Internet users the Web 2.0 has become an indispensable element of their social environment Common parameter of both factors is the ability of Web 2.0 applications to address people's needs for sharing information, knowledge and creativity, fulfilling in new ways a variety of personal needs like communicating, learning and socializing. The interactive nature of the new technologies also means that unlike during the previous phase of the 21 Internet the online public is now actively involved in improvement of applications and technologies and the development, improvement and editing of online content. The rising public enthusiasm and involvement with social media presents businesses with new realities and challenges. Some marketers perceive the Web 2.0 as a threat to their dominant position in the communication process; brand promises become difficult to get across and the persuasive power of mass marketing is weakening. Customers are less exposed to mass media and increasingly base their buying decisions on recommendations or opinions of their peers rather than on expert opinions or company messages. While some marketers try to come to terms with the new realities, others have realized that social media are in fact presenting interesting opportunities as marketing instruments. Early efforts in this direction – mostly by large corporations – seem promising and many firms are already experimenting with social media as a means of improve their marketing strategies in novel and effective ways: devising innovative approaches or Web 2.0-based online tools for contacting, communicating and learning from their customers. Two main approaches are visible: Using different types of Web 2.0 applications as “passive” tools i.e. tools that allow them to find, mine and listen to the customer voice. Next to that marketers seem to be increasingly willing to use social media technologies and applications as “active” marketing tools supporting or improving their traditional PR and Direct Marketing approaches. Next to this they can also use such tools in novel ways allowing customer to personalize their online experiences, products and services but also stimulate customers to utilize their creativity and even become agents of innovation and change for the organization. Results of such activities have not yet been properly evaluated, yet there are strong indications that pioneers see already positive results; the number of marketers willing to enter the field grows. Companies – and mainly the smaller firms that so far stayed in the sidelines – can learn from the pioneers' experience about integrating the social media into their marketing strategy. For smaller firms, often targeting limited or niche markets, the social applications are not only a clever option but also an inexpensive one: social media properly used

can provide marketers with low cost yet high quality market information, low cost access to large numbers of customers but also access to niche markets and specific audiences.

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

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