Managing webmavens: relationships with sophisticated customers via the Internet can transform marketing and speed innovation

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(introduction)

During the past ten years, marketing has been under pressure to evolve as “unofficial” information about products and services available on the Internet has increasingly eclipsed the message of traditional advertising. Instead of controlling a brand image through ads and their own schedule of marketing promotions, vendors must now react quickly to a variety of information about their products and services that customers and reviewers publish at a legion of Internet sites and blogs. An active program of tracking, measuring and marketing to these influential infomediaries is likely to reduce the risk of unpleasant surprises. For many firms, marketing to mavens, hobbyist and rating sites may also prove to be a strategic and cost effective means to stimulate innovation and revenue growth.

Empowered by the Internet, a new player has emerged to influence the buying behavior of customers – the webmaven. The term “maven” describes [1] an individual who knows a lot about an area or product category. We all have such friends – car experts, computer experts, restaurant experts, and camera experts--mavens we can rely on for advice for the latest and greatest products.

But what has changed for marketers and product developers is that webmavens can use the Internet to reach a rapidly growing audience for their accounts of their experience with products and services. The good news is that access to comments from webmaven websites can provide product managers with fresh intelligence on the failures and successes that customers are experiencing with their offerings. The bad news is that the negative feedback from just one or two influential webmavens can influence a brand’s reputation, sometimes with the same dire effect as poor reviews in traditional media such as *Consumer Reports* or *PC Magazine*.

The opportunity for marketers and product managers

A new and critical goal for organizations should be to improve the number of, and quality of relationships with webmavens and rating sites; together they increasingly provide one of the most powerful and credible marketing channels for communicating value to prospects and consumers.

Equally important, corporate strategists are beginning to realize that access to comments from webmavens can also influence innovation by providing quick feedback on the experience and success that customers are having with their offerings.

Relationships with these webmavens offer the potential for co-creating unique value. For example, in the world of camera lenses, webmavens have in recent years complained about the location and sensitivity of switches on zoom lenses. Canon has responded to such suggestions by improving its latest lenses.

Ray Ozzie, the visionary technologist described the transformed marketplace in a memo to his Microsoft colleagues that has been widely publicized in *The New York Times* and numerous web sites:

> "A grassroots technology adoption pattern has emerged on the Internet … Products are now discovered through a combination of blogs, search, keyword-based advertising, online product marketing and word-of-mouth." [2]

An opportunity for purchasers

The emergence of webmavens greatly benefits purchasers.

The problem for purchasers is that rapid technological change and product proliferation make buying the best value product or service exceedingly complex. For example, just buying a new high definition TV set is a daunting prospect nowadays. In emerging markets, purchasing decisions often involve complicated trade-offs between features, price, technology, available distribution and support, and repair history. Prospective buyers must be also be aware of arcane technological issues, such as the relative merits and likely long-term survival of competing standards. By sharing advice based on their extensive experience--especially with complex, high-tech products--webmavens provide a welcome guide for the overwhelmed shopper.

The specialized web sites, blogs and newsletters of webmavens can now be found extremely easily via search engines.

The effect of mavens

We urge corporate strategists and marketers to address the increased importance of particularly knowledgeable customers, customer feedback and the capability of a firm to rapidly incorporate feedback into their product management process. Many markets today are experiencing four Webmaven Effects**:**

The first principle of webmaven effects: Information about individual customer's actual experience with your product or service is now generally available on a real (or near-real) time basis and is directly or indirectly a significant influence on other consumers' purchase and referral decisions.

The second principle of webmaven effects: Companies that use real time information from webmavens to speed up their improvement in quality are likely to gain market share and create greater customer loyalty.

The third principle of webmaven effects: The availability of free webmaven reviews and ratings increases the usage of these infomediaries by consumers.

The fourth principle of webmaven effects: Up-to-date, high quality webmaven, rating and review sites tend to increase in importance faster than lower-quality and less up-to-date sites.

The Zagat model.
Recommending a restaurant is a risky business; the quality of the food and service are subject to change without notice. To solve this problem, the Zagat Guides and web site, www.zagat.com, constantly collect reviews from volunteer contributors. By tabulating the scores and selecting comments supplied by these knowledgeable restaurant customers, Zagat compiles a "democratic" assessment of the quality of the establishment. In the past, consumers relied on guidebooks or the restaurant reviews of newspapers, both of which can quickly become outdated. In contrast, via the Internet Zagat's subscribers have easy access to up-to-date feedback from sophisticated consumers. [4]

The existence of so many third party evaluations of products and services is a dramatic change for both consumers and marketers. Ten years ago, for the average consumer the world of ratings and reviews was pretty much restricted to a few magazines such as *Consumer Reports* in the US and *Which?* in the UK. Specialty advertising-supported magazines featuring product reviews included *PC Magazine, Popular Photo* and *Car and Driver,* but they produced relatively few reviews, and those were only available to subscribers. By way of comparison, as of November 2005, a search engine fed with the phrase "product review" produced roughly 500 million pages of results, a tsunami of information for consumers shopping online.

Such information is increasingly accessible on mobile phones as well. *Consumer Reports*, for example, recently began to offer consumers product

recommendations they can dial up on their cell phones [5]. As a result, consumers can check ratings of products or services while shopping in person at a store.

Customer can easily find maven sites via search engines

Search Term	Number of pages produced by a major search engine (11/2005)	Number of pages produced by a major search engine (2/2006)	Change
Service review	523 million	519 million	Slightly down
Product review	309 million	319-524 million*	Up/Significantly up
Book review	258 million	292 million	Up
Rating	212 million	254 million	Up
Store review	198 million	196 million	Flat
Rating site	140 million	351 million	Up
Movie review	104 million	110 million	Up
Hotel review	66 million	66 million	Flat
Shopping site and rating	59 million	131 million	Significantly up
Ratings and review	49 million	48 million	Slightly down
User feedback and review	37 million	81 million	Significantly up
User feedback and rating	35 million	35 million	Flat
Digital camera review	34 million	40 million	Up
Restaurant review	31 million	62 million	Significantly up
Automobile review	13 million	12 million	Down
Travel agent review	28 million	51 million	Significantly up

*Results from the search engine vendor alternated between 319M and 524M depending upon when the search was performed

Information that was only wholesale is now retail

Businesses that sell electronically or have products sold over the Internet (by e-commerce sites or on auction sites such as eBay) routinely produce information about popularity, usage experience and the resale value of used product. This kind of information was previously difficult or impossible to obtain. What was wholesale (information that only a vendor might commission and analyze) has now become available to everybody buying retail.

With all this information available to dedicated webmavens, companies now need to think much more carefully about how they interact with customers and prospects. You can’t get away with inferior product or service any more, and unattended product problems will haunt you for years on webmaven sites.

Companies ignore negative customer feedback at their peril. Even businesses that maintain a state-of-the-art customer relationship management (CRM) system should also carefully monitor webmaven sites to keep track of emerging dissatisfaction with products or policies.

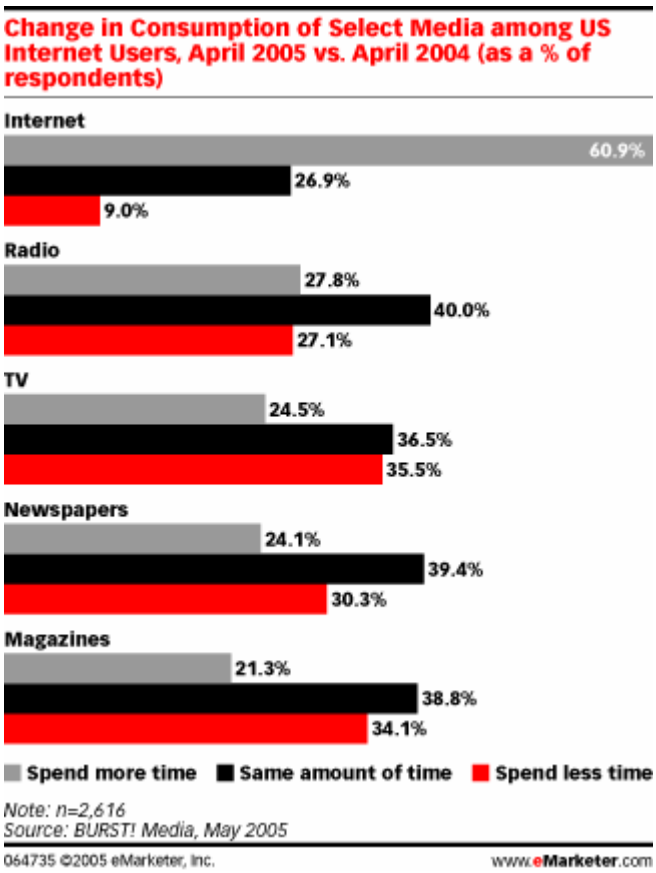
With the advent of webmaven sites, feedback from customers is no longer invisible to the media, something that was painfully evident to well-managed companies such as Microsoft, Apple and Sony during the 2005-shopping season. Even these successful product producers have to deal with the greater visibility of both positive and negative customer concerns, some justified and some unjustified. For example, Microsoft received quality complaints occurring within two days of its highly successful launch of the Xbox 360; Apple quickly received complaints about screen cracking on the wildly successful Apple Nano iPod; and digital music CDs with copy protection have been an issue for Sony.

The increased importance of measuring the user experience

In the future, we predict that that the quality of products and services and measurement of usage experience of customers will become even more important than it is today. Companies that ignore customer feedback run the risk of receiving poor ratings and perhaps a precipitous decline in reputation and sales. Moreover, the opportunity cost is likely to be staggering. A textbook case is the situation of US automobile companies, which have made exceptional strides in improving their quality ratings as measured by *Consumer Reports* or J.D. Powers. But many consumers haven't yet changed their perceptions of quality and value, partly because many mavens are still recommending foreign cars, even though a number of American cars now offer a better value proposition and the overall quality of cars from all vendors is dramatically improved.

This illustrates how, in today's interconnected world, the task of designing for, marketing to, selling to and supporting customers has become qualitatively different. Over time, gradual changes in the market place have created a tipping point where new brands, offering different quality and value propositions can suddenly become successful, if they are heralded by endorsements from webmavens and other influential customers.

Another lesson is that informed customers are valuable ones. Heavy users of search engines, tend to be more sophisticated and have higher incomes ($60K+) [7]. Research on the usage of the Internet vs. radio, TV, newspapers and magazines shows the increasing importance of the Internet as a source of information.



Implications for your business

Probably the most important implication for most businesses is that they now need to turn their attention to understanding who are the new influencers of attitudes, reputation and purchase patterns for their offerings. They will need to inventory, review, prioritize and measure their allocation of resources, messaging, and accessibility to the newer sources of influence, the "infomediaries".

	Traditional reviewers and raters	**Customer, maven and hobbyist ratings. Shopping services and rating services.**
Released information deduced or measured by outsiders	Infrequent submissions to traditional rating organizations, e.g., *Consumer Reports*, or advertising based magazines, e.g., *PC Magazine*	Uncontrolled and unmanaged measurement of performance by users and hobbyists
Planned		

information released by company	Product literature Press releases	Uncontrolled and unmanaged informal feedback, scaled ratings, complaints, suggestions for improvement

Some strategic thinkers such as C.K. Prahalad and Venkat Ramaswamy [8] have proposed the concept of co-creating value with customers as the next step in gaining competitive advantage. In *The Future of Competition,* they define four key activities; their DART model obviously also applies to managing webmavens.

- **D**ialogue with customers.
- **A**ccess for customers.
- **R**isk management for customers (a complicated topic that might cover issues such as communicating risks to subsets of customers, upgrade policies, warranty policies and choices, to name just a few).
- **T**ransparency of relationship with customers.

Cisco is an example of a company that pays particular attention to its most knowledgeable customers. It uses its consulting capabilities to develop projects for its most demanding customers and then packages the results of such projects for dissemination to its distribution channel.

Both Amazon and Netflix use customer ratings of products and movies, respectively, to develop predictions about what will interest potential customers. As a further refinement, these firms could identify mavens with both influence and leading edge tastes and then track and highlight the judgments of these trendsetters

However, in marketing to webmavens and using their feedback to improve product development, we believe companies should start with the basics.

1. Are you tracking ratings of your own and competitor products on the Internet?
2. Do you rapidly incorporate user feedback from user groups, reviews and ratings into your product development process?
3. Have you identified the key opinion leaders in your market in traditional media?
4. Have you identified the key opinion leaders and sites in the emerging blogosphere and rating sites?
5. Are you tracking your share of click-through activity on major shopping sites?
6. Do you have formal programs in place to ensure coverage and reviews by key Internet evaluators?
7. Have you designed your messaging strategy, public relations and marketing materials to make reviewing and writing about your products or services as easy as possible?

8. Does the feedback you receive demonstrate that you are consistently out performing competitive products and services?
9. Do you have a share of attention on the Internet that is at least as large as your market share?
10. Are you measuring the used market for your product?

Once these ten questions have been addressed, the process of co-creating value with customers can be more effectively managed.

Potential action steps

Consider the following ten ideas for taking advantage of new opportunities in high tech marketing:

1. **R&D** – take advantage of Internet customer and user experience to research new innovations and develop new features based upon rapid and early user feedback.
2. **Product defect tracking** – track user complaints, ratings and reviewer critiques about your, competitive and leading edge or deviant product [9] usage to frame future product development.
3. **Market research** – measure share of mind on the Internet, in traditional media, at rating sites, at review sites.
4. **Launch strategies** – increase the number of evaluation samples available for non-traditional web sites and publications.
5. **Maven management** – pay special attention to the heavily involved user and hobbyist sites.
6. **Customer experience measurement** –monitor customer experience throughout the product cycle--evaluation, selection, learning, discussion and referral, rating and ranking, service and warranty experience, and end of life disposal.
7. **End-of-usage-cycle management –** put in place programs that will help users pass along their product to members of their family, resell or dispose of the product without environmental harm.
8. **New opportunity management –** establish a new role, the segment manager focused upon viral marketing and establishing share of mind in the maven and rating community.
9. **One-to-one marketing –**improve one-to-one marketing capabilities and customer relationship management.
10. **Use of residual pricing information on auction sites --** to measure how consumers are valuing brands, products and their features long term, monitor the price of second hand products on eBay over time.

Case study: the digital camera industry

Digital cameras have been one of the fastest moving products in the past decade in terms of growth, changing capabilities and market size. It's a rough and tumble business with major players such as Kodak, Sony (which now includes the former KonicaMinolta camera business), Canon, Nikon, Ricoh, Olympus, HP,

Toshiba and Fuji, each with different histories, strategies and installed bases of services, stores, channels, technology and lenses. The market is currently consolidating after a period of rapid growth and, as a result, exits, partnering and mergers are currently occurring frequently. Companies often purchase optics and sensors from more capable partners or legacy suppliers.

Success in the digital camera market owes much to both the endorsements of traditional reviewers and the webmavens. Here's how these influences play out:

First, new classes of web sites have emerged. They run the range from web sites that collect user ratings to web sites that offer up reviews and track the amount of interest in particular products. For the digital SLR (single lens reflex camera with changeable lenses) user, www.fredmiranda.com offers ratings of Nikon, Canon and compatible lenses. It is an example of a small and influential site. Lenses are the most profitable part of the digital camera business, so sites that influence both the selection of which digital SLR to buy and the purchase of numerous lenses are crucial for digital SLR vendors.

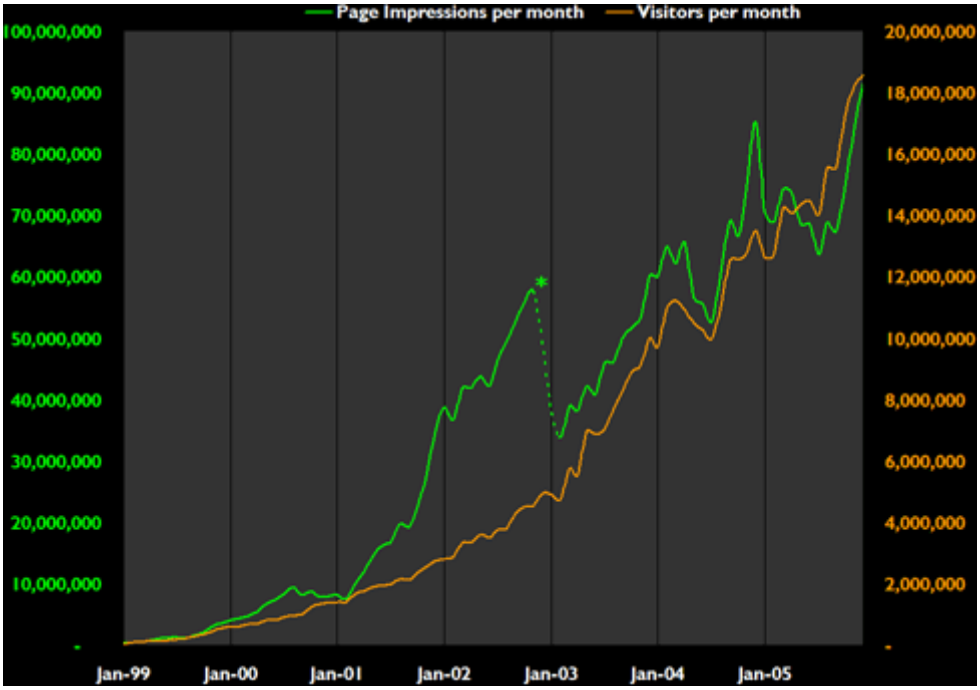
Search Term	**Number of pages produced by a major search engine (11/2005)**	**Number of pages produced by a major search engine (2/2006)**
Digital camera review	34 million	40 million
SLR review	3 million	4.1 million
dSLR review	1 million	2.2 million

Abbreviations: SLR – single lens reflex camera; dSLR - digital SLR camera

Second, the Internet has become an exceptionally influential source of information about which products to purchase. Two of the top camera rating sites (www.stevesdigicams.com and www.dpreview.com) together claim to have had almost a billion page views since their startup. While page views are an imprecise measure of readership, they indicate how influential these new media outlets are. Though not all consumers use the Internet for research, those who do become sources of information or influencers for those who don't. A typically influential site, www.dpreview.com provides reviews, the ability to sort based upon features and its database contains specifications for over 800 cameras.

Example of growth in a well reputed photography site.

Monthly Page Impressions & Visitors (since January 1999) of www.dpreview.com (Digital Photography Review)



* Source: http://www.dpreview.com/misc/advertising.asp as of 1/26/2006

Authors' note: In January 2003 the site changed its architecture, which affected the metrics for reported volume of traffic.

Visitor Statistics (Q2 2005)

Statistic	Value
Average Visit Length	17 mins.
Average pages per visitor	8 pages

Source: http://www.dpreview.com/misc/advertising.asp as of 1/26/2006

Third, a new class of reviewer has emerged – the technically competent amateur or web site entrepreneur who provides a high level of detail for a particular class of product.

In the world of cameras and lenses, www.wlcastlefield.com is an excellent example of a tiny non-commercial hobbyist or webmaven site. It ranks very high in search engine ratings for lens reviews and is, as a result, easily found by those searching for reviews of Canon SLR lenses. Its owner, a professor who is an amateur gymnastics and astronomical photographer, offers incredibly detailed comparisons of Canon lenses, a valuable resource for any shoppers doing research.

Because these smaller sites are often created without a sustaining economic model, their importance can change over time as the enthusiasm of their owner waxes and wanes. The smart marketer might consider ways of supporting sites that provide highly credible information. But they must be careful to do so in ways that don't compromise the integrity of the webmaven site. Perhaps the simplest approach is to provide improved information and better product access to key mavens.

Endnotes:

[1] Gladwell, Malcolm, *The Tipping Point*, Back Bay Books, 2002

[2] Ozzie, Ray, The Internet Services Disruption, referenced in Lohr, Steve, : "Can this man save Microsoft?" NY Times, December 12, 2005

[3] Deloitte Research, The Trillion Dollar Challenge: Principles for Profitable Convergence, 2005, www.deloitte.com

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[5] Mossberg, W. and Boehrt, K., Getting Sales Advice From Your Cellphone) Wall Street Journal, 12/14/15

[6] Zuboff, Shoshana, *In the Age of the Smart Machine*, Basic Books, 1988

[7] www.emarketer.com

[8] Prahalad, C.K. and Ramaswamy, Venkat, *The Future of Competition*, Harvard Business School Press, 2004

[9] Mathews, Ryan and Wacker, Watts, The *Deviant's Advantage: How to Use Fringe Ideas to Create Mass Markets*, Crown Business, 2002

Note: "Zagat Survey" is a registered trademark of Zagat Survey, LLC. Its use does not imply an endorsement by Deloitte Consulting.

Quotes

"Empowered by the Internet, a new player has emerged to influence the buying behavior of customers – the webmaven."

"Negative feedback from just one or two influential webmavens can influence a brand's reputation, sometimes with the same dire effect as poor reviews in traditional media such as *Consumer Reports.*"

"We urge corporate strategists and marketers to address the increased importance of particularly knowledgeable customers, customer feedback and the capability of a firm to rapidly incorporate feedback into their product management process."

Key words: webmavens, customer feedback, infomediaries, product innovation, co-creating unique value with customers, rating sites, maven marketing, search engines.

Purpose of this paper	A new player has emerged to influence the buying behavior of customers – the webmaven. Marketers and product developers must take in account that webmavens now have a huge potential audience for their reviews of products and services. An active program of tracking, measuring and marketing to these influential infomediaries is likely to reduce the risk of unpleasant surprises. For many firms, marketing to mavens, hobbyist and rating sites may also prove to be a strategic and cost effective means to stimulate innovation and revenue growth.
Design/methodology/approach	Shows how marketing to mavens, hobbyist and rating sites can be implemented.
Findings	The good news for decision makers is that access to comments from webmaven websites can provide product managers with fresh intelligence on the failures and successes that customers are experiencing with their offerings. The bad news is that the negative feedback from just one or two influential webmavens can influence a brand's reputation, sometimes with the same dire effect as poor reviews in traditional media such as *Consumer Reports* or *PC Magazine*.

Research limitations/implications (if applicable)	Journalistic research.
Practical implications (if applicable)	**R&D** – take advantage of Internet customer and user experience to research new innovations and develop new features based upon rapid and early user feedback. **Product defect tracking** – track user complaints, ratings and reviewer critiques about your, competitive and leading edge or deviant product [9] usage to frame future product development. **Market research** – measure share of mind on the Internet, in traditional media, at rating sites, at review sites. **Launch strategies** – increase the number of evaluation samples available for non-traditional web sites and publications. **Maven management** – pay special attention to the heavily involved user and hobbyist sites.
What is original/value of paper	Alerts managers to the power of these new market influencers and provides a how-to guide for marketing to webmavens and other infomediaries on the Internet.