Social Trends Report 2013

Table of Contents

Thriving in the connected economy

Consumers' demands are getting louder, bolder, and more specific. Digitally, they share knowledge and self-organize, seizing more collective power than ever. They have become the innovators, trendsetters, and advocates that companies cannot succeed without.

This is the connected economy, where consumers rule, and the marketplace is defined by four critical trends.

"This is a time of collaboration where people can now participate like never before. They can scrutinize products or services. They can form collective responses to anything, from a product they don't like to a government they don't like."

Don Tapscott
author and consultant

The four P's of marketing are rewritten

The connected economy is boundless, transparent, and democratic. The classic pillars of marketing – price, place, promotion, and product – take on new meanings, and with them come new strategies. *Read more*

Data-literate companies thrive in the face of consumer change

Every consumer action is becoming quantifiable, leaving a massive trail of data containing everything needed to deliver exactly what consumers want. Brands that boil data into these insights the quickest will win. *Read more*

Paid, owned, and earned media drive each other's success

Social lets consumers discuss and share all brand-created content. Smart brands encourage this conversation, and work it back into paid and owned content – a combination of media more powerful than any single medium. *Read more*

Consumers require relationships, not transactions

Brands' dealings with consumers can't begin and end with purchase. Consumers look for brands that share their passions, create conversations, and – most importantly – prove their feedback is valued. *Read more*

The four P's of marketing are rewritten

In the connected economy, says Jez Frampton, CEO of Interbrand, it's no longer B2C – it's now "B and C." Social creates a transparent marketplace where consumers control the message. And digital gives them that power everywhere they shop across a combination of channels, each channel influencing the next. The classic four P's of marketing – price, product, place, and promotion – must be rewritten.

John Battelle discusses how unlimited consumer data changes everything.

Product: Brands defined by touch points, not ownership

A consumer's relationship with a brand used to be defined by product ownership, but no longer. Brands live in every interaction consumers ever have with them, not just with their products. Today's brand must deal in experiences, says John Battelle, author and founder of Federated Media:

"Every single company that exists is an experience creation company … The experience that someone has of your brand is your company. And companies tend to see marketing as a vertical silo, but I think marketing should be everybody's job."

Businesses must make the experiences that surround their brand and products helpful, entertaining, educational, and unique. And those experiences can't be locked in a single brand site. Consumers expect brands to be there for them, regardless of the touch point – whether they're just browsing, or they already own the product.

@Bazaarvoice: **"Every company that exists is an experience company. Marketing should be everybody's job."** @johnbattelle

Samsung has brand reps answer consumer questions on retailer sites under the moniker "Mr. Samsung." Sten Hallock, senior manager, online marketing for Samsung, describes the importance of being present throughout the consumer's journey – from pre- to post-purchase:

"When [shoppers] get to that point where they want to know how a current TV interacts with a Blu-ray player from two years ago, or which apps work on this version of the smart television, that's not something that [retailer reps] are going to know. Especially when it gets even more complex ... When your toddler gets hold of the remote control and gets the settings — through a couple of quick clicks — somehow so confused that you can't get anything to work ... That gives us a chance to bring some value into that process. And really helps us to connect with that consumer, both as a brand and as a partner."

Samsung is also taking this approach in the physical world, opening up brand-staffed boutiques within Best Buy brick-and-mortar locations.

"Brands are the interface between businesses and human beings."

Jez Frampton, CEO, Interbrand

Promotion: From control to conversation

In the past, promotion consisted of brand-created messages, with every brand claiming its products were the best. But today, a brand is what consumers say about it. Federated Media's Battelle asserts that brands must stop "yelling," and start having conversations:

> "Let's talk about how we marketed before the era of conversation economy dawned in the last five years. We yelled. Right? We yelled a lot. We bought interruptive advertising, and we tried to get people's attention. But creating experiences is where we're going in the future … And experiences are the things you have when you're in a conversation."

Consumers can find opinions from real product owners online at any time, and no amount of marketing can cover up this first-person transparency. Instead of merely promoting a message, the most successful brands today get consumers to promote it for them by first delivering great experiences, then encouraging and enabling consumers to talk about them.

One way to unlock that authentic consumer voice is through reviews.

John Battelle explains that great experiences and conversations around them define future marketing.

Invite customers to review products, and let their authentic feedback define your brand. Today's consumers demand these opinions, says Faisal Rangwala, Senior Manager, eCommerce and Interactive Marketing for Johnson & Johnson:

> "Consumers are expecting to find this information on our websites. They're expecting to interact and engage with this information. And if they don't find it, they're going to go other places to look for it."

@AnneRipley: **"It's fascinating that reviews are really the new media, that 3rd party unbiased voice."**

Place: The information consumers need before buying must now be available everywhere

Consumers bounce between what used to be well-defined channels while shopping and buying. They research a product on their PC at home, head to a store to handle it, scan its barcode with their smartphone, and start reading reviews and checking competitors' prices in the aisle. There are no more channels – there is only the omnichannel. Author Don Tapscott sums it up well:

"The physical and digital worlds are now coming together. So it's not about place; it's about any place."

Brands must venture beyond their websites and connect with consumers on social networks, on retailer sites, in the aisles via mobile and store displays – everywhere. Make every piece of information a consumer needs available everywhere they shop, says Neville Letzerich, EVP of product management for Bazaarvoice:

"We sell our products in many channels, yet we keep so much information locked up on our own sites … Aren't we forcing the consumers to adapt to us? To hunt a little too hard for what they might need or want?"

Retailers and brands alike must blend channels to create truly helpful omnichannel experiences. Some of the most innovative are bringing the best of brick-and-mortar stores online by offering Q&A with brand and retailer reps who can answer shopper questions, filling those information gaps that may keep shoppers from buying. They're offering delivery options like ship to store, ship from store, pay online and pick up in-store, and pay in-store for home delivery.

Anu Saha, senior product manager for mobile at Bazaarvoice, suggests arming retail associates with iPads to bring online experiences and knowledge into the store. Associates can pull up product videos and reviews, and email a shopper all of the items they discussed together so he or she can pick up where they left off later, at home.

@ashfoer: **"The power of multichannel social is not what channel gets the sale, but that the customer is happy"**

Price: From product value to brand value

As previously mentioned, a brand is defined by every experience around it, not just by products. Absent alternatives, consumers have traditionally settled for products and brands that don't fully meet their needs. But "good enough" products are no longer good enough, because consumers have more choice than ever before. In the transparency created by consumer usurpation of promotion, only truly valuable brands (as defined by consumers) can charge a premium. Author Tapscott explains:

"The idea around transparency is that companies, governments, organizations are becoming naked. People can now find out what's going on. They can rate things. They can scrutinize companies. And if you're going to be naked, you'd better be buff! Meaning, you need to have good value. Value is evidenced like never before. If you say you have the best product or service, you'd better have the best product or service, because people can find out. They can rate you. They can tell others. They can organize collective responses."
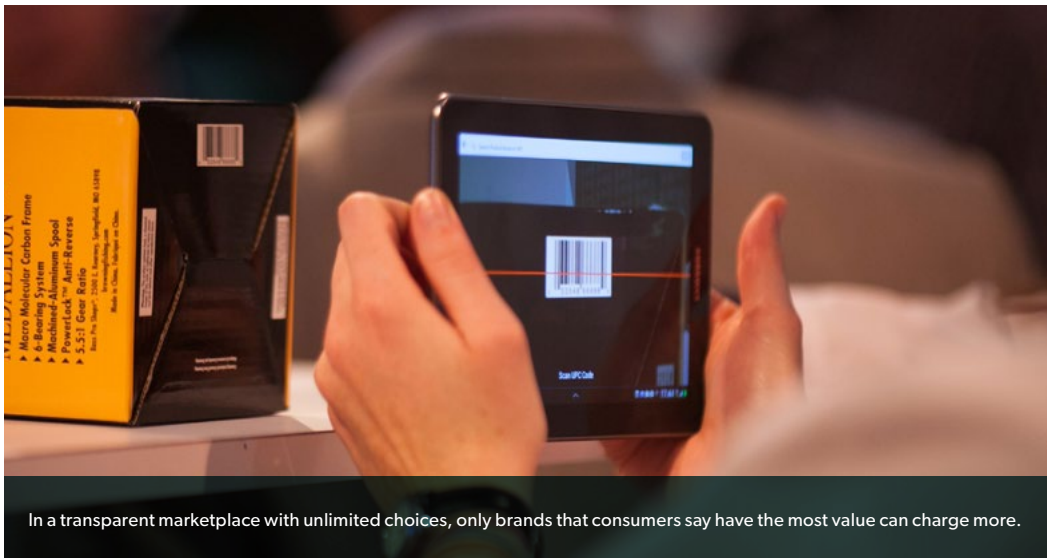
In a transparent marketplace with unlimited choices, only brands that consumers say have the most value can charge more.

@txTDM: **"If you're gonna be naked, you need to be buff! Meaning, [Brands] must have real value in a transparent world."** @dtapscott

Data-literate companies thrive in the face of consumer change

The connected economy gives consumers the power to self-organize at a massive scale, and a self-organized world can create change in an instant. They can tell businesses, governments, and organizations what they want, and they can come together, digitally, to make it happen. Tapscott explains:

"This economic change is not cyclical like the past, but rather secular, or a true sea change. Humanity is building a machine (the social web), and it enables us all to collaborate, to judge things, to co-innovate, to co-create. What used to take place over millennia can now happen on a single day."

In short: Consumers are changing the world more quickly than businesses can keep up. The only way to keep pace with consumers is to learn from their data, anticipate trends, and act on insights more quickly than the competition.

Data draws the maps, brands must learn to navigate

Every connected person on Earth is generating an ocean of data. Everything people do is becoming quantifiable and trackable through connected devices – where they go, what they eat, whom they know, what they buy, what they like, what they don't – everything. And slowly but surely, every single device on Earth is connecting to this data ocean, too. Not just phones and tablets; think Internet-connected cars, refrigerators, watches, shoes, everything.

"We are becoming data. So we have to become good at it."

John Battelle, CEO, Federated Media

This ever-increasing scale underlines a pressing need for every brand – data literacy. A brand's future rests on its ability to distill that data to constantly improve every aspect of the consumer experience and increase efficiency. Battelle underscores this imperative:

> *"You can't hide from your customers' data. Get in front of it. When everything is lit by data, we need to understand how to converse with that data if we're going to do our jobs as marketers. Having a conversation with our customers' data will become all of our jobs."*

The only way to try to keep pace with the shifting marketplace is to observe and listen to customers, spread the lessons through every department, and act on the trends revealed – as quickly as possible.

Consumers will soon demand a return on their data

Consumers are realizing the value of their data. Their willingness to share that data (and what they expect in return) will define future brand-consumer relationships. The brands that get consumers to hand over data will be the brands that give them something valuable in return, like personalized experiences. Lisa Pearson, CMO for Bazaarvoice, explains:

> *"People are waking up to the power of their personal data. They're not going to be content to let businesses profit on their data without something in return — and that seems fair. The new ROI is really going to become ROD: People are going to demand a return on their data."*

Brands must use consumers' data to transparently deliver highly relevant, helpful experiences. In return, consumers will choose to share with the brands that use their data to make their lives easier, better.
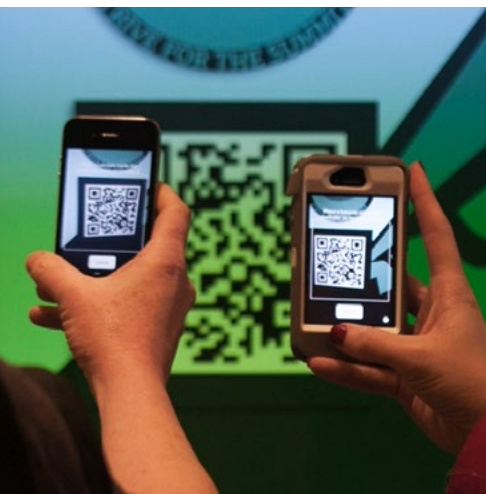
Today's personalization tactics are laying the groundwork for the seamless personalization we will see in the next five years. Data literate companies will tie together seemingly unrelated data on purchases, sentiment, social networks, demographics, interests, and more into a holistic "data self" that predicts our preferences – perhaps even better than we can, says Pearson:

"Five years from now, you're never going to get a present you don't want. My husband will pull up an app that pulls together all of my favorite things from all of my favorite stores into one, awesome, just-for-me capsule. But it's even better than that: The app knows things I'll like that I don't even know I'll like. Because it can recommend clothing for me based on songs I like, and restaurants I've been to, and films I love."

Lisa Pearson imagines a future where our data predicts products we'll love – before we know we want them.

@StephanieA7: "**How much of your behaviour data are you willing to give to corporations to have a quick, easy & personal shopping experience?**"

Data crowdsources R&D for faster, more efficient innovation

Don Tapscott shared a story of a friend who owned a gold mine. Despite all the geodata on his mine, geologists couldn't locate any gold. His friend took a radical approach: He publically released the data online and crowdsourced the geology in a contest – find the gold and win $500,000. Seventy-seven submissions found $3.5 billion dollars in gold.

Stephen Collins says trends in customer feedback drive smarter decisions across the entire business.

Open customer conversations are a mine of product insights – and the data-literate brands that aggregate and distill feedback will effectively crowdsource their R&D, marketing, and more, says Stephen Collins, CEO for Bazaarvoice:

> *"Reviews are the voice of the marketplace. An individual review is certainly important, but the aggregation of millions and millions of reviews, over a period of time, can truly represent a very detailed and specific reflection of how consumers think about products and the brands that they're loyal to."*

Invite customers to review products and brand experiences, then analyze this data for trends. What's the one feature or improvement four-star reviewers say would make a product five-star? No more guessing: Insights straight from product owners tell your teams exactly what to build in their next iteration.

Tim Lakin, Ecommerce Merchandising Manager for Skechers, relays a common customer complaint found in reviews for the shoe manufacturer's line of light-up children's sneakers: Parents lamented that schools wouldn't allow their kids to wear the shoes, calling them a distraction. New editions of the sneakers now include an on/off button, so kids can turn them off while at school.

Paid, owned, and earned media drive each other's success

But in the connected economy, no content exists in isolation. Viewers discuss TV ads (paid media) on Twitter. People share branded YouTube videos (owned media) on Facebook. Print ads tout star ratings and snippets of reviews (earned media) right alongside professional ad copy. Rebecca Leib, Digital Advertising & Media Analyst for The Altimeter Group, sums up this media convergence:

"Paid, owned, and earned media are flowing together into just 'media.'"

Successful campaigns unify media

Social lets people celebrate great branded content – and condemn the disappointments. This earned media democratizes ad spending for brands who measure and learn from it, says Lieb:

"It starts with content strategy, not with paid media. Campaigns used to start with advertising; now content is the test bed from which you get around and restructure. You know [from earned media] what's resonating with consumers, and you put what works in the paid media because that's the most expensive. You keep analyzing it, and you lather, rinse, repeat. This cycle doesn't end."

The best campaigns go further, building owned, earned, and paid media into each other. Lieb shares a campaign by Nike to illustrate. A Nike billboard in Times Square (paid) encouraged people to visit a mobile site (owned). On the site, visitors could design their own Nike shoe (earned) and share it on the billboard itself. Seeing their own design displayed in this massive and public space created an instant photo op – which they further amplified by sharing pictures of themselves with the billboard on their social networks.

for Purina, says letting fans write reviews without leaving Facebook attracts even better content:

"It's nice because the reviews people are writing on your own properties tend to be a little higher [rated] — because they're on your properties, they're already fans of your brand — than what you would get at retail. So we think that there are some benefits to that."

Bazaarvoice's Pearson looks even further ahead to a future where, she says, earned media will become integrated will all other media – even with media we don't yet have:

"We are conditioned to rely on the opinions of other people to help us make informed decisions. What's going to change are the places where all these opinions are. They're going to be diverse, and dispersed, and scattered, and they're going to be in things that we're not currently anticipating. So people are going to want to be able to access real authentic opinions inside their Google Glass. And on their car windshield. And in the mirror of a fitting room. And on the side of a bag of Fritos. And overlaid on top of a commercial, giving them the real skinny on the products being marketed to them."

Fancy Feast cat food likewise features earned media in their paid and owned content by using consumer-written feedback in multi-page paid magazine ads, and even creating shelf tags to display star ratings next to their products in retail aisles. The brand also uses its owned Facebook page to encourage earned media by dedicating an entire tab to reviews. Laura Lee, Social Media & Mobile Marketing Brand Manager

Television (and TV advertising) has become irreversibly social

The merging of TV and social is a perfect illustration of media's convergence. Deb Roy, co-founder and chairman of Bluefin Labs, likens the convergence of social – most notably Twitter – and TV to the disruptive equivalent of "talkies" and soundtracks, which led to the death of silent films. Just as those iconic tuba tones affect the emotions you feel while watching *Jaws*, our perception of TV is now influenced just as strongly, says Roy, by what he calls the "social soundtrack":

"It's changing how people decide what to watch, so it's actually affecting tune-in behavior. And perhaps more powerfully, and more subtly, it's affecting how we interpret what we're watching. What arguments are candidates making? What was the biggest play of that game we just watched? Was that ad I just saw slightly racist? Was that product cool, should I try it? All of those interpretive elements are being affected by the social soundtrack..."

"[Twitter] creates a kind of virtual living room of people who are physically apart, but because of the social soundtrack, are now able to watch together."

Deb Roy, co-founder and chairman, Bluefin Labs

In the second quarter of 2012, viewers made 255 million social comments about live TV in the US alone, says Roy. This social chatter changes what we watch and what we think about it, and that applies to commercials and brand placement as much as programming. That means successful TV advertising won't be defined by the number of eyeballs reached – it will be defined by the conversations around it, and by who's having them, says Roy:

> *"[Viewers] aren't just quietly absorbing impressions. They're turning around and expressing themselves through social networks. Measuring and analyzing those expressions: What if that replaces, or combines with, the counting of impressions to change the whole flow of decision making — and, therefore, of [ad] dollars? That would literally reshape the industry."*

Roughly 10% of the 35 million tweets about Super Bowl XLVII were about the commercials, generating 14.8 billion potential social impressions. The most tweeted-about ad was Dodge's "Farmer" ad, with 352,000 tweets generating 100 million potential impressions. Bluefin found that the Dodge ad resonated most with Twitter users who are country music lovers, politically engaged viewers, sports fans, and/or retirees. With this knowledge, Dodge can better target their ad buys to programs that appeal to the same audience.

Roy explains how this analysis can reach far beyond a single airing of a single ad:

> *"Imagine doing the analysis we just stepped through for the same creative every time it airs, anywhere on television … Imagine doing an analysis within a certain programming and viewing context, on every ad that's ever run. As you do this kind of analysis not for one ad or one program, but you do it at scale, you can start getting systematic insights into how commercials, marketing efforts, programs, and audience response all bind together."*

# Consumers require relationships, not transactions

Consumers today look for businesses that treat them as more than markets. They look for brands that reflect their personalities and value their input. They're willing to explore new ways to work with businesses beyond the transactional relationship – and smart businesses stand to benefit.

Millennials are the blueprint for near-future consumers

Millennials (also known as Generation Y) bring a new set of demands to the marketplace. Their preferences affect how they shop – and brands must adapt. Says author Tapscott:

> *"There's no more powerful force to change every institution than the first generation of digital natives... They're the first ever global generation, and they're a generation of actors, initiators, participants, collaborators."*

Much of what Millennials look for in shopping has already been addressed in this piece. They're technology dependent and hypersocial, requiring brands to create robust omnichannel experiences filled with consumer-created content. Before ever entering a store, 62% of Millennial shoppers
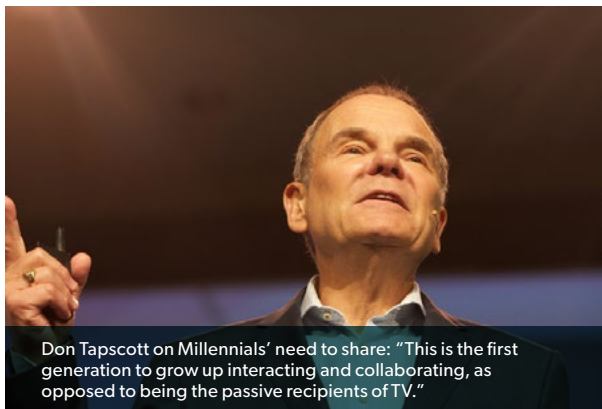
Don Tapscott on Millennials' need to share: "This is the first generation to grow up interacting and collaborating, as opposed to being the passive recipients of TV."

already know what they want to buy through prior online research, says Tapscott. Eighty-four percent of them say consumer-written content on brand sites influences what they buy.[1]

This dovetails with the most important Millennial characteristic: They're accustomed to speaking their minds. They do so often. They expect brands that listen and respond. And they want to form relationships with brands that do.

Older generations are already adopting many of their preferences, and future generations will build upon this new way of buying. Businesses that adapt to Millennials' brand relationship needs now will build a loyalty loop for current and future shoppers that keep them engaged beyond a transaction, forming lasting relationships.

Create enduring obsession by connecting to fan passions

Millennial and non-Millennial consumers alike want to express themselves and receive social validation. By providing a place for consumers to do just that, brands can build association with passion points and grow loyal. Measurement tools manufacturer Fluke hosts a community on its brand site where contractors and do-it-yourselfers can ask questions and share knowledge around projects. Marie Langhout-Franklin, Strategist, Social Media for Fluke, sees the benefit daily:

"We recognize the opportunity to let the user talk to the user. They're the experts, they're the ones who use our tools every day ... A lot of our marketing activity is driven around that really strong advocacy."

Recognize specific moments of excitement when consumers are most willing to join such a community. Ryan Brockington, Executive Director of UX and Product Design for Clinique, says the brand times its invitations for reviews with specific points in a customer's product lifecyle. For example, Clinique knows that four weeks into her purchase of a dark spot remover, a customer should start to notice her blemishes fading – and that's when Clinique invites her to share:

"Those very, very specific moments are the moments when she will react, and she will share a story. And she will then go online and start to search for other stories. And that's our next challenge, is to really connect her with stories of women who are telling a very similar story."
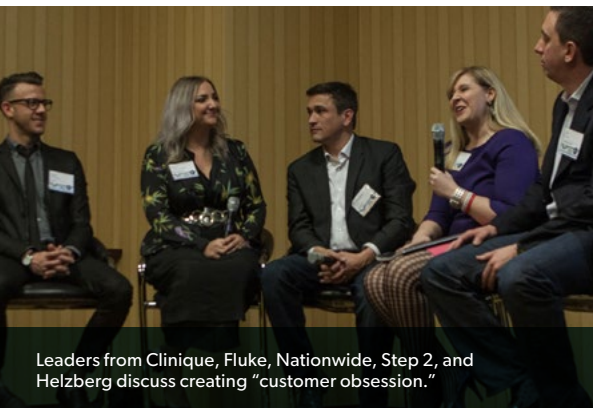
Leaders from Clinique, Fluke, Nationwide, Step 2, and Helzberg discuss creating "customer obsession."

Consumers demand brands that listen and respond

To keep consumer relationships strong, it's no longer enough to listen passively on social networks. Brands must demonstrate that they're listening, and not just with friendly tweets from employees with no decision-making power.

One way to show responsiveness is to make changes based on trends in feedback data, as previously discussed. When these changes are made, let consumers know – they'll appreciate being heard, and will feel compelled to contribute more. Another way to illustrate responsiveness, though, is simply to respond to their questions and feedback, especially when that feedback is negative. Brands shouldn't fear this poor feedback, they should warmly embrace it, says author Tapscott:

"Open yourself up, baby! Sunlight is a great disinfectant! You're going to learn from all that rating that's going on about how to be a better company."

And by responding, brands can not only resolve whatever issue the consumer faces, but can turn their negative experience into a delightful one that brings them back, says Patrick Duncan, SVP eCommerce for Helzberg Diamonds:

"At the end of the day, we have one rule: Make the customer happy. Take care of the problem. And I think when you're that open and honest and transparent about trying to resolve an issue, you immediately turn a customer into an advocate."

If a brand has taken the time to build a community of advocates, a branded response may not always be necessary. Those advocates may craft that response for you, adds Tena Crock, Online Marketing Director for toy manufacturer Step2:

"If we're getting a negative critique, we're not having to go out there and defend ourselves. Our customers are actually coming to our rescue for us."

@emilykok: **"Addressing reviews are more about brand engagement than questions. It shows that the brand cares about the end experience"**

Connected is better (for all)

A transparent, fully-connected world that seamlessly spans channels, shares freely, learns from data, syncs marketing and consumer desires in harmony, and connects brands and people in lasting relationships: Too good to be true? The speakers at Bazaarvoice Summit 2013 don't appear to think so – and the trends they share hint that it's more than possible.

Don Tapscott summed up the shared ideas well:

"*Imagine for a second if we could connect ourselves on this planet ... Companies with customers, employees with each other, people and communities. Connect ourselves with a vast network of glass and air and new functionality, a network that enables us to connect and to communicate and to share information differently. Could we go beyond simply exchanging information? Could we start to create some kind of collective intelligence? Perhaps even some kind of consciousness that extends beyond an individual, or an organization, or a community? If we could do that, we could do some great things.*"

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Sources:

1. Bazaarvoice. "Talking to Strangers: Millennials Trust People over Brands." January 2013. http://resources. bazaarvoice.com/rs/bazaarvoice/images/201202_Millennials_whitepaper.pdf

Bazaarvoice is the world's largest shopper network connecting people, products, brands, and retailers at each stage of the buying journey. For more than 2,000 clients globally, Bazaarvoice helps channel authentic, consumer-generated branded content into all the places that influence purchase decisions, giving our clients business insights so they can offer consumers more of what they want. Many of the world's largest retailers rely on Bazaarvoice to drive more traffic and conversion on their ecommerce sites, and the Bazaarvoice Shopper Network helps brands participate directly in the retail channel to influence consumers at the point of purchase. Headquartered in Austin, Texas, Bazaarvoice has offices in Amsterdam, London, Munich, New York, Paris, San Francisco, Stockholm, and Sydney. For more information, visit **www.bazaarvoice.com**, read the blog at **www.bazaarvoice.com/blog**, and follow on Twitter at **www.twitter.com/bazaarvoice**.