Keynote 1: The Connected Network

The opening keynote explored the changing nature of digital marketing. **Neil Perkin** began by considering how arts marketers can apply social and emerging media ideas, channels and content to achieve a range of marketing objectives.

To illustrate Neil's thinking **Susan Halligan** then provided a case study from her experience as New York Public Library's Marketing Director showing how the library used its content and assets to drive user engagement.

Neil Perkin, Only Dead Fish

Neil is a renowned blogger, writer and the founder of Only Dead Fish (http://neilperkin.typepad.com/only_dead_fish/) which specialises in applying social and emerging media technologies to help businesses innovate and optimise their effectiveness within the new, networked communications environment. Neil is a columnist for *New Media Age* and writes regularly for BrandRepublic, FutureLab, *Marketing Week*, The Marketing Society, Mediatel and Canvas8 among others.

He was latterly the Director of Marketing, Strategy and Digital for IPC Media, the publisher of multimedia brands such as *Wallpaper*, *Marie Claire* and the *NME*. Neil curates the quarterly series of *Firestarters* thought leadership events on behalf of Google UK, and has worked with market-leading global businesses including Warner Bros, the RSA Group, HBOS, YouTube, Marks And Spencer and the NSPCC, and is an associate of The Futures Agency, a collaboration of some of the world's leading media thinkers and futurists. For people who like shiny things, he has won more industry awards than just about anyone in UK media, with five awards to his name including a Campaign Award, two Media Week Awards and an Association of Online Publishers award.

In this keynote Neil set the ball rolling by looking at the way that marketing is being turned on its head, showing how social, local and mobile marketing is now essential to success in reaching and engaging audiences.

Agile marketing

There is a 'perfect storm' happening at the moment. The latest IBM Global CEO Study (www-935.ibm.com/services/uk/gbs/html/ceostudy) showed that organisations not only felt bombarded by change, but many are struggling to keep up. 8 out of 10 CEO's saw significant change ahead and yet the gap between the expected level of change and the ability to manage it had almost tripled since the previous study in 2006. Accelerated change is something we can all recognise, driven not just by the digitalisation of communications but also products and services.

Dis-intermediation is a commonly used word now. Digital is good at enabling people to go direct to others, changing the 'middle-man' and moving away from a linear communication model characterised by interruption and frequency towards a new place.

This big shift was exemplified at the Cannes Lions Festival this year which was characterised by advertising based on *experience* rather than *message*. Mel Exon, BBH said *'2011's Cannes Lions Festival may be looked back upon as the year advertising and technology agreed to meet and get married on the beach.'*

Previously, companies came along and bought attention, whereas now this attention needs to be earned. Scale is not so important now and big isn't necessarily better. We need to create content that people elect to spend time with; small things work better, like customisation, personalisation and one to one communication. The companies that do digital well recognise this.

The role of the value equation is changing. It used to be nice and simple – we used to produce content and in return we'd get attention in return. Now we have complicated things like tools and services and applications and in return we have the audience's participation, interaction and the content they produce. It's much more complex. As Clay Shirky mentions in *Here Comes Everybody*, '*Media is less and less often about crafting a single message to be consumed by individuals, and more and more often a way of creating an environment for convening and supporting groups'*.

Similarly, Mark Zuckerburg, CEO of Facebook, has commented: *'The other guys think the purpose of communication is to get **information**. We think the purpose of information is to foster **communication.**'*

The Data Explosion

There are three key factors within this data explosion:

1. Speed (real-time data)
2. Unprecedented scale built on unprecedented processing power
3. New data (uploaded from sensors and objects - the internet of things)

This comment from Eric Schmidt (Google) is rather scary: '*Between the dawn of civilisation and 2003, five exabytes of information were created. In the last two days, five exabytes of information have been created, and that rate is accelerating'*.

How can companies make sense of this? It's so easy and quick to create content now that cultural latency – the amount of time that things become a cultural norm – is so fast it's a real challenge to keep up.
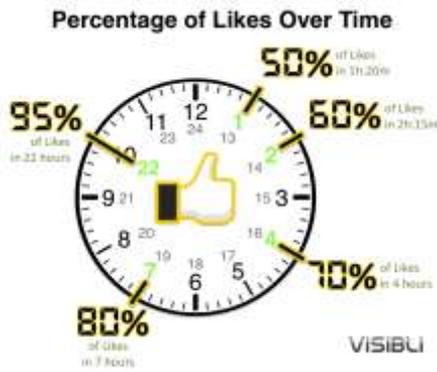
So, within social networks, 95% of likes in Facebook happen within 22 hours or on Twitter of the 6% of Tweets that are retweeted 92% happen within an hour. It's much less about destination and static content and more about dynamic content and streams. Many services are interconnected by using APIs, so a blog post can easily be streamed out into six different places for example. It's a real subversion of the way that business models work.

Adam Mansbach was frustrated at not being able to get his two year old daughter to go to sleep so he let off steam by putting out a status update on Facebook – look out for my forthcoming book *Get the f**k to sleep*. His friends liked the idea so much that they told him he should write the book and so he did. He wrote a fake children's book along these lines which was so popular it was pirated and reached number 1 on the Amazon bestsellers' list.

Agile marketing

These are my seven key principles for this new world. The background to this is that there were a group of software developers who, ten years ago, were frustrated at the amount of time it was taking to get their software produced and into the market place. As a result, they produced an *Agile Manifesto* which argued for **agile development** which has revolutionised the way that tech teams work. The principles included

Individuals and interactions over processes and tools

Working outputs over comprehensive inputs

Collaboration over contracts and hierarchy

Responding to change over following a plan

If we apply this to marketing

1. Ideas from anywhere: chance favours the connected mind

Steven Johnson, author of *Where Good Ideas Come From* argues against what he saw as the 'Eureka myth' – the lone creative genius coming up with sparks of imagination. Instead, ideas take a long time to mature, sometimes lying dormant (in the form of partial hunches or half ideas) for years. It is the collision of these half ideas that enables breakthroughs to happen. Rather than being a single thing, ideas are networks, or new configurations.

The great driver of innovation has been the historic increase in connectivity between us that creates infinite possibilities for ideas to be swapped. Agile

enterprises that understand this create and enable spaces (physical and virtual) where ideas can mingle (in the way that coffee houses did in *The Enlightenment*).

The resulting concept is *porous enterprise* - chance favours the connected mind. Connected employees bring new thinking into the organisation. It allows for innovation at the edges – bringing in non-core thinking. Relationships are therefore seen as valuable assets. There is a flow of ideas into and within organisations and companies are less reliant on 'stocks' of knowledge, and are more connected to 'flows' of knowledge.

The McKinsey consultancy (as outlined in a recent McKinsey Quarterly) believes that a new type of company, the networked enterprise is emerging, one that uses collaborative Web 2.0 technologies to connect the internal efforts of employees and to extend the organisation's reach to customers, partners, and suppliers. These sorts of enterprises are much more likely to be market leaders, to be gaining market share or to have high margins.

So for our organisations – this means *no silos.* If we think about the creative organisation, there is a need to make sure that creativity happens throughout the organisation not confined to a single department or with certain job titles.

The two extremes of this are in creative culture and technological driven culture. In marketing we see this as the 'art' and the 'science'.

A great example of the creative side of this is the animation studio, Pixar. They believe that the creative process involves a large number of people, often from different disciplines, marshalled around a vision and working as a team.

Ed Catmull, President of Pixar talks about: *'The notion of ideas as this singular thing is a fundamental flaw. There are so many ideas that what you need is that group behaving creatively. And the person with the vision I think is unique, there are very few people who have that vision..but if they are not drawing the best out of people then they will fail.'*

Taking this to the other extreme, engineering-driven organisations like Amazon, Google and Facebook have interesting ways of working which encourages engineers to experiment and innovate. At Facebook, resourcing for projects is voluntary; project leaders pitch to developers to generate interest and engineers decide which projects sound interesting and that they would like to work on.

Agile Development is often centred on the belief that the best results come from self-organising, small, nimble teams. So, what would this mean in communications? CO is an advertising agency (www.cocollective.com) in New York and they've started a brand studio in which they bring together specialists from up to 40 different other companies and people. They pull together a team and then as soon as the project is over the team disperses.

2. <u>Users at the centre</u>

Jeff Bezos of Amazon says there are two ways of getting bigger as a company: either to get better at what you do or to start with the customer and to work back from there. This is what Amazon has done and this is what brought them to develop the Kindle; a publisher moving into hardware development. They identified a customer need and then found a way of meeting that need.

It's also important not to get too attached to our particular solution but to focus on the problem as it changes. Therefore, Dan Greenberg of Sharethrough said: *'Marry the problem, not the solution.'* It's about identifying the real problem.

3. <u>Not a single solution but lots of choices</u>

A.G. Laffley's book 'The Game Changer' prioritises 'abductive thinking' rather than conventional ways of solving problems through inductive thinking (based on directly observable facts) or deductive reasoning (based on logic and analysis – usually based on past experience). Abductive thinking imagines what could be

possible. It helps to challenge assumed constraints and add to ideas, versus discouraging them. This means that instead of generating one solution to one problem, it is about divergent thinking as well as convergent thinking, creating as many choices and options as possible as this diagram by Tom Hulme shows (http://vimeo.com/14138667).
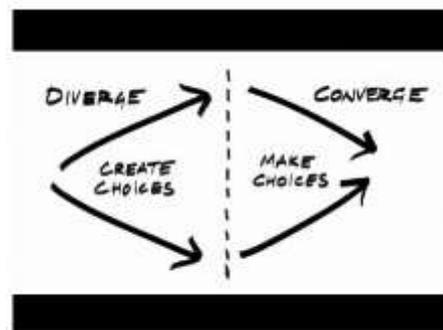

4. <u>Test and Learn</u>

This idea is fundamental to agile development. It's a really interesting opportunity and many digital companies base their business model around this. This is the traditional 'waterfall' approach (www.slideshare.net/razorfishmarketing).
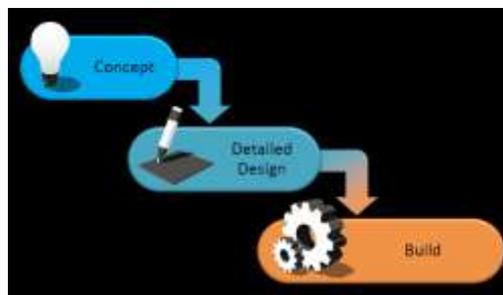
You come up with your concept, then you spend a long time in developing your design, you build it and then you ship it. By the time this has happened it may no longer be relevant because the world and customer needs are changing so rapidly. Compare this to agile processes which are based on a continuous process of Design it, Build it, Test it, Ship it.

This means focusing initially on the 80% of your core functionality and then putting it out there for your users to try – what's called 'being in Beta'. Google does this through Google Labs. The learning is then fed into the next iteration. Then you design – build – ship, each time the product becoming stronger and better and closer to customer need.
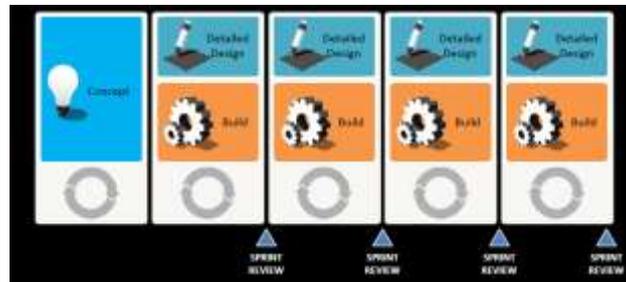
One of the organisations that works in this way is Netflix, a very popular business that streams film (like Love Film) with 23 million subscribers. They try out ideas on a small number of users and if it works, they scale it and if not they'll ditch it.

Zynga, which makes huge revenue through games like Farmville and Cityville on Facebook, uses hundreds of concurrent tests with small groups of users. So their games don't have to be perfect before they put them out.

This approach does not have to be confined to digital or large companies. Eric Ries, in 'The Lean Start Up', says: *'My own definition of a start-up is an institution asked to create something new under conditions of high uncertainty…This has nothing to do with company size.'* He argues that every company, regardless of size needs to act like a start-up. It is not just about innovation, but continuous innovation, combining open-source software, agile development methodologies and ferocious, customer-centric, rapid iteration.

5. 'Always on' marketing

There is a gradual shift away from bursts of activity. We've become good at speed bump marketing campaigns. However, digital lends itself very well to a different approach – a longer term approach – crm, community – always on – they never stop. Gareth Kay (http://garethkay.typepad.com) believes in 'thinking small': *'ideas as unfolding stories, a stream of iterations and interactions that invite people into the process'.* Perfection is the enemy.

One way of thinking about this is as *fireworks and bonfires* (John Willshire, Smithery) – they can work together. The bonfire works long term, gathering people around the warmth with people putting wood on the fire, with the fireworks – promotion, incentive, product launch - giving occasional excitement and drawing people from further afield who then stand round the bonfire.

A great example of this is the *Old Spice* campaign – one of the most successful ever. They created an initial film and, based on the feedback received through social media, created 200 videos with this guy (right) in two days. Everyone was looking at it.

Volkswagen for its VW Fox product had a music festival they were sponsoring. They hid tickets for the festival in the city in Sao Paulo and gave little clues about where they were. By using Twitter it was possible to make the map close in on where the tickets were and then it became a race to go and find them.

[Neil Perkin played a video about this]

So agile marketing disrupts the idea of conventional campaigning.

Converse's 'domaination' campaign used Google Insights to identify keywords their audience were searching for but that no brands were buying. They created little pieces of content in a continuous series of microsites, connecting with the audience in playful, informal ways. It is a campaign that never ends.

Greenpeace has been using crowd-sourcing to finance their new ship, the Rainbow Warrior, but they've done it in such a way that people can buy part of the ship and see its construction grow.


Fiat did something similar in Brazil, opening the process up so that people could talk to the designers and influence the design as it went.

Ford is expert at this. Six months before the Explorer was launched, they built a community interested in SUVs on Facebook releasing little bits of information about the car as it went. The car was launched online – on Facebook - not in a real life auto show. The community talked about it and searches for Explorer more than doubled.

In the USA, Local Motors is an open-source, distributed car company. The community of 3,600 contributors submitted 44,000 designs with the car then being built and sold through a network of local centres. The development cycle was five times faster than traditional car manufacturers and it is also a process which is much less capital intensive.

6. Smart collection and reapplication of data

There are lots of challenges but also lots of opportunity here. The silos need to be broken down, not just between departments but between systems and open this data up. This diagram, from the web directory, shows the growth in APIs; people opening up their systems to allow people to come and use the data.

Total APIs over time
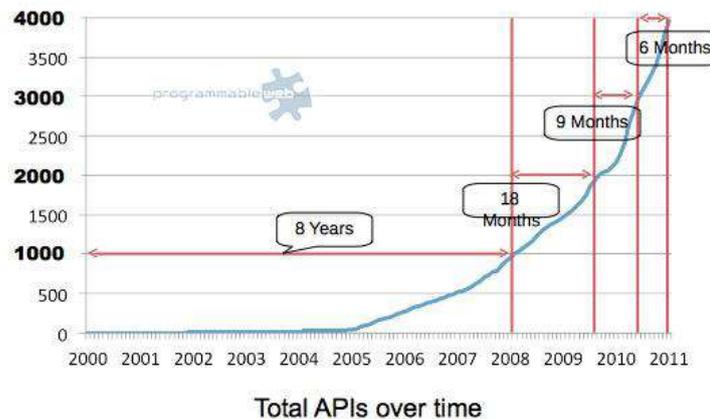
The Guardian is doing this now, opening up their archives for others to use. The result is increased momentum of development because it's not just based on the resources inside your own organisation.

Scrobbling, which Last FM is a master of, uses the data from purchases to build up a profile of the users' tastes. This can then be used on profiles or shared through widgets to power content recommendation. This is seeping into other areas such as 'Zite' magazine which uses the articles you've clicked, the time you've spent reading certain stories, the onward clicks to give you more of the sort of things you like and less of what you don't.

The non-cash assets that you have are worth thinking about. So Citi Group has used the information collected on its credit cards to make connections powering recommendation engines; the simple use of data.

Taking this through to *content curation*, we now have a range of new platforms which combine the content and information professionally created as well as popular material from your friends and followers to bring them together in one place. Flipboard is a good example of this.

Google are especially good at making sense out of data and they produce some free tools such as Google Insights for Search. Most industry data has a lag to it but this tells you what's happening right now. The Bank of England uses it to assess current trends in order to make a judgement about fiscal policy.

Other forms of data such as social data can be analysed using social media monitoring tools which can be used to produce a 'sentiment analysis' of a film for

example, so that sites such as Mombo can recommend various films. This is based on the opinion of thousands of people not one critic.

Mobile is another data rich environment. Some brands are combining mobile with social and gaming information. Heineken designed a game that syncs automatically with the TV, so that people could predict what would happen in a Champions League game playing along with their friends.

Google has a prediction API. Ford is using it to put it in its cars predicting where and how you normally drive, so that the car can then be optimised for the journey.

Hewlett Packard studied 3 million tweets about 25 movies last year. Taking account of the rate at which messages were posted about the film it could predict the box office takings before the film opened. Sentiment analysis on the content of messages could similarly foresee the ongoing degree of success or failure; both with a high degree of accuracy.

Similarly, Indiana University Bloomington studied 9.8 million tweets from 2.7 million tweeters. They found that measuring the mood of the 'twitterverse' on a given day can foretell the direction of changes to the Dow Jones Industrial Average three days later with an accuracy of 86 %.

7. Free your mind (and your budget)

It's all very well talking about agile but unless you free up your budget and resources it's going to be difficult to achieve. McKinsey recommends that brands spend 80% of their budget on banker strategies and tactics and 20% on learning through well structured tests.

This is a sensible way into being more agile as a business and as marketers.