

HOW DOES WEB 2.0 INFLUENCE MARKETING

Pedro Montalvão Henriques

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Supervisor:  
Prof. Jonathan Gavin Eccles, ISCTE Business School

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**Pedro Montalvão Henriques**

*“The internet is the world’s best platform for connecting people.”*

**TIM ARMSTRONG, President, advertising and commerce, Google.**

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## **1. SUMMARY**

Currently people have been developing ways to “block” attempts of contact by companies, in order to market their products and services. In the recent decades many techniques have been refined and used to exhaustion, such as call centers, direct sales, promotions and events, among others.

All off these attempts to approach the client have resulted in the saturation of the traditional marketing techniques, even existing controversial laws such as “Do Not Call” for telemarketing, anti-spam, web and satellite radio and TiVO in the United States of America; it basically records and removes TV ads from the persons favorite programs.

It is then necessary to find new ways of approaching the client, who is also becoming more selective and increasingly concerned with effective management of his time.

The exponential development of information technologies has given rise to innovative channels of communication between businesses and customers, and a recent phenomenon that is the case of Web 2.0, which is revolutionizing the dynamic world of business and social relationships.

The purpose of the thesis is to explain the concept of Web 2.0, and explain how it is an effective way to communicate with customers, especially in companies that do not have a large advertisement budget.

In order to better understand the use of Web 2.0 and its tools, it will be elaborated a case study based on a small and emerging company that portrays this situation, and how it took advantage of Web 2.0 tools to better understand the consumers needs and how should it operate in its own market.

Key Words: Business value, technology, lifestyle, networking.

M31 and M32 Classification

## **SUMÁRIO**

Actualmente as pessoas têm vindo a desenvolver maneiras de bloquear as tentativas de contacto por parte das empresas, na tentativa de comercializar seus produtos e serviços. Nas ultimas décadas muitas técnicas foram criadas, aperfeiçoadas e utilizadas até à exaustão, como é o caso de: Call centers, vendas directas, promoções e eventos, entre outros.

Todas estas tentativas de aproximação do cliente resultou na saturação das técnicas tradicionais de marketing, tendo mesmo sido criadas controversas leis como o “Do Not Call” para telemarketing, anti-spam, rádio por satélite e Internet, livres de publicidade, e o TiVo nos Estados Unidos da América que grava e remove os anúncios de TV das pessoas programas favoritos.

Dada a actual situação é necessário encontrar novas formas de abordar o cliente, que também está se tornando mais selectivo em como despense a sua atenção, e cada vez mais preocupados com a gestão eficaz do seu tempo.

O desenvolvimento exponencial das tecnologias da informação deu origem a canais inovadores de comunicação entre empresas e clientes, e um fenómeno recente, que é o caso da Web 2.0, que está a revolucionar de forma dinâmica o mundo de negócios e as relações sociais.

O objectivo deste estudo é de explicar o conceito de Web 2.0, e como pode ser uma forma eficaz das empresas comunicarem com os clientes, principalmente com um baixo orçamento para marketing.

A fim de melhor compreender o uso da Web 2.0 e suas ferramentas, será elaborado um estudo de caso baseado empresa que retrata esta mesma situação e como utilizou a Web 2.0 para entender melhor as necessidades dos consumidores e como deve operar no mercado.

Palavras-chave: valor de negócios, tecnologia, estilo de vida, trabalho em rede.

Classificação M31 e M32

## **1.1 STUDY RATIONALE**

Traditional marketing revolves around the four P's of marketing: product, price, promotion, point of sale, which identifies the target, the characteristics of the product or service that needed to fulfill the wishes and needs of consumers, the price to be practiced, and the method of promotion and distribution, have reached a saturation point and should be adapted to a new reality.

The joint marketing and advertising have become so massive resources employed throughout the world. However, as they will generally, people tend to feel overwhelmed and ill treated. The result, according to a study by consulting firm Yankelovich Partners, is a saturation of the target that negatively affects the levels of acceptance of products offered.

According to this study of the perception that publicity surrounds and harasses the consumers is too high:

65% consider themselves to be "bombed", and 61% ensures that marketing and advertising, "are out of control."

60% of consumers now have a much worse sense of marketing and advertising than just a few years ago.

95% of inquiries come before given a key to understanding the rejection of certain marketing actions: considering that they have little to do with them.

64% put in doubt-hidden intentions behind the advertising campaigns and those behind them.

For 61% of the population, firms responsible for carrying out marketing campaigns and publicity that doesn't respect the consumer.

About 70% of the public is interested in having products and services that allow them to circumvent or block the promotion it receives.

A significant 33% say that they would be willing lower their standard of living if there were a chance to live in a world free of advertising.

In order to better analyze the problem we must have in mind some very important aspects of consumer behavior:

A consumer is bombarded daily with 3000 to 4000 messages, and this number can rise to 10,000 if that day is spent within an area such as a shopping mall. The way to combat this by most companies is reflected in higher investment in advertising, creating a vicious circle.

Consumers themselves are becoming ever more skeptical.

In the past people believed in advertising, currently consumers have become more skeptical and seek to gather more information about the products or services before acquiring them, often looking for references and experiences with other consumers.

Increasingly consumers are interconnected; in the past it was said that a unsatisfied consumers shared his experience with 10 others as a satisfied, only shared with one or two, currently with the massive use of virtual social groups we live even in a global village.

## **1.2 REMEDIATION THEORY**

Remediation theory is the lens through which the research shall be analyzed.

This theory argues that new media embrace old media and transform them. This embrace touches marketing elements, translating the traditional into something new without erasing the original altogether. Bolter and Grusin say in remediation: understanding new media (1999)

Each new medium has to find its economic place by replacing or supplementing what is already available, and by popular acceptance, and therefore economic success, can come only by convincing consumers that the new medium improves on the experience of older ones. (p. 68)

A goal of this thesis is to accurately represent new trends in marketing, especially in the advertisement sector. It is worth noting the point Gladwell makes in *The Tipping Point* (2000) *The Tipping Point: How Little Things Can Make a Big Difference* by that a convergence of factors is often responsible for a seemingly dramatic trend. In his example of a syphilis outbreak in Baltimore, Gladwell traces the epidemic to three root causes-not just one. Likewise, the emerging trends in marketing in the digital era are rooted as much in outsourcing, globalization, changing social norms, and other factors as they are in available technology. This thesis, however, focuses only on a new technology and its uses and tools in marketing. As Bolter and Grusin (1999) say:

New digital media are not external agents that come to disrupt an unsuspecting culture. They emerge from within cultural contexts, and they refashion other media, which are embedded in the same or similar contexts. (p. 19)

Considering the evolution of marketing in the context of remediation, there is a need to define a context for phenomena like the long tail. Rather than begin with an unmanageably broad question, such as "What has really changed?". It was decided for research to focus specifically on the elements of the marketing mix. Looking at these elements from a point of view rooted in remediation theory, the following research questions will be answered:

*How do the traditional elements of the marketing mix-- product. price. place. And promotion-- translate to the interactive Internet?*

*How are products affected in a company operates in Web 2.0?*

*How/are price. place, and promotion affected when a media company operates in Web 2.0?*

### **1.3 EXPECTED CONTRIBUTION**

This thesis seeks to illuminate ways in which the interactivity of the Internet, and the saturation of traditional marketing tools have changed how companies need to think about marketing in general, and how to establish an improved communication with its customers. This thesis will contribute to a discussion of how companies might reconsider audience expectations of their products in this medium, and how those expectations will contribute to the evolution of the companies.

## **2. CHAPTER 1**

### **2.1 Review of literature**

The purpose of chapter 2 is to establish the foundation for examining elements of the marketing mix and the Web 2.0, the interactive Internet.

### **2.2 Marketing**

According to the American Marketing Association, "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (AMA)." Although there is a concern with marketing in general in this thesis, the main focus will be on marketing as represented in the elements of the marketing mix, or the "four P's."

#### **2.2.1 The Elements of the Marketing Mix**

When McCarthy introduced his model of the elements of marketing in 1960, he did not know for how long his four P's-Product, Price, Place, and Promotion-would be upheld as the pillars of the marketing mix.

McCarthy defined the four P's as follows:

**Product:** The product or service that the company chooses to offer to the target consumers.

**Placement:** Where, when, and by whom the goods and services are to be offered for sale; wholesaling, retailing, transportation, storage, and financing; all the problems, functions, and institutions involved in getting the right product to the target consumer.

Promotion: Any method which communicates to the target consumer about the right product which will be sold in the right place at the right price through sales promotion, advertising, development and training of the sales force.

Price: The price that will make the product attractive to consumers while generating profit for the company through markups, discounts, and terms of sale. (McCarthy, 1960, pp. 46-47)

McCarthy, E. J. (1960). *Basic Marketing: A Managerial Approach*. Homewood, IL: Richard D. Irwin, Inc.

Since 1960, a number of researchers have challenged the validity of McCarthy's four P's and suggested replacement concepts or alterations. The revision that considered more appropriate is that of Julian Yudelson "Adapting McCarthy's Four P's for the Twenty-First Century"

Published in the *Journal of Marketing Education*, Vol. 21, No. 1, 60-67 (1999)

Julian Yudelson posits that, contrary to what his predecessors suggested, the four P's should not be added to or replaced, but should be adapted to better reflect modern marketing at the turn of the twenty-first century, therefore, updated definitions for the four P's are as follows:

Product should be redefined as all the benefits (present or anticipated) that the buyer or acquirer obtains from the exchange.

Promotion should be redefined to include all of the information that is conveyed between the parties to the transaction.

Price should be redefined as everything that the acquirer gives up to obtain the benefits.

Place can be now defined as all that is done and required to facilitate or bring about the exchange.

Since McCarthy's four P's were the "traditional elements" of the marketing mix that are more commonly used they were used as a base line for the thesis.



Yudelson and others have been tinkering with the originals for some time, however, exploring the evolution of the marketing mix. For this thesis, there was an attempt to blend these two sets of definitions, as follows:

Product: the tangible or intangible object of trade, its characteristics and its accompanying collateral and/or benefits.

Place (or distribution): how the product gets to the customer and all that is done and required to facilitate the exchange.

Promotion: marketing communications, especially as relate to sales, advertising, publicity, and/or public relations.

Price: the cost, in terms of tangible and intangible resources and finance, associated with the product, including profit and loss.

The goal of creating a definitions is to preserve the intention of the original McCarthy's four p's, which are the basic elements of marketing, while acknowledging their evolution in the literature since 1960.

The research done for this study support that the original P's are still in use, despite critical examination by scholars and marketing professionals like Julian Yudelson. Furthermore, these repeat exposure suggests to me that McCarthy's four P's form the basis for a great deal of marketing theory and practice in the era of the interactive Internet.

### **2.3 Web 2.0 – The interactive Internet**

For the purposes of this thesis, Web 2.0 is defined simply as the "interactive Internet" for the sake of concisely capturing the essence of the difference between the two eras of the Internet so far: Web 1.0 was made up, essentially, of static and informational pages

for "visitors," where Web 2.0 focuses on community building, feedback, and dialogue between and among sites and "users."

Academic literature dealing with the interactive Internet seems to focus on two areas: specific social media and the ways in which people interact through social media. And there are an increasing number of articles considering the social, medical, business, and educational applications of the interactive Internet.

In order to gather some additional references there was survey of some books to gain a broad perspective on what interactivity includes in Web 2.0, and also focused on some published articles

Among the books surveyed to gain a broad perspective on what interactivity includes in Web 2.0: Wikinomics "How Mass Collaboration Changes Everything" by Tapscott and Williams (2007). Tapscott and Williams chronicle the emergence of "open source" collaborations online and off-line. Wikinomics, which is a play on the name off the popular community-generated online encyclopedia, Wikipedia, focuses on the collaborative aspects of modern research and development, production and manufacturing, software and hardware development, and more.

"Open source" is a phrase often associated with Linux, a user-modified computer operating system that is used worldwide and has been developed primarily through free mass-collaboration. The Linux model has inspired a great deal of the open source and community-generated interactivity in Web 2.0. The essence of this model is that a company, group, individual, etc., will open a problem or project to the community at large, often through posting it online, and ask for contributions from anyone who is interested. These contributions might be strictly voluntary, voluntary with an expectation of intangible compensation through social capital, or compensated with tangible payment of some sort including, but not limited to, money.

Wikinomics' exploration of collaborative products and how they are changing the business landscape is relevant to this thesis's focus on the Web 2.0 incarnation of the four P's. Anderson's *The Long Tail* (2006), Gillin's *The New Influencers: A Marketer's Guide to the New Social Media* (2007), and Scoble and Israel's *Naked Conversations:*

How Blogs are Changing the Way Businesses Talk With Customers (2006) are more directly marketing-related.

The Long Tail (2006), which expands on an article Anderson originally wrote for Wired Magazine, for which Anderson is Editor-in-Chief, has become more than a book, since its publication in 2006. It has become a cultural artifact, spawning a buzz-phrase and a great deal of debate. In The Long Tail, Anderson uses economics to illustrate how the interactive Internet has allowed for a sea change from a culture of scarcity to "a world of abundance" (2006, p.18).

By tracking sales patterns on Web sites like Amazon.com, eBay, and Rhapsody, Anderson (2006) asserts that the online marketplace, which allows for new product placement, and Price models through digital distribution and empowering small businesses or individuals as sellers, challenges traditional notions about supply and demand. According to the Long Tail model, supply has previously been restricted by scarcity (of storage and shelf space, among other things), and now that these restrictions have been lifted through doing business digitally, abundance reigns.

Therefore, demand can expand beyond hits and new releases-expand into niches and old or obscure products.

In addition to expanding what consumers are able to demand, Anderson (2006) points out that geography and scheduling are also obsolete as consumption inhibitors, since Web 2.0 enables communities to form across vast differences. He hints at how media can now be consumed in a time-shifted manner (outside its originally scheduled time). Says Anderson; "People are re-forming into thousands of cultural tribes of interest, connected less by workplace chatter than by shared interests" (p. 184).

Gillin (2007) explores time-shifted media in The New Influencers, pointing specifically to iTunes and other podcast sources as media content options wherein a niche product is available to target audiences in a delivery channel (Place) independent of schedules. Gillin dabbles in a variety of new media in this book, but the theme throughout-a theme that surfaces in all of the literature mentioned in this section-is the" conversational" nature of marketing in Web 2.0.

Conversational marketing, a phrase that originated in The Clue train Manifesto, by Levine, et al. (2000), refers to the interactivity of marketing campaigns in Web 2.0. Gillin (2007) defines conversation "in a social media context" as "two-way communication facilitated by blogs and other personal publishing tools" (p.220). This two-way model affects all four of the p's, but perhaps most obviously Promotion.

This conversation with customers is at the heart of Israel and Scoble's Naked

Conversations (2006), which use a series of anecdotes to illustrate the many ways in which companies can expand their customer base, benefit from customer input on product development, and improve efficiency on a number of levels through the strategic use of blogs. Blogs, short for Weblogs, are "online journal[s] that [are] frequently updated and intended for general public consumption" (Gillin, 2007, p. 219).

As stated the changes to marketing practices within the context of Web 2.0 are significant, but at their essence they are merely adaptations to a new environment-not revolutionary new practices or radically changed old ones. One might draw a parallel between this shift and that of how Gutenberg's introduction of the printed Bible to the masses changed the dynamics of the Church. Godin's Meatball Sundae (2007) explores the awkwardness with which many companies are currently attempting to sell old-fashioned products with new-fashioned promotional tools, likening the mismatch of certain products and ideas with Web 2.0 marketing tools to a plate of meatballs topped with whipped cream and sundae "fixing's." He contends that more than needing new marketing, companies need to consider seeking entirely new business models in the digital era.

In resume the discovery was that, the four P's were less distinct in Web 2.0 and that they had overlapped and merged to become something else. With this new interactivity of marketing campaigns, and the chance for media to be now consumed in a time-shifted manner, not only empowers the consumers but also releases them for some of the problems that were stated in the beginning.

There is now a chance for consumers to directly participate in the products without being bombarded as they were in the past by advertisement, making them an active part

of the marketing mix, but without feeling abused and without consuming more time than the one they are willing to dispense, and so this new interactivity between consumers and companies is beneficiary for both parts, this does mean at all an eradication of the traditional methods of marketing, but an adaptation to the current needs and demands of the consumers.

## **2.4 Inbound/Outbound Marketing**

After a high above 14,000 in the year 2008, the Dow is now thrashing around well below 9,000. The U.S. government is spending over \$700 billion to buy unprecedented stakes in the nation's largest banks. Many industries, including technology, are hemorrhaging jobs.

This post isn't about all that. It's about the silver lining -- the fact that, just as we saw eight years ago when the first Internet bubble burst, financial pressure is now forcing companies to make changes. And just like last time, these changes are laying the foundation for a new, more efficient period of Internet growth.

In 2001, when the last downturn began, businesses began shifting some of their marketing dollars to search engine advertising. It was more measurable and targeted than display advertising, so it was appealing to marketers with tight budgets.



Fig. 1: Internet Revenues

As we enter a second Internet downturn, businesses are again seeking efficiency. They're shifting money out of expensive paid search advertising, and into optimization, content and social media that help them get found in organic search results.

These changes are laying the foundation for a new era of marketing on the web - the Inbound Marketing era.

#### 2.4.1 The beginning inbound marketing

In the early days of the Internet, there was no mainstream marketing. There were lots of experiments but few business buyers and consumers.

In the mid-1990s, as the first Internet bubble grew, companies began to follow their customers online. Tools for independent publishing were weak, so companies' online presence mirrored their offline presence. They sprayed advertising across mass media sites and prayed a few potential customers would see it.

When the dot-com bubble popped in 2001, marketers began to reassess the effectiveness of the spray-and-pray approach. They saw that consumers and business buyers were starting their purchase process less on mass media sites, and more on search engines. They discovered that in many cases targeted search-engine advertising was far more effective than display advertising on large media sites.

As spending poured into search marketing, a new era of Internet growth began. In addition to changes in Internet marketing, this phase of growth -- Web 2.0 -- produced significant changes in the way we use the web. It shifted from a read-only platform to one where anybody could publish, connect with friends and share content.

Only in the past year and a half the technology and the tools and the public's use of both have evolved to the point where Inbound Marketing is practical, and now as we enter a new economic downturn, online marketers are using the tools of this new read-write web to become more efficient. They're using social media, they're publishing content and they're optimizing it. They're becoming Inbound Marketers.

#### **2.4.2 What is Outbound Marketing**

Outbound Marketing is basically the traditional way of doing marketing (push) via print, radio, direct mail, cold calling telemarketing etc. Its objective is to get the customer to take action; spend money on a product or service.

#### **2.4.3 What Is Inbound Marketing**

Inbound Marketing (pull) is marketing focused on getting found by customers.

In traditional marketing (outbound marketing), companies focus on finding customers. They use techniques that are poorly targeted and that interrupt people. They use cold-calling, print advertising, T.V. advertising, junk mail, spam and trade shows.

Technology is making these techniques less effective and more expensive. Caller ID blocks cold calls, TiVo makes T.V. advertising less effective, spam filters block mass emails and tools like RSS are making print and display advertising less effective. It's still possible to get a message out via these channels, but it costs more.

Inbound Marketers flip outbound marketing on its head.

Instead of interrupting people with television ads, they create videos that potential customers want to see. Instead of buying display ads in print publications, they create their own blog that people subscribe to and look forward to reading. Instead of cold calling, they create useful content and tools so that people call them looking for more information.

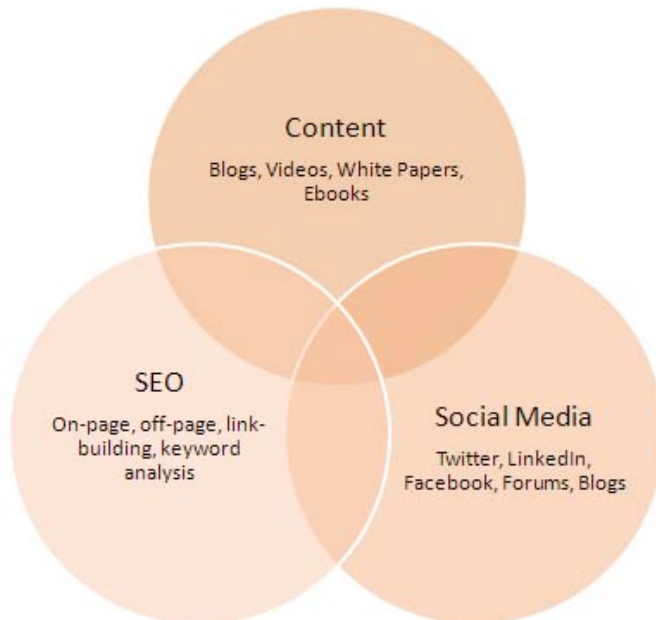
Instead of driving their message into a crowd over and over again like a sledgehammer, they attract highly qualified customers to their business like a magnet.

The most successful Inbound Marketing campaigns have three key components:

- **Content** - Content is the substance of any Inbound Marketing campaign. It is the information or tool that attracts potential customers to your site or your business.
- **Search Engine Optimization** - SEO makes it easier for potential customers to find your content. It is the practice of building your site and inbound links to your site to maximize your ranking in search engines, where most of your customers begin their buying process.
- **Social Media** - Social media amplifies the impact of your content. When your content is distributed across and discussed on networks of personal relationships, it becomes more authentic and nuanced, and is more likely to draw qualified customers to your site.



#### 2.4.4 ComponentsofInbound Marketing



**Fig.2** Components of Inbound Marketing

#### 2.4.5 Differences between Inbound and Outbound Marketing

In traditional marketing (Outbound Marketing) the focus of business is finding customers. For this, some not so targeted are used such as: Advertisements in the media, cold telemarketing, DirectMail, email spam and more.

In the Inbound Marketing the strategy is different. It starts with the purpose that brand should be found by customers and not otherwise. Instead of using interruptive advertising, the companies that practice inbound marketing techniques bet on contextualizing the content, such as: SEO, blogs with relevant texts, Social Media, or provide several forms of contact for people to find the company.

OUTBOUND	INBOUND
Print Ads	Blogs, EBooks, Whitepapers
Television Ads	Viral YouTube Videos
Cold Calling	Search Engine Optimization
Trade Shows	Webinars
Email Blasts	Feeds, RSS

**Fig.3** Outbound vs. Inbound

In one, instead of shooting walks the message repeatedly to the crowd, the inbound marketing attracts highly qualified customers for enterprise content through context.

**2.4.6 Why can Inbound be the Future**

As the economy slows down, companies are turning to Inbound Marketing because it is a more efficient way of allocating marketing resources than traditional, outbound marketing.

There are three specific ways Inbound Marketing improves on the efficiency of traditional marketing:

- It Costs Less - Outbound marketing means spending money - either by buying ads, buying email lists or renting huge booths at trade shows. Inbound Marketing means creating content and talking about it. A blog costs nothing to start. A Twitter account is free, too. Both can draw thousands of customers to your site. The marketing ROI from inbound campaigns is higher.

- **Better Targeting** - Techniques like cold-calling, mass mail and email campaigns are notoriously poorly targeted. You're reaching out to individuals because of one or two attributes in a database. When you do Inbound Marketing, you only approach people who self-qualify themselves. They demonstrate an interest in your content, so they are likely to be interested in your product.
- **It's an Investment, Not an Ongoing Expense** - When you buy pay-per-click advertising on search engines, its value is gone as soon as you pay for it. In order to maintain a position at the top of Google's paid results, you have to keep paying. However, if you invest that money in quality content that ranks in Google's organic results, you'll be there until somebody displaces you.

A recent study published by eMarketer, has revealed that inbound driven companies report significantly lower cost-per-lead than outbound. In other words, social media, blogs, seo, content publishing, social networks, etc are proving to be more cost-effective than other traditional methods of advertising/marketing.

In fact, respondents claimed they spend 37% of their lead generation budgets on inbound marketing-related techniques. Additional information from the survey suggested inbound marketing is less expensive than outbound.

Some of the respondents in the survey came forward and revealed their cost/lead, those that spend 50% of their lead generation budgets on inbound marketing averaged \$84, whereas those who spend 50% or more on outbound averaged \$220.

Other significant results from the survey indicate that more than two-fifths of companies using various social media marketing channels had acquired a customer from those channels. As shown on the graph above, the channel that generated the highest results for B2C businesses is Facebook (68%) and LinkedIn for B2B (43%).

**Companies in North America Who Have Acquired a Customer from a Social Media Site or Blog, by Customer Focus, January 2010 (% of respondents in each group)**

	<b>B2C</b>	<b>B2B</b>	<b>Total</b>
Company blog	57%	43%	46%
Facebook	68%	33%	44%
Twitter	51%	38%	41%
LinkedIn	26%	45%	41%

*Note: read chart as saying 41% of companies using Twitter for marketing have acquired a customer from that channel*  
 Source: HubSpot, "2010 State of Inbound Marketing," February 16, 2010

111880 www.eMarketer.com

**Fig.4** Study by eMarketeer: Acquire customers from social media.

In 2010 the amount invested in online advertising is expected to exceed the amount allocated to print advertising, according to a study by Outsell (<http://www.outsellinc.com/store/products/912?refid=home>), who estimated values for the North American market.

The company estimates that this year the online advertising will add an investment of 119.6 thousand million, 33% of the total investment planned for this year on advertising and promotion in that market. The print advertising will pick up 111.5 million dollars in revenue, representing 30% of total planned investment.

In 2009 the balance between the two forms of advertising was the reverse, so the estimation for this year represents not only a reversal of positions, but also a novelty since is the first time that this means that online publicity surpasses printed advertisement.

"The advertisers are directing their dollars to the channels that promise better results and recognition of their brands," claims Chuck Richard, vice president of the company that conducted the study.

The best analogy is that traditional marketers looking to garner interest from new potential customers are like lions hunting in the jungle for elephants. The elephants used to be in the jungle in the '80s and '90s when they learned their trade, but they don't seem to be there anymore. They have all migrated to the watering holes on the savannah (the internet). So, rather than continuing to hunt in the jungle, it is

recommended to set up a shop at the watering hole or turning a company's website into its own watering hole.

## **2.5 Building the concept of Web 2.0**

“The Web we know now, which loads into a browser window in essentially static screenfulls, is only an embryo of the Web to come. The first glimmerings of Web 2.0 are beginning to appear, and we are just starting to see how that embryo might develop. The Web will be understood not as screenfulls of text and graphics but as a transport mechanism, the ether through which interactivity happens. It will [...] appear on your computer screen, [...] on your TV set [...] your car dashboard [...] your cell phone [...] hand-held game machines [...] maybe even your microwave oven.”

Darcy DiNucci In the article, "Fragmented Future" published in for Print magazine "Design & New Media" column 1999.

### **2.5.1 Web 1.0**

Before the origin of Web 2.0, Web 1.0 was known as a term 'Web' that was like warehouse of information and static content. Then, as time passes, with the advancement of technology and software, a huge amount of data and content became dynamic and returning custom results to users. With the evolution of new century, the Web became much more interactive. It allowed the users to play, stop, rewind and fast-forward through audio and video content. It was Web 1.5. But gradually, Web-based applications act like local applications, but on a worldwide level with the social illusion just before since last two or three years. This is known as Web 2.0.

Web 1.0	Web 2.0
Top-down	<b>Bottom-up</b>
Owning	<b>Sharing</b>
Reading	<b>Writing</b>
Home Pages	<b>Blogs</b>
Portals	<b>RSS</b>
Taxonomy	<b>Tags</b>
Wires	<b>Wireless</b>
Dial-Up	<b>Broadband</b>
HMTL	<b>RIA</b>
Web Forms	<b>Web Applications</b>

**Fig. 5** Web 1.0 vs. Web 2.0

### 2.5.2 Concept of Web 2.0

The concept of “Web 2.0” began with a conference brainstorming session between O’Reilly and Media Live International in 2003. Dale Dougherty, web pioneer and O’Reilly VP, noted that the dotcom companies were being crashed very rapidly despite of having quality and right marketing strategy. It is assumed that something is common in all the dotcom companies that were not being distinguished by the client and being the causes of crashing.

Though they observed that Web applications have a lot more than it had been used so far. They decided to do something different with web application, thus the concept of Web 2.0 has been evolved. O’Reilly had presented the feature of Web 2.0 in 2004 in a conference claiming the new version of Web. It began to popular since then.

Ever since, the term "Web 2.0" has clearly taken hold, with more than 9.5 million citations in Google. But there's still a huge amount of disagreement about just what Web 2.0 means, with some people decrying it as a meaningless marketing buzzword, and others accepting it as the new conventional wisdom.

But what is the definition of Web 2.0? In my opinion definitions are means to end discourses; someone in power is telling those with less power that the discussion is over. Since language always changes, there is no way to stop a concept in time and space, from changing, from developing. All definitions are therefore situated to the context belonging to the person or the organization standing behind the definition. As long as we do not take definitions too seriously, they can be valuable as building blocks in one's own idea of a concept. With these words in mind you might get something out of these short definitions of the concept Web 2.0.

“Web 2.0 is a series of best practice oriented to assist people create dynamic websites, which allow them to easily connect with various communication, services, social and web tools. at is the foundation of what web 2.0 is.” (Boris Mann, 2006)

“Web 2.0 is the network as platform, spanning all connected devices; Web 2.0 applications are those that make the most of the intrinsic advantages of that platform: delivering software as a continually updated service that gets better the more people use it, consuming and remixing data from multiple sources, including individual users, while providing their own data and services in a form that allows remixing by others, creating network effects through an “architecture of participation,” and going beyond the page metaphor of Web 1.0 to deliver rich user experiences.”(Dale Dougherty, 2005)

“Web 2.0 is a term describing the trend in the use of World Wide Web technology and web design that aims to enhance creativity, information sharing, and, most notably, collaboration among users. These concepts have led to the development and evolution of web based communities and hosted services, such as social networking sites, wikis, blogs, and folksonomies. The term became notable after the first O'Reilly Media Web 2.0 conference in 2004. Although the term suggests a new version of the World Wide Web, it does not refer to an update to any technical specifications, but to changes in the ways software developers and end-users use the Web.” (Tim O'Reilly, 2007)

### **2.5.3 Web 2.0 characteristics:**

#### **2.5.3.1 The long tail**

Chris Anderson coined the Long Tail, as a noun, in a 2004 Wired magazine article. Technically, the Long Tail is a type of “power curve” describing a statistical distribution characterized by a dense clustering of a population, which “tails off”. Interestingly, this curve describes many distributions commonly occurring on the web.

For example, if you were to graph iTunes song sales on the X axis and song titles on the Y – you would end up with a Long Tail curve. Plot the number of Google searches against search terms, and you get the Long Tail, Web site page views, the Long Tail, Amazon book sales by book titles, again, the Long Tail.

Basically, when you plot popularity against inventory, you end up here. What does this mean?

One can use the curve to describe markets in general – with market value on the X axis and markets on the Y. Traditionally, companies like to identify one or two markets on the “head” of the tail – the tall red spike on figure 1 – and play there. Historically, it has proven difficult for a company to profitably service “the long tail”. Why? Servicing multiple markets takes more capital, and a more diverse inventory, among other things. However, the Internet has significantly impacted a company’s ability to profitably service the Long Tail. And the Long Tail (the yellow on Figure 1) collectively represents a market far larger than the cluster of markets on the tail’s head. As Joe Kraus, founder of Excite and present CEO of JotSpot, puts it “Its no longer about [servicing] twelve markets of millions, it’s about [servicing] a million markets of twelve”.

Where are we seeing this work? The most impressive example is Google’s AdWords program. The ad serving companies pre Web 2.0 were never able to extract value out of the long tail. Companies like Double Click based their business model on creating a network of the web’s largest/most popular destinations (the head end of the tail). They wooed them to join their “advertising network”, and then sold advertisement space to



advertisers looking for exposure on those major destination sites. Double Click had a network of 100's of the largest web sites. Compare that with Google Adwords. Google recognized that while there were only a handful of very popular web sites out there, there were millions of web sites populating the long tail. They created a simple way, and very importantly, a free way, for sites occupying the long tail (those with low page-views, serving narrow content markets) to become advertisers. Any site purveyor, using Google's adwords program can place advertisements on his site, and generate revenue from them, for free. Google handles all of the ad serving, and serves up advertisements that are contextually relevant to the site on which they are served. As a result, Google can offer ad space to advertisers on web sites that cover virtually any topic. Google's ad revenue is projected to top \$9 Billion in 2006.

#### **2.5.3.2 Users as source of value**

The network effect is a simple one. Some things enjoy exponential increase in utility when there are many of them. Fax machines are the perfect example. A single fax machine is a useless item but a network of millions of fax machines has tremendous value.

Web 2.0 companies have recognized that user interaction, in and of itself, represents value to their services. Your service's users are a network. And you can leverage that network to significantly strengthen your service. In fact, for some of the most successful companies on the web, the network essentially is their service (think eBay). You can harness the network's collective intelligence (Amazon.com book reviews), you can harness the network's behavior as data (links in as a determining factor of relevancy for Google search results), and you can harness the network to perform work. (wikipedia.com, moveon.org's Bush in 30 Seconds campaign)

Successful Web 2.0 companies and applications are baking the power of the network right into their offerings.

Looking at another comparative example to illustrate the point more clearly. Snapfish.com is a photo sharing and printing service that lets subscribers upload and store their digital photos, share them with selected individuals, and order prints. Flickr.com is a service that has the same core services. However, by default, photos on Flickr.com are shared with the world (the network) unless restricted. On Snapfish, the opposite is true – a photo can only be seen by those invited to see it by the owner. Further, Flickr.com allows users to describe each uploaded photo with “tags”, and allows all users to browse and discover photos by tag – not just view photos they have been “invited” to see by friends. These seemingly simple distinctions make a large difference. Flickr is leveraging its network of users directly within its application itself. As a result it is the fastest growing photo-sharing service on the web with 775,000 users with 30% monthly growth, a database of ~18.5 Million photos, of which 80% are “tagged” and publicly available. Flickr.com was bought by Yahoo in March of this year. Snapfish, despite having been around for years prior to Flickr has much slower growth. HP recently acquired Snapfish.

### **2.5.3.3 Web as a platform and software as a service**

Today, most software is distributed as a “package” and operates on a desktop computer with limited reliance upon the web for most of its functioning. Web 2.0 companies have recognized the web’s capacity to deliver “desktop-like” performance without ever having to install a piece of traditional software. The architecture of Web 2.0 applications relies upon centrally managed software, pushed to the edges of the network, and delivered as a service. This thin-client architecture is not new, but the ubiquity of the web as a delivery medium, and its low cost of distribution (essentially zero) is making the “web as a platform” incredibly attractive for software companies of the future.

Beyond simply leveraging the web as a distribution channel for software to a thin-client, Web 2.0 companies are, as stated above, baking the network effect of the network right into their applications. So “web as platform”, means more than just delivering a service

to a thin client – it means enabling that service to take advantage of the collaborative value of its users to create a positive feedback loop – the capability inherent in the platform. By that it means that Web 2.0 applications are not simply a collection of tools handed to a user (like Word or PowerPoint, for example) with the user performing tasks with that tool in isolation. Web 2.0 applications typically are tools where users perform tasks that take advantage of a central data store, and their interaction with the tool itself is often a valuable source of information in the data store. Flickr, for example, uses an algorithm that combines several user contributed data points (number of times a photo has been viewed or commented on for example) to determine a photo's “interestingness” – and makes these “interestingness” rankings available to photo browsers.

Delivering software as a service also disrupts the traditional methods of software upgrade cycles. Software as a service means continual improvement, no installs means no patching, and no technical support beyond the support of the end users. Granted, it presents its own operational challenges – scalability, and service maintenance in particular. But the point is that a paradigm shift has been realized, and based on early returns, presents a very formidable challenge to the incumbent models.

#### **2.5.4 Web 2.0 Tools**

Tools which are generally acknowledged to belong to Web 2.0 are: Blogs, Wikis, podcasting (CIPD 2008, Kolbitsch and Maurer 2006, Richards 2007)

Social networking (CIPD 2008, Richards 2007) or peer-to-peer networking (CIPD);

Really Simple Syndication (RSS feeds) (CIPD 2008, Richards 2007) and other mashups or aggregations of content from multiple sources (CIPD2008), file sharing (Kolbitsch and Maurer 2006, Richards 2007), message boards and chat rooms, file sharing, instant messenger (Richards, 2007) and other web services for online coordination (CIPD 2008: 11). What these tools have all in common is that they are “community driven and gaining influence rapidly” (Kolbitsch and Maurer 2006:187).

TOOL	DESCRIPTION
Blogs – diaries or personal journals	<p>“Web pages that contain newsgroup-like articles in a chronological order with the newest article first” and “owners write down information important to them on a regular basis”</p> <p>(KolbitschandMaurer 2006:189)</p>
Wikis	<p>“Self-organizing web-sites, where anyone on the Internet can edit existing pages and add new documents any time they wish”</p> <p>(KolbitschandMaurer 2006:191)</p>
Podcasts	<p>Audio content that can be listened to on demand” ...”system that provides content resembling radio programs” (Kolbitsch and Maurer 2006:199)</p>
File sharing tools	<p>Web based systems where files can be shared with other users with the opportunity to organize the information (Kolbitsch and Maurer, 2006).</p>
SecondLife	<p>“a three-dimensional online environment</p>

	where member (known as residents can do practically anything in a global virtual community” (Lewis 2007:4)
RSS feeds	Really Simple Syndication (RSS) is a lightweight XML format designed for sharing headlines and other web content. It provides a simple way to quickly view rapidly changing content such as news headlines, blog entries or podcast” (Martin et al. 2008:19)

**Fig. 6**description of some of the most well-known Web 2.0 tools.

**2.5.4.1 Social Networks**

There is little doubt of the importance of networking in a professional career and we all know that the bigger our network of contacts the greater is likelihood of success and career advancement.

Inevitably, talking about networking, today, is to talk about Social Networks. These networks came maximize the use of contacts, whether professionals or not, toward a goal. Whenever we establish a contact (whether online or not) we are working on our network.

But how can someone take advantage of the so called social networks such as (twitter, linkedin, facebook and youtube), increasing the ratio by network, with the target audience (customers, employees, investors, etc. ..).

#### 2.5.4.2 Analyzing how social networks can become a real "competitive advantage" in the business optical

It is essential to remember that social networks should be used as a means to achieve intended objectives. Like any other communication channel, we have set our target audience, set the message we want to transmit and we set quantifiable objectives to measure the success of the investment.

Each social network serves as a communication channel. Each has its own characteristics and differs from each other (such as TV differs from the radio). We must think how strategically it makes sense to go into all the networks or if whether we should be selective. It is important to know where we are and where we want to go and how social networks can help us along this path.



A study by consultant Brand Republic, clearly shows that it serves have a lot of "followers" on twitter, what matters is how it works.

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	BRAND	COMMENTS	FOLLOWERS	ADRESS
1	Starbucks	3.37 millions	120.000	@starbucks
2	Google	1.01 million	307.340	@Google
3	BBC	703.000	15.777	@bbcnews
4	Apple	512.00	----	@apple
5	AIG	455.000	2.052	@aig
6	Amazon	245.760	1.007	@amazon
7	Microsoft	221.000	73.210	@microsoft
8	Guardian	211.000	14.913	@guardiannews

<b>9</b>	Dell	185.000	287.575	@dell
<b>10</b>	Coca-Cola	135.600	20.836	@cocacola
<b>11</b>	Ford	130.000	2.256	@ford
<b>12</b>	SonyPlaystation	117.550	20.651	@sonyplaystation
<b>13</b>	Ebay	107.000	1.329	@ebayUK

**Fig.7** Companies on Twitter

The "giant" Google has more than twice as "followers" of Starbucks, but Starbucks has managed to generate 3 times more comments than Google, especially since Starbucks is the brand that works better in social networks, they respond to their "followers" and seek to be present in all networks. They have are not present in social networks just to be there, they have an active and proactive role, unlike what happens with many brands that have an “reactive” attitude waiting for the client to manifest and convey useful information.

In this networks, companies must be present, but also must have a notion that it is very dynamic, its very important to obtain feedback from our customers as such as it is important to know who follow us. We must know who is on our network and we must keep this network controlled.

Twitter is an important network for:

- Generating BUZZ
- CommunicateneWServices
- CommunicateneWCampaigns
- Gather information about the target audience



Facebook is a network with unique characteristics. Companies should use this network, focusing on a younger audience, more dynamic and proactive.

The audience joins Facebook, share and accept challenges, but you have to catch their attention, many brands are already present on Facebook, but if you look at some, we found that little do something with their network. They do not launch special promotions, don't captivate users and just limit their role to "dump" content. There must be interaction between users and brands.

Facebook has an application that enables businesses to create ads. These ads have a feature that allows you to target in an amazing way, in detail, making our campaign more effective.

Status	Bid	Type	Clicks	Impressions	CTR(%)	Avg.CPC	Avg.CPM	Expenses
Completed	0,12€	CPC	396	750.692	0.053%	0.10€	0.05€	40.1€

**Fig.8** Costs of publicity on Facebook

As we can see in the previous example a notice received more than 750,000 impressions and received almost 400 clicks, with a cost of 40,12€.

What makes us try to understand, how much is worth a new consumer? Its not the cheaper services, but is rather effective!

Using the Facebook network, enterprises can:

- Involving young people with the brand / company / service
- Communicatenewservices
- Communicatenewcampaigns
- Createtargetedads
- Gather information about your "target"



Facebook has the function to create groups, which allows us to communicate with just one click, with a group of people.

It is important to remember that these groups have to be driven, because the users of Facebook, often have a reactive role regarding groups, or are waiting for information to reach them and have the initiative to follow everything that is told / shared in the group.



Youtube is one of the main "tools" of Viral Marketing; there are huge success stories of campaigns promoted specifically for Youtube.

A video, effectively, created for Youtube, can reach more users than television, in addition to its global particularity - can be accessed from anywhere in the world. Youtube also allows us to obtain much credible information about users.

What can Youtube be used for:

- Communicate new campaigns
- Create viral marketing campaigns
- Allow users to share videos
- Appear in searches of search engines



LinkedIn is the leading social network to establish business contacts. LinkedIn's audience is an audience that leverages this network to share and acquire knowledge. It is a network that allows us to gain visibility among our peers and be recognized in the market in which we operate.

As in other networks, it is important to know our network of contacts and have a defined objective, this network has professionals from all sectors, of various ages, but we can characterize their users, as a segment with strong purchasing power and leverage. Although a little of everything is said on LinkedIn, for many people it is credible.

A brand on this network should come as an added value in sharing information. Needless to create group adverts, the most effective way to work this network is to create groups of knowledge and sharing information on the sector in which we operate.

We use LinkedIn for:

- Establish Professional contacts
- Advancing users with purchasing power
- Promoting products to more selective and specific,
- Sharing knowledge and know-how with customers and potential customers

## My Social Network

It is increasingly common to see businesses with their own social network.

These companies sometimes do not take advantage of this network and all they can do with it. Let's say the main point is to obtain data and the involvement of their "target". Its important to work our own network, because if handled badly it might turn out to be a "stain" on the company.

Through a social network itself, we can gain new ideas, effectively and with low investment. It is a relevant form for customers and potential customers to discuss an idea or a product.

Many brands have launched products, only to the "testers" of its network, for hence arise small criticisms that can dictate the success or failure of the product. They are usually customers already involved with the brand that like to participate in its development and will feel proud to be in the process, generating buzz among his peers.

If the company / brand, have their own social network, it is important that there is a synchronization between the public networks (facebook, twitter, linkedin, etc.), and the company private social network.

The main objectives of a social network itself can be:

- Involveemployee's
- Involvecustomer's
- Promote the suggestions of ideas
- InfluenceKOL's
- Responding to all the comments (even negative)
- One to OneContact

Briefly stated, if the brands know how to take advantage of social networks they will conclude that:

- ROI is quite favorable
- You can meet and exceed customer expectations
- Increase and improve relationships with customers (loyalty)
- Can you attract new customers with personalized campaigns (offering what the customer demand), which would otherwise be impossible
- It is possible and rewarding to engage customers with the brand and the products / services
- Can you motivate, engage and evaluate employees

#### **2.5.4.3 Technical Characteristics**

The interesting thing about Web 2.0 is that technologically, very little is new - most have been around since at least 1998 these technologies include:

Asynchronous Javascript (or Flash) and XML to create rich user interfaces, typically referred to as AJAX or AFLAX.

Programmers are leveraging JavaScript's and flash's ability to make calls back to a server without the user reloading a web page to radically change the user experience of web applications. Today, most web applications require that the entire "page" be refreshed anytime the application makes a request for information to the server. This means users of web applications spend a lot of their time waiting for the server to respond after every click. AJAX and AFLAX enable browser-based applications to behave much like standard desktop applications, making it easier to leverage the web as a platform, and deliver fuller-featured software as a web service.

Web 2.0 applications are giving programmer's access to their information data stores and basic functions through simple programming interfaces (API's) based on service

oriented architecture principles. A program's content and functions can be exposed to other programs running on the web by "wrapping" them with these API's.

There are really two common API standards – SOAP (simple object access protocol) and REST (representational state transfer). SOAP has a more formal set of standards for handling many programming interface requirements, and is often used for connecting larger business systems. REST, which is essentially just making XML, structured content available via documented HTTP requests. Amazon.com, for example uses the SOAP architecture to integrate with partners such as Toys r Us, but makes all of its product catalogue, user reviews, and customer wish list data available with simple XML and HTTP – enabling any site to very easily become a book reseller by embedding Amazon content directly into their site. Amazon reports that ~80% of its API use is REST, not SOAP based.

RSS and other lightweight "micro-content" formats for information syndication

The example above, of Amazon making its product available for integration by 3rd parties is a perfect example of "micro-content" and syndication. Amazon has broken its content into small, well structured chunks, and using open API standards mentioned above, enables the simple syndication of their content to virtually any 3rd party.

This openness of information sharing is viewed as extremely dangerous for many content organizations because it strips the content owner of control over the information's presentation. Still, organizations like Amazon, Google, Flickr, Yahoo, and even the BBC are moving quickly to make much of their information available in small, easily distributable chunks.

## 2.6 Web 2.0 companies

Google, Live, Facebook, YouTube are the best examples of the efficient use of Web 2.0.

It was stated that Web 2.0 have a bright future, one that companies are expected to spend \$4.6 billion on by 2013 to integrate into their corporate computing environments, according to a Forrester Research report issued by Information Week.

This causes the revolution and many more web applications replacing the most common and popular Web applications e.g. Google AdSense replaced DoubleClick, Flickr replaced Ofoto, Napster replaced mp3.com, Wikipedia replaced Britannica Online, Weblogs replaced personal websites, Search Engine Optimization replaced domain name speculation, Wikis replaced Content Management System while folksonomy replaced taxonomy.

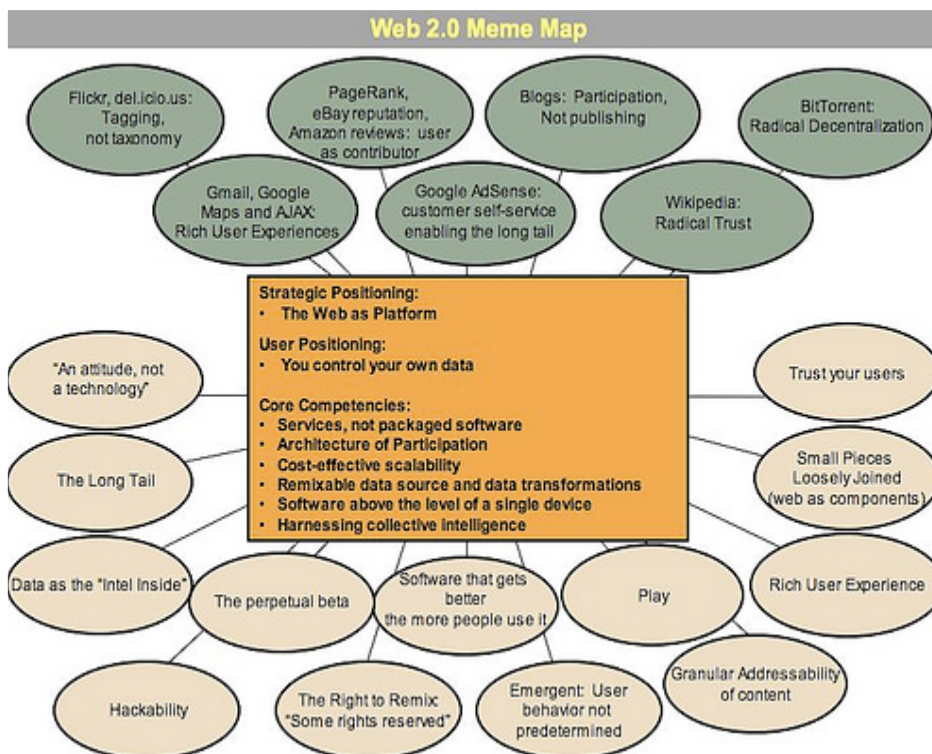


Fig.9 Meme map elaborated during FOO Camp at O'Reilly Media conference.

This "meme map" of Web 2.0 was developed at a brainstorming session during FOO Camp, a conference at O'Reilly Media. It's very much a work in progress, but shows the many ideas that radiate out from the Web 2.0 core.

The central principle behind the success of the giants born in the Web 1.0 era who have survived to lead the Web 2.0 era appears to be this, that they have embraced the power of the web to harness collective intelligence:

Hyperlinking is the foundation of the web. As users add new content, and new sites, other users discovering the content and linking to it bind it in to the structure of the web. Much as synapses form in the brain, with associations becoming stronger through repetition or intensity, the web of connections grows organically as an output of the collective activity of all web users.

Yahoo!, the first great internet success story, was born as a catalog, or directory of links, an aggregation of the best work of thousands, then millions of web users. While Yahoo! Has since moved into the business of creating many types of content, its role, as a portal to the collective work of the net's users remains the core of its value.

Google's breakthrough in search, which quickly made it the undisputed search market leader, was PageRank, a method of using the link structure of the web rather than just the characteristics of documents to provide better search results.

eBay's product is the collective activity of all its users; like the web itself, eBay grows organically in response to user activity, and the company's role is as an enabler of a context in which that user activity can happen. What's more, eBay's competitive advantage comes almost entirely from the critical mass of buyers and sellers, which makes any new entrant offering similar services significantly less attractive.

Amazon sells the same products as competitors such as Barnesandnoble.com, and they receive the same product descriptions, cover images, and editorial content from their vendors. But Amazon has made a science of user engagement. They have an order of magnitude more user reviews, invitations to participate in varied ways on virtually every page--and even more importantly, they use user activity to produce better search results. While a Barnesandnoble.com search is likely to lead with the company's own

products, or sponsored results, Amazon always leads with "most popular", a real-time computation based not only on sales but other factors that Amazon insiders call the "flow" around products. With an order of magnitude more user participation, it's no surprise that Amazon's sales also outpace competitors.

Now, innovative companies that pick up on this insight and perhaps extend it even further, are making their mark on the web:

Wikipedia is an online encyclopedia based on the unlikely notion that an entry can be added by any web user, and edited by any other, is a radical experiment in trust, applying Eric Raymond's dictum (originally coined in the context of open source software) that "with enough eyeballs, all bugs are shallow," to content creation. Wikipedia is already in the top 100 websites, and many think it will be in the top ten before long. This is a profound change in the dynamics of content creation.

Flickr is an image and video hosting website, web services suite, and online community. In addition to being a popular website for users to share and embed personal photographs, the service is widely used by Bloggers to host images that they embed in blogs and social media. As of October 2009, it claims to host more than 4 billion images. (Recently acquired by Yahoo!)

YouTube is a video sharing website on which users can upload and share videos. Three former PayPal employees created YouTube in February 2005. In November 2006, YouTube, LLC was bought by Google Inc for \$1.65 billion, and is now operated as a subsidiary of Google. The company is based in San Bruno, California, and uses Adobe Flash Video technology to display a wide variety of generated video content, including movie clips, TV clips, and music videos, as well as amateur content such as video Blogging and short original videos. Individuals have uploaded most of the content on YouTube, although media corporations including CBS, the BBC, UMG and other organizations offer some of their material via the site, as part of the YouTube partnership program.

Unregistered users can watch the videos, while registered users are permitted to upload an unlimited number of videos. Videos that are considered to contain potentially



offensive content are available only to registered users over the age of 18. The uploading of videos containing defamation, pornography, copyright violations, and material encouraging criminal conduct is prohibited by YouTube's terms of service. The account profiles of registered users are referred to as "channels".

Del.icio.us is a popular social bookmarking service. Joshua Schacter, the founder, characterizes his service as a way to remember things. (Recently acquired by Yahoo!)

Jotspot provides several services: Jotspot - the Application Wiki, which allows users to create and share wiki-like web pages. JotLive - a live group note-taking application.

37Signals provides several services: Basecamp - a project collaboration tool and Backpack - a collaborative tool to create sharable web pages.

Digg is a social news website made for people to discover and share content from anywhere on the Internet, by submitting links and stories, and voting and commenting on submitted links and stories. Voting stories up and down is the site's cornerstone function, respectively called digging and burying. Many stories get submitted every day, but only the most Dugg stories appear on the front page. Digg's popularity has prompted the creation of other social networking sites with story submission and voting systems. The website traffic ranked 100th by Alexa.com as of April 2nd 2010. In this way Digg culls the actions of its users to provide value.


Writely is a free, Web-based word processor, spreadsheet, presentation, form, and data storage service offered by Google. It allows users to create and edit documents online while collaborating in real-time with other users. Google Docs combines the features of two services, Writely and Spreadsheets, which were merged into a single product on October 10, 2006. A third product for presentations, incorporating technology designed by Tonic Systems, was released on September 17, 2007. Data storage of any files up to 1GB each in size was introduced on January 13, 2010.

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Feedburner is an RSS publishing service. Sites can direct their readers to a feed at Feedburner instead of hosting it themselves; taking advantage of Feedburner's advanced tracking capabilities to provide insight into who is reading your feed.





Facebook is a social networking website that is operated and privately owned by Facebook, Inc. Since September 2006, anyone over the age of 13 with a valid e-mail address can become a Facebook user. Facebooks target audience is more for an adult demographic than a youth demographic. Users can add friends and send them messages, and update their personal profiles to notify friends about themselves. Additionally, users can join networks organized by workplace, school, or college. The website's name stems from the colloquial name of books given to students at the start of the academic year by university administrations in the US with the intention of helping students to get to know each other better.

Twitter is a social networking and microblogging service that enables its users to send and read messages known as tweets. Tweets are text-based posts of up to 140 characters displayed on the author's profile page and delivered to the author's subscribers who are known as followers. Senders can restrict delivery to those in their circle of friends or, by default, allow open access. Since late 2009, users can follow lists of authors instead of following individual authors. All users can send and receive tweets via the Twitter website, Short Message Service (SMS) or external applications. While the service itself costs nothing to use, accessing it through SMS may incur phone service provider fees.

SOCIAL NETWORK	FACTS
	<p>Linkedin has over 50 million users that in general use this platform in general for professional purposes.</p> <p>It shows itself as an excellent tool to reach a target more skeptic concerning social relations.</p>

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	<p>Youtube has over 350 million users, it is the best tool utilized in viral marketing and has already projected brands and personalities that otherwise would have never became public</p>
	<p>Facebook is a phenomenon in the social world, has over 250 million active users, it presents the greatest grow among all the other.</p> <p>It has surpassed google as the most viewed page according to the ranking of more viewed web pages.</p>
	<p>The micro bloggingphenom is adding up to 100,000 users a day, with the like of The New York Times, JetBlue and Lance Armstrong Tweeting.</p>
	<p>With Google Docs and the new Chrome browser, the search titan continues to aim at Microsoft.</p>
	<p>More than 35 million visitors per month submit around 20,000 stories a day to the site. A recent \$29 million financing will keep the crowd thumbing through the downturn.</p>
	<p>MySpace is the only social network that has made serious progress with targeted marketing. MyAds generate a reported \$140,000 to \$180,000 in daily revenue, making it a \$50 billion business in theory.</p>

**Fig.10** containsthat operate on the web 2.0

## **2.7 Web 2.0 in businesses**

### **2.7.1 How do consumers reach my company**

Until very recently we thought the visitors of a web-site sitting at his desk with a desktop computer, surfing the web at a very low speed, this scenario has changed radically and its just beginning.

Initially most of the Internet accesses were made through telephone connections, they were slow and expensive, now days Internet access has improved due to increasing bandwidth introduced by ADSL and cable services.

Increasingly, the access is done through mobile services that can go beyond the computer with Internet access. Mobile phones, payment terminals and other equipment specially designed for workers on the move are increasingly part of everyday Internet access.

How often in receipt of an order we are asked to sign digitally on a device that will send that proof to a Web-based application, providing the customer with an immediate proof that the order was received and by whom.

### **2.7.2 What are the advantages of digital media**

#### **2.7.2.1 Impact on the product**

In the given definition we find the elements of the marketing mix, also known as the 4 P's:

- Product
- Price
- Placement
- Promotion

Many authors added a fifth P, Participation (Participation). This fifth P `s geneses comes not only the existence of digital media, but increasingly from the advent of a new consumers power, with the emergence of Web 2.0.

But what is the impact of digital media in the 4Ps of Marketing?

As the value of the product or service is the capacity it has to address and meet customer needs, the digital environment has brought new products and services and enhances existing ones.

This transformation is visible in the world of music and content in general, we tend increasingly to buy only what we want and not what is imposed on us to buy, as part of a package that we call CD, DVD, TV channel etc..

Also, in all other products we see a strengthening of pre-sales and after-sale via digital platforms. Be thorough in the simple placement of technical specifications and forms of use of a product, to the technical assistance services.

But also there are new products and services related to multi-platform content, specific software for various devices and a slew of services associated with access to digital media and its use in all aspects of life.

This is probably the biggest area of impact, despite being the slowest to implement, since it implies a good deal of the time the process reengineering and change behaviors and attitudes.

### **2.7.2.2 Impact in the Price**

Price is a financial consideration that the manufacturer receives as compensation for the effort and money invested in producing and distributing an article or performs a service.

In the formulation of the price has to be taken into account the perception of cost that the consumer has. In the case of the digital media consumer has the expectation of lower

costs, this means that the physical environment, because the fixed costs of facilities, salaries will be smaller or even nonexistent.

It is no coincidence that the Low-Cost airlines have their operations based on digital platforms where the customer is asked to perform all their interactions through the Internet or over the phone as a way to reduce the final cost of tickets.

For these reasons, it is possible to say that is inherent in the use of digital media the idea of sharing benefits between producers and consumers. Otherwise the consumer's expectations will be defrauded in the future.

### **2.7.2.3 Impact in the Placement**

The distribution relates production and consumption, having as a mission to place at the consumer's disposal the product then searched in the most effective and profitable way.

The Web and mobile channels assume a growing and overwhelming importance in a moment of increasing competition and profit margins crush, due to the cost by interacting via these channels being way lower than via the other common channels like the direct sale, the phone or via the post mail.

Financial institutions such as banks, for example, seduce costumers on using home-banking services, by charging higher fees if customers use the counters or telephone banking services.

By using this method the ability of collecting and processing information's about the consumers is far more effective than by using the so-called traditional, since here the costumers give out some information's without even being aware that they gave them.

Example of this is the information that we have of customers that may or not be registered at websites about the products of greatest interest, where they came from, analysis times, etc.

Even small companies are making use of the potential of digital media to put the customers to work for the companies, for an example we can think how many Web-based forms we fill and that will directly feed the databases of companies that created them.

#### **2.7.2.4 Impact in the Promotion**

It is designated as Promotion the collectivity of activities that look to communicate to the market the benefits of the product or service having as final goal its acquisition.

By the end of the 90's, with the Web broadcast, many sites arose in which the business model would only lie upon the publicity revenue, because, although we were facing a completely new environment, traditional steps on marketing were strictly followed resulting on the crash of the .com Enterprises.

This crisis that developed in bankrupts or giant under valorization of technological enterprises stock value, was important to make the natural selection so needed in the market and that way put it back on reality's track.

As a consequence it was visible, that the publicity revenue's represent a good source of income, although they cannot be seined as the only one, neither should costumers relations with the company assert to the traditional methods.

On the digital world, publicity can automatically adapt to consumers needs, because it feeds on information collected from the user itself.

Two practical examples:

When we access a foreign web site and see a publicity banner popping in Portuguese advertizing a product from a Portuguese company, it happens because either we are registered on this site or the system automatically detects our IP address as being from Portugal.

We are finalizing a buy and a suggestion pops up for the purchase a product that is also in our interest, the question here is that the site doesn't have divine powers just establishes profiles of buyers relating on the grounds of, who ever buy's product X, also buy's products Y and W.

#### **2.7.2.5 Participation**

On Digital Grounds the consumer's word is ever more important on product creation, the consumer transforms itself on these days in what it is called "prosumet", English word formed in the junction between producer and consumer. This means that the consumer has an active word in the conception of the product and its sub consequent evolutions.

In several circumstances these products are elaborate by communities of consumers, for instance communities like those are on the origin of the most popular operative system in the Web, the all time favorite Linux. Created in 1991 by Linus Towards, Finnish student of 21 years old, that quickly became in the base of several communities of creators of new software's based on the GNA (General Public License), this type of licensing allows the final users a software of free usage as well as to innovate by creating new functionality's just as long as maintaining the same type of licensing.

The dream of a direct connection between the consumer and the departments of investigations and development became a reality with benefits that privilege both parts.

#### **2.7.3 Changes in the communication – the back to basics**

The commerce of goods and services is something that is present since the dawn of humanity, but only at the end of the twentieth century a remarkable changes happen, for the first time it is possible to exchange goods and services between buyers and sellers who never contacted face to face.



The telephone, television, telex, fax, EDI, Internet and mobile devices are primarily responsible for this revolution.

However, we as human beings, have a kind of genetic memory, which puts some discomfort in trade relations in which human contact is removed from the equation. Clearly, new generations will be much more open to this kind of business relationship, since much of their personal relationships is based on the use of digital media.

However, in a transversal way, we all prefer a personalized treatment in the time of purchase, similar to the one we find in the traditional neighborhood grocery store, a meeting point for people in a community with a someone who knows our preferences for consumption, giving us the feeling that we are unique.

What this people usually don't know is that they are using a One-to-One marketing technique, which is defined as the unique dialogue that occurs between a company and individual consumers, or more properly between consumer groups with similar needs

Considering the fragmentation of markets, even for a small business, customers may be distant, without possibility of face to face contact, so we need to find ways to soften the impersonality of an initial contact made through digital media.

Interestingly the digital media that provides us with the possibility of having a strong relationship with our customers, and in some circumstances such a relationship could be even stronger than a traditional relationship, because we use digital media at our disposal.

To recover some of the lessons it learned from the online entertainment industry as:

- Creating spaces for interactive communication
- Using Virtual Assistants
- Involve customers in product design
- Use the power of virtual communities

Right now there are very interesting solutions that enable enterprises to have a truly interactive communicative with potential customers. Let's discuss three that are accessible to small and medium as well as large companies:

- Click to Call
- Commercialroom
- Virtual assistant

How often when visiting a website we find the product we were looking for, however a doubt precludes the immediate purchase, for example, what the delivery time.

The most usual action is to try to find an e-mail, a form, or telephone contact. The first two alternatives differ in time from the moment of acquisition, which from the standpoint of the merchant can mean a lost sale, while the telephone call may represent an extra cost for one party or both.

To overcome these difficulties arose the necessity to have some sort of online assistance, which can have two types of simultaneous use:

Reactive - A banner on the site, with a message such as "If you need help click here".

Proactive - Noting that a visitor found the site makes it appear a new window with a message like "I can be helpful in anything? Click here. "

In both forms of use, the operator has access to interesting information, even before you begin any interaction, such as:

Where the visitor came from, that is, if you clicked on a link on another site and how, or if you arrived through a search engine and keywords typed.

Utilize the IP address of the visitor being able to distinguish the many visitors and also know their geographical location, which pages you visited so far and if some action has taken place.

Thus, the operator is able to provide a more personalized service, because it has good clues about the objectives of the visitor, may:

Improve the supply, through promotions;

Give visitors information via chat, voice or even load a page in the site visitor's computer in order to give more data; send the client a chat transcript by email, if it so desires, taking the opportunity to ask for a summary assessment of care.

In short, create the same kind of experience you can have in a shop with a friendly vendor that knows exactly what we need and is open to our requests and doubts.

### **2.7.3.1 Click To Call**

This service provides a click to a free and immediate conversation between a visitor and a commercial representative of the site.

Another solution may be a room where you can schedule commercial business meetings with the aim of saving time and the need to travel any distance.

This type of rooms is very useful to make statements, give more detailed explanations about the product or as part of after sales service.

The most common features are:

Application sharing, allowing the customer to use an application that is not on his system, which is a very interesting case of simulation;

Conducting presentations using any program for that purpose;

Video conferencing, allowing participants at the meeting to be able to see each other; use of voice through VoIP or telephony solutions; the recording of the meeting for later use; the host can be alerted that a participant is opening other applications, enabling participants to understand if they are concentrated or dispersed; at any moment may be called specialists who can answer questions that arise during the meetings.

### **2.7.3.2 Virtual Assistant**

In previous presented solutions the lower cost is the technology, because training operators and their availability are major costs. Due to that, in some circumstances the virtual assistant can be a viable alternative.

An Online assistant can have the following features:

Welcome a new visitor by voice example: 'Welcome to our site, knew that today we are doing a promotion of 10% on all products ";

The statements can be prepared according to a predefined script of responses.

Reacts to cursor movements may follow this movement and where to click;

Fully customizable and can be presented by animated photographs;

They can provide information according to information gathered on the Internet, for example to time, the share price of a company, traffic information, know who visited the site previously, etc.

A virtual assistant is a unique chance to create interactivity with the advantage of being available 24 hours a day without wage demands.

### **2.7.3.3 Involve customers in product conception**

Nowadays with the evolution of web technology it is possible to go further and involve the customer in the design of the product or service, some examples:

Products such as Lego or iPhone have virtual communities of consumers to get ideas for future developments;

The overwhelming majority of open source software has its origin in virtual communities of programmers who donate their time and ingenuity to create new applications;

According to the President of Procter & Gamble Robert McDonald about 50% of innovations in their products result from external collaboration;

A project team can easily provide a virtual room where clients can watch online the development of the project;

Data Centers using online web cams so customers can monitor the jobs that are performed inside and see the conditions in which their servers are located.

At bottom it is making a direct connection between the needs of consumers and the area responsible for innovation in the organization.

## **2.8 Future of the Web**

Clearly the future will be much more mobile and less fixed, and much more interactive, with the consumer having a decisive participation in all the stages of the product or service.

In 1920 the proud owner of a Ford T considered likely that they would hardly be in the future cars of higher quality and performance, despite the starter motor is based on a crank.

Nearly one hundred years later we live the same phenomenon, the Internet as we know it is in its infancy, certainly in less than 10 years the speed and nature of content that we will certainly reach radically different for the better.

Even less than 10 years a new super-fast ADSL services started to show up and the current commercial offering of the same operator uses a very similar technology but is more than 100 times the service they hired then.

On the horizon we have technologies such as WiMax and fourth generation mobile phones that promise to tip the scales for mobile access irreversibly.

## **2.9 Literature conclusion**

Sharing thoughts and information in coffee rooms, staff meetings, seminars and conferences are important, but you have to accept that our professional lives have changed. A substantial part of our workspace has actually moved in recent years. It was not a long time ago that a desktop contained pencils, rubbers, envelopes, heaps of papers and so on. In the middle of the 1990 it started to change. The pencils, rubbers and envelopes were conjured into a virtual desktop in the PC containing short cuts (icons) to Word, Excel, Internet Explorer and so on. Now, we stand on the threshold of yet another change.

The next few years our desktop is going to change enormously. Our workspace is changing from using the Web for communication and information searching to really being our new office and/or life. The fact that our work environment (or tools if you like) is moving from PC applications to Native Web has more implications than most of us think. A native Web word processor is not the same as a PC word processor.

In the not too distant future, we'll subscribe to a service without an address. A service will update a widget that finds other widgets, which make widgets for locating obscure jazz recordings. We're not there yet, but it's only a matter of time.

There are two words, which sometimes are used in the discourse, but never in a substantial way, namely "native" and "connectable". First of all, Web 2.0 is not hype or a bubble (in a technical sense). Web 2.0 as a core of something new, is close to the concept paradigm. It is not going to be called Web 2.0 but Web 2.0 is an extensive and important step of the development in this direction.

What is Web 2.0? Is it grouping thinking? A mindset? A paradigm? Is it an IT-Bubble or is it the Hubble?

As you know the Hubble Space Telescope is positioned outside the Earth's atmosphere, which allows it to take sharp optical images of objects in the distant space. At first everyone thought it was a bubble since one of the lenses was wrongly grinded. But against all odds the NASA technicians finally managed to replace the malfunctioning

lens, and suddenly the astronomers were looking into a “new” space, sharp and crisp and with wonderfully displayed details. The research makes this parallel trusting the reader to see the ironic beauty in it.

There are problems too. One problem is that some people might have hard to adopt and make use of this new environment. This is the same problem we have today and it is not related to Web 2.0 or the Native Web, though this is a profound problem with all relatively new technology. The most evident problem related directly to Web 2.0 thinking, is about security and privacy.

PC applications were identified by location. If PC applications were in my computer, they were mine.

Web services need registration and registration leaves traces. Traces can always be followed and following traces is particularly easy in the digital world. The whole idea about participation and collective intelligence builds on those traces. Every effort to lessen the traces for security reasons will inevitably lead to container thinking. The question about privacy and security will therefore have to be solved in terms of Web 2.0. We cannot solve Web 2.0 problems by falling back to Web 1.0 thinking.

## **3. CHAPTER 2**

### **3.1 GENERAL METHODOLOGY**

To elaborate this case study the remediation theory was utilized as a guide for examining the units of analysis, the remediation theory influences the analysis process and the presentation of results, and the units of analysis focus on the four P's according to my variation on McCarthy and Yudelson's versions:

**Product:** the tangible or intangible object of trade, its characteristics and its accompanying collateral and/or benefits.

**Place (or distribution):** how the product gets to the customer and all that is done and required to facilitate the exchange.

**Promotion:** marketing communications, especially as relate to sales, advertising, publicity, and/or public relations.

**Price:** the cost, in terms of tangible and intangible resources and finance, associated with the product, including profit and loss.

As noted earlier, the questions the study attempts to answer are:

*How do the traditional elements of the marketing mix-- product. price. place. Andpromotion-- translate to the interactive Internet?*

*How are products affected when a media company operates in Web 2.0?*

*Sub-Questions: How/are price. place. and promotion affected when a media company operates in Web 2.0?*



To answer these questions, it was elaborated a case study of the company that inspired the thesis topic.

It was decided to also conduct informational interviews and to examine them and additional information's by using generative criticism to conduct a rhetorical analysis, this was based on a chapter on generative criticism from Sonja Foss' book, *Rhetorical Criticism: Exploration and Practice* (1996).

Sonja Foss (1996) explains rhetorical acts as being intangibles.

In her book, *Rhetorical Criticism: Exploration & Practice*, Foss (1996) describes the process of deriving units of analysis from one's research question(s) as "generative criticism" (p. 485), hence my decision to use the four P's as my units of analysis.

According to Foss, "carefully and thoroughly examining the artifact for any traces of evidence of the phenomenon suggested by the unit of analysis" (p. 486) is the primary process in conducting generative criticism. Therefore, there was opted to search for examples of the four P's and to let occurrences of the P's provide the framework for the story my results and discussion sections would tell.

The decision to apply this type of criticism was based both on its accessibility since the study explores somewhat uncharted territory, It seemed beneficial to let the questions guide the analysis.

The first question, "How do the traditional elements of the marketing mix product, price, place, and promotion translate to the interactive Internet?," suggested that what there was a need to determine was what element of the mix was being referenced.

The second question, "How are products affected when a media company operates in Web 2.0?" and its sub-questions, "How/are price, place, and promotion affected when a media company operates in Web 2.0?" also relied on my being able to identify the individual elements of the marketing mix.

## **3.2 Case Study: Waves & Woods**

### **3.2.1 The company**

Waves & Woods market itself as an original combination of sports, art, music, fashion and a modern lifestyle, the company is closely associated with art, skateboard and surf culture.

Nelson Costa and Bruno Brito founded the company in October 2009.

Waves & Woods mission is to support and to establish a showcase both renowned and unknown artists, sponsoring national athletes and artists.

Before initiating this so called project there had to be an experiment to try and get representation of various brand in Portugal, this was done in another store, named CarsSportif located in Torres Vedras, Portugal, it functioned as an experiment to try and get the representation of various brands in Portugal, and also to gain some know-how in this particular area.

Once these objectives have been met, the store CarsSportif was assigned to one of the founding members, while others have decided to open another company with larger target – Waves & Woods.

As said, after accomplishing their objectives and founding this new company, there was a need to find a need space to allocate the company, given that they are distributors of various brand and taking in account the current economic situation, that isn't the most favorable to open a need business in this area, there was a need to find a location that would not only be closer to other stores that buy their products directly from Waves & Woods, but also to be have a central location easy to find by the target consumers.

The chosen location was Bairro Alto, in travessa da queimada nº 36, because it is considered the heart of Lisbon's youth culture and nightlife, due to the number of clubs, bars and art galleries.

The store was inaugurated on the 18th of June 2009, the store was inaugurated with an exhibition of the renowned Portuguese plastic artist Leonor Morais, who represents the spirit of the store.



**Fig.11**Waves & Woods opening.

### 3.2.2 Products and Services

Waves & Woods commercializes clothes, accessories, surfboards, skateboards from several brands such as: RVCA, Sanuk, Vox, World Industries, Hoven, Adidas Originals, DC Shoe, L-R-G, Insight, Nixon, Nike SB, Element, Xika surfboards and Obey.

Waves & Woods organizes several skateboard competitions, such as the Bam Slam Skate Contest that took place in Fil, Parque das Nações in Lisbon, these championships are usually done in collaboration with other brands and magazines.

It is to notice that it was the first time that the European Skate Championship came to Portugal, and had the biggest prize money ever given in a championship in this area in Portugal, which was an important contribution to the exposition and development of this sport in Portugal.



Fig.12 Competition Flyer

The return on these events is not monetary, contributing to the development of sports such as surf and skate is part of Waves & Woods mission, and is a key tool to gain notoriety and exposition among consumers target.

Waves & Woods organizes several art exhibitions, after the exhibits are terminated the items are for sale at the store, so far it has hosted several artists such as: Leonor Morais, Diogo Machado, Vanessa Teodoro and over thirty artists from “CUIC – Canary Islands Urban Culture”.



Fig.13 Ruby Blue Flyer





Fig. 14 Sweet Cuts Flyer

### 3.2.3 Price

Given that Waves & Woods is relatively new project, and also because the company is national distributor of some brands conferring them a higher profit margin. a Penetration pricing strategy has been adopted, this consists in a technique of setting a relatively low initial entry price, often lower than the eventual market price, to attract new customers. The strategy works on the expectation that customers will switch to the new brand because of the lower price. This pricing technique is most commonly associated with a marketing objective of increasing market share or sales volume, rather than to make profit in the short term.

### 3.2.4 Place

Now days Waves & Woods is the national distributor of five brands, RVCA, Sanuk, Vox, World Industries, and Hoven, and intend to add other brands in the future that still don't have a national distributor.

The products can be acquired either in their shop in Bairro Alto as well as in their virtual store in [www.wavesandwoods.com](http://www.wavesandwoods.com).

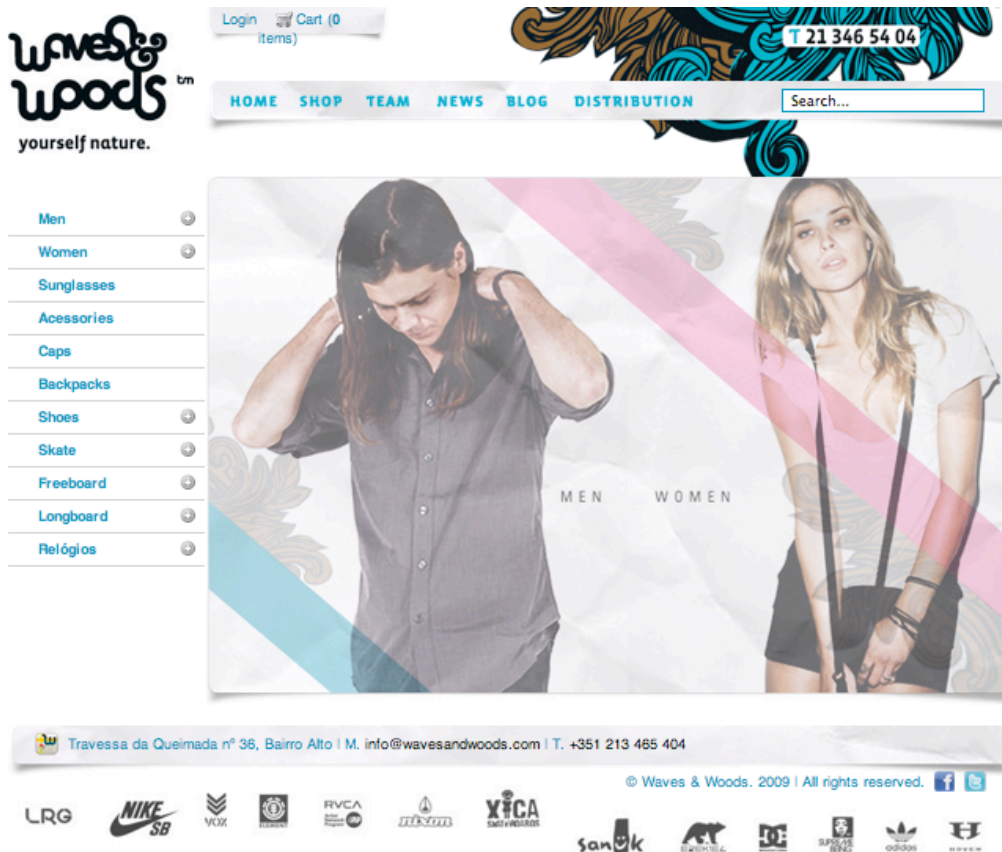


Fig.15 Virtual Store

### 3.2.5 Promotion

Waves & Woods have a low publicity budget, and the target consumers are unconventional and creative people that tend to disregard the conventional methods of advertisement and promotion.

Taking this in account they decided to utilize some new promotion techniques such as the use of the Web 2.0 and respective tools, such as a Blog, and a profile in Facebook, they choose these specific tools because it provides a channel to easily communicate with their current and potential customers, by posting all the news about their products, the art expositions, events and everything related to the company, in an easy, fast and appealing format for everyone to access.

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Apart from this and eventually a very low quantity of flyers to distribute around the shop to promote specific events, the company uses no other tool of advertisement to promote itself.

Note that the company performs regular events and exhibitions in the store. It is important to note that there is no monetary return on these events. The expected return by the company is the increasing awareness by part of its consumers, brand and other companies in the same market. In fact, many are those who visit the store to attend exhibitions, or participate in the events of the store, without knowing about their products. Thus, potential customers will come to recognize the store, the products they have to offer, and may become future clients.

There are also special promotions for user of facebook (friends of the store) that have access to specific products, news, events and promotions such as discounts, this is a way to stimulate the relation between the store and its customers, by making the relation more participative for the customer.

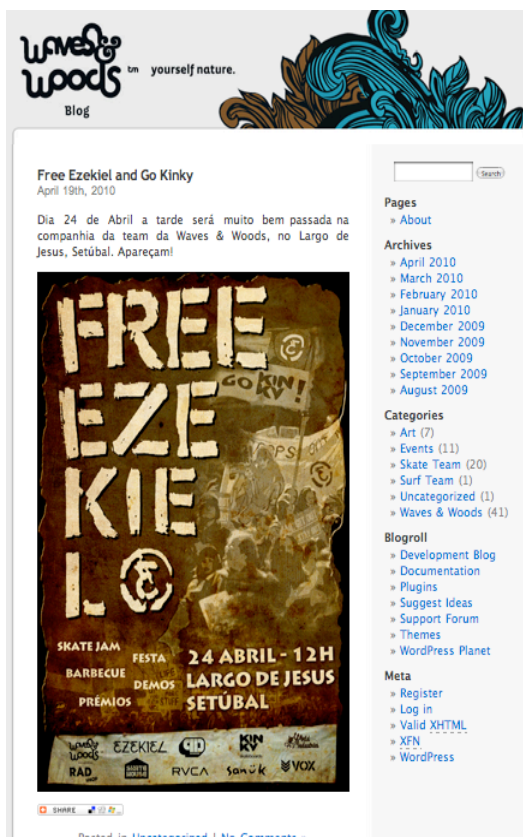


Fig.16 Blog



Fig.17 Facebook Profile

To illustrate how successful they have been using this strategy, three promotions carried out by the company will be presented, representing how web 2.0 tools were a major influence to the success of the company.

The first one was an art exhibition by an emerging Portuguese plastic artist, Diogo Machado which biography and work can be seen in his website: [www.addfueltothefire.com](http://www.addfueltothefire.com).

This event is a good example to demonstrate how can web 2.0 tools can be used as a method of promotion, since was only publicized trough Waves & Woods Facebook profile, Blog, and trough the artist website, and so far, although there is no official countdown, it was estimated that 120 persons attended the premiere of the exposition, this number was calculated by the number of people who confirmed their presence in the event via facebook, the people who were in the store by the time of the premier (the maximum occupation of the store is 100 persons), and this is still an ongoing exposition so more persons are expected, this is an excellent way for people to get to know the store by attending the exhibition.



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Fig.18 Facebook Event



Fig.19 Art Exhibition

The second example demonstrates the importance of the suggested 5<sup>th</sup> P – Participation. Waves & Woods in the past march made available an exclusive collection in Portugal. As said before one of the brands that Waves & Woods commercializes the brand Adidas, who in the beginning of the year launched a clothing collection based of the Star Wars movies, that weren't commercialized by any other store in Portugal.

Many customers demonstrated interest in acquiring pieces from this collection, by asking about it in the shop and also via Facebook, so the company decided to establish a partnership with the Star Wars Clube Portugal ( <http://swccept.blogspot.com>), and make the collection available to its customers.

By making this collection available on Portugal the company was mentioned in magazines and newspapers such as: Jornal Record; Visão; and TimeOut magazine, as seen on the images bellow, that provided an extra and cost free publicity to the shop.

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Fig.20. Article from Jornal Record Fig.21. Article from Visão

The customers who already had an open communication channel with the company demonstrated direct interest in a product, which successfully satisfied that need, and gained an extra publicity from some magazines and a newspaper, and none would have happened if the company didn't focused on being aware of their current consumers needs.

The final example demonstrates how Facebook and Blog users have access to special discounts, as the figure illustrates, by having this advantage more and more users become “friends of the company” trough facebook and keep a constant attention on the company's blog and facebook profile, not only increasing the chance of participation by the customers but also gaining more exposition amongst them.



Fig.22 Facebook and Blog Promotion

### 3.2.6 Case study Conclusion

After analyzing the case study and getting to know more about the history of the company and how it operates in the market, there is a chance to respond to the questions stated earlier:

*How do the traditional elements of the marketing mix-- product. price. place. and promotion-- translate to the interactive Internet?*

*How are products affected when a media company operates in Web 2.0?*

*Sub-Questions: How/are price. place. and promotion affected when a media company operates in Web 2.0?*

The changes and the impact on the traditional marketing mix while operating on the Web 2.0 are notorious; this is due to the new suggested P – Participation.

It is to note that everything in the web 2.0 revolves around interactivity; the consumers play a significant part in all off the processes since there is more communication between them and the company.

Product - The products are affected in the way that by better understanding what the consumers truly want, the customers can better satisfy their demands.

Consumers now days tend increasingly to buy only what we want and not what is imposed on them to buy, channel so the company must be very open to the client feedback and opinion. There also has to be a strengthening of pre-sales and after-sale, consumers demand information's and assistance, there is a need to have a change on behaviors and attitudes from who provides the products.

Price - The price is affected since the perception of cost of the consumer changes by having more information for his disposal, and also as mentioned since the participation involve the customer in all the processes, the companies can expect how much the customers are willing to pay over a product or service, in cases of businesses that operate only trough the web the price can be lowered since the costs of having a physical presence are much lower, as the example given in the literary revision: "Low-Cost airlines have their operations based on digital platforms where the customer is asked to perform all their interactions through the Internet or over the phone as a way to reduce the final cost of tickets."

Place – The distribution relates production and consumption, having as a mission to place at the consumer's disposal the product then searched in the most effective and profitable way, it is normal for a company operates in the web 2.0 it usually has a virtual store, which gives the company a larger profit margin by lowering the storage costs and the costs of having a seller at a location.

The Internet channels are way lower than the other common channels like the direct sale, the phone or via the post mail, trough these channels the ability to collect and process information's about the consumers is far more effective than by using the so-called traditional, since here the customers give out some information's without even being aware that they gave them.

Promotion – Although all the P's are much more connected while using the web 2.0, this is the one that the study is more focused on, and the one that goes trough more alterations, the traditional methods of promotion have reached a point of saturation in most of the times.

According to the study performed by consulting firm Yankelovich Partners inquiring consumers on what is their opinion on the actual promotion methods:

65% consider themselves to be "bombed", and 61% ensures that marketing and advertising, "are out of control."

60% of consumers now have a much worse sense of marketing and advertising than just a few years ago.

95% of inquiries come before given a key to understanding the rejection of certain marketing actions: considering that they have little to do with them.

64% put in doubt-hidden intentions behind the advertising campaigns and those behind them.

For 61% of the population, firms responsible for carrying out marketing campaigns and publicity that doesn't respect the consumer.

About 70% of the public is interested in having products and services that allow them to circumvent or block the promotion it receives.

A significant 33% say that they would be willing lower their standard of living if there were a chance to live in a world free of advertising.

Facing this there was a need to come up with a different way to reach the consumers, this doesn't mean that the web 2.0 is the answer to this saturation or even that is the best option, only a different method of promoting products and services that has been successful so far in some cases.

By promoting through the web 2.0, the word promotion is diluted and the best way to describe it is communication, the so called promotions are orientated toward the consumers needs, likes and dislikes, changing the consumer role from spectator, to a participant.



## **4. Chapter 4**

### **4.1 Conclusion**

The Long Tail is all about focusing on the less popular content that previously couldn't be accessed because of some physical limitation: most often shelf space. The classic examples that Anderson uses are music and books. Book and CD stores can only hold so many albums and books, so the constraint of shelf space hinders their ability to provide an exhaustive selection.

Online, there is no physical constraint like shelf space, so amazon.com can offer a much wider selection than can a physical Barnes & Noble store. Anderson points out: the average Barnes & Noble carries 130,000 titles. Yet more than half of Amazon book sales come from outside its top 130,000 titles.

Similarly, Web 2.0 is about enabling access to previously unavailable content.

Bolter and Grusin's (1999) assertion in the definition of remediation theory is that "each new medium has to find its economic place by replacing or supplementing what is already available" (p. 68) serves as the foundation for my analysis.

In the case study using the variation on the four P's introduced in the literature review, it has been determined that Web 2.0 ultimately affects elements of the marketing mix by blurring the lines between them. Company's products are evolving from being the goods or services a company is selling to less tangible assets-like the participation of the consumers.

The intention of this study was to discover and articulate how companies are changing the way they approach the elements of marketing, and to understand them when they operate in Web 2.0.

It was expected to easily identify the marketing mix as:

Product: the tangible or intangible object of trade, its characteristics and its accompanying collateral and/or benefits.

Place (or distribution): how the product gets to the customer and all that is done and required to

facilitate the exchange.

Promotion: marketing communications, especially as relate to sales, advertising, publicity, and/or public relations.

Price: the cost, in terms of tangible and intangible resources and finance, associated with the Product, including profit and loss.

What was discovered during the study was that, in the case analyzed, the four P's were less distinct in the Web 2.0 and that they had overlapped and merged to become something called "brand."

The evolution of the marketing mix first became apparent when studying the company Waves & Woods and how it uses the Web 2.0 and digital media applications liberally in most of its business ventures, although many of the company activities did align with one of the elements of the marketing mix, most aligned with more than one.

Waves & Woods uses Web 2.0 applications to gain awareness and exposition, to connect with customers, for direct sales and community building.

The research questions, "How do the traditional elements of the marketing mix- Product, Price, Place, and Promotion- translate to the interactive Internet? " and "How are products affected when a company operates in Web 2.0?" had been answered to my satisfaction by the case study, the conducted interviews, and the reviewed bibliography, mostly due to the adding of the new P – Participation.

The original 4 P's by McCarthy still exist and are still necessary in order to properly work in marketing, and although they will maintain their original essence, with the forthcoming of new technologies, tendencies, behaviors etc. they will adapt to them, the study does not state that Web 2.0 will overlap the original marketing, or even that it is the only or more likely future

Traditional outbound marketing techniques are becoming less effective. Buyers are not only

finding ways to tune these messages out, but more importantly they now have the capability to evaluate the products and services they need on their own.

As a result, businesses are transforming their marketing efforts to focus more on inbound programs that allow customers to find them, for example social media.

The study presents Web 2.0 as a new tool that can be used to help with the saturation of the traditional marketing, and mostly because it interacts with the costumers, allowing them to actively participate and to learn more about him, and the more the companies learn about their consumers desires, needs and objections, the better will be the marketing.

It boils down to two opposite approaches: interruption vs. permission. When you think about it from that perspective, it makes perfect sense that outbound is waning and inbound is growing. After all, it's rude to interrupt people and it is polite to ask for permission.

Not only is inbound marketing more polite, it produces better results because:

The relationship factor leads to higher prospect to client conversion, the loyalty factor leads to more repeat sales the methods for implementing it are far less expensive than traditional outbound methods it's highly track-able so you can easily adjust to improve results there are a lot of easy to use, ready-made tools for the technically challenged.

Marshall McLuhan's (1964) statement that "the medium is the message" could be applied in this thesis to mean that the Web 2.0 is becoming the Product or promotional tool. This evolution is consistent with the principles of remediation theory.

The principles at the heart of remediation theory are exciting-refreshing. Bolter and Grusin (1999) say: "Each innovation rearranges and reconstitutes the meaning of earlier elements ... true novelty would be a new medium that did not refer for it's meaning to others at all. For our culture, such mediation without remediation seems to be impossible" (p. 270-271).

Bill gates has said in the past that: "people usually overestimate what can happen in 2 years but underestimate what can change in ten years". He continues to explain that in the next ten years more will happen than had happened in the last 50 years.



Therefore as a planet we are experiencing this tail. This makes the future impossible to predict, the only viable solution is to stay up to date and be fast and sharp to adapt to whatever the future present us with.

Fifty years ago companies had no real feedback from their consumers, so they controlled the industry and didn't promote change. But nowadays everything is interactive.

Now that we are developing at a faster rate, so will products, therefore their placement, how they are marketed.

Could a marketer fifty years ago predict what would be happening now?

Would have anyone believed fifteen years ago that wikipedia would be so popular?

Even just ten years ago, when no one would divulged their real identity over the Internet, if someone said that the future would be to have public profiles and to meet people online from the other side of the country and share personal information's and story's, would anyone believe in this?

Bolter and Grusin's comment suggests to me that the evolution and how companies products and services will be marketed in this digital world is consistent with other evolutions and revolutions related to any other technological advancements in any other market.

As would any study, these one has limitations. The study is mostly focused on an emerging company that operates in the retail market addition, and by excluding larger and vaster target-consumers company's, both of which would have been equally valid subjects for this research, the exclusion may have led to results that do not mirror industry-wide trends. My selection of Waves & Woods was based in part on my own professional interests, and in part on the resources available for this study-particularly in terms of time and access. However, limiting this project did allow me to examine the cases more thoroughly and to establish a baseline for future work on both broader and deeper levels.

Another potential limitation to the value of this study is the speed at which the Internet is affecting the evolution of business practices. There was a chance this research would be

obsolete by the time it was finished. Although the elements and ideas behind the work may still be useful 10 years from the date of completion, it is quite possible that the institutions or units of analysis examined will have changed dramatically or disappeared. Original scholarship has value in and of itself, however. My research recorded and analyzed the state of marketing practices with Web 2.0 as reflected in a growing company without a significant promotion budget, thus making possible comparison with past and future practices.

As a framework for companies that decide to operate on the Web 2.0 the suggestion is to follow these certain steps:

Learn about social media.

First and foremost, it is critical to understand social media by learning about it firsthand. YouTube, del.icio.us, Flickr, digg, MySpace and Facebook are examples of new engines that you need to understand in order to effectively use them to reach the markets.

Create a Web 2.0 marketing plan.

This should be done by Increasing awareness and visibility by integrating specialized sites or custom URLs into advertising or brand management campaigns, thereby segmenting traffic and driving users to focused content; Increase consideration and engagement by exhibiting breadth, depth and thought leadership in introducing new or key players through video, replaying recorded innovative events online or hosting online seminars; Increase choices and drive conversion by communicating with and delivering content to clients and prospects through online settings, portals and Web-based services; Deliver more alerts; Encourage support and advocacy by seeking brand promotion through syndication, blogs and groups on social networking sites.

By establishing the correct marketing mix, firms can work with dynamic, cost-efficient and popular Web 2.0 practices. These will not be just ancillary projects to feed the marketing machine. Rather, they will become an important component to the marketing mix.

Be remarkable.

Have something interesting to offer the costumers that they can use.

Be part of the multimedia wave.

With more than 100 million video downloads per day, YouTube is too big a marketing opportunity to overlook.

Monitor engagement and learn as you go.

Evaluating social media marketing is different than just counting Web site usage or circulation numbers. You want to measure how well your library is doing at engaging the public via social media. And you should measure both the amount and the intensity of the engagement.

And most of all think Creatively and maintain a close communication with your costumers.

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## **6. APPENDIXES**

### **6.1 INTERVIEWS**

#### **The Interviews**

Bruno Brito is one of the founders and the store manager of the company Waves & Woods, formerly worked in Cars Sportif and represented brands such as LRG; Meca USA; Triko; Creative Recreations; Alphumeric and RVCA.

Nelson Costa is one of the founder of the company Waves & Woods where he performs the function of account manager, Nelson, he is LICENCIADO by Universidade de Évora in accounting and is presently working as a financial consultant for Espirito Santo Financial Consuling.

#### **The Interviews**

My interview questions were designed to establish the background of the interview subjects for my records and to allow opportunities for the people with whom I spoke to provide perspective on how the Internet is affecting elements of the marketing mix.

I was also deliberately vague about what I meant when asking what the marketing elements were, in their opinions, hoping to determine how much time and whether today's marketing practitioners actually spend categorizing what they do according to the four P's. I asked all interviewees the same questions, as indicated below.

#### **Interview Questions**

1. Please describe how you began working with marketing.
2. Please describe how you began working with online marketing.
3. What are the primary marketing elements, as you understand them?
4. Do the marketing elements differ in Web 2.0? If so, why and how? If not,



why and how?

5. In your opinion, how does online marketing compare with marketing in traditional media?
6. Have you noticed new ways of marketing used in Web 2.0? Tell me about them.
7. Describe one or two especially effective marketing campaigns done in Web 2.0. Some especially poor ones.
8. Can you name some media companies who really seem to be flourishing in Web 2.0? Some companies who are not?
9. What is the role of interactivity in Web. 2.0 marketing? How does it compare with interactivity in traditional marketing?
10. Do you have anything else you would like to add?

I arranged the interviews with my subjects by e-mail to ask them to select a time and date at which it would be convenient to spend 30 minutes to an hour talking with me. At the designated times, I either placed or received a call from the interviewees according to their preferences.

I ensured that it had been clear to my subjects, obtained interviewees' consent to proceed, and launched immediately into the interview using the questions above.

I deviated from the questions during my interviews only on the last one opting to exclude it when interviewees made it clear that they were running on a tight schedule. This deviation occurred once. Each interview lasted between 30-60 minutes, which was determined primarily by the detail with which the interviewees answered the questions, rather than the amount of time we spent chatting less formally after the formal interview.

In each case, I disclosed to the interviewee at the conclusion of the interview that my intention in asking what they understood the elements of marketing to be was to determine how consistently the four P's would be mentioned. This disclosure resulted in brief conversations about the elements of marketing.

## **Results**

The first surprise in the interviews was that none of the interviewees referred to the four P's when asked what the primary marketing elements are. At the conclusion of the interviews, I disclosed to my subjects that the questions had been vaguely phrased to see if Product, Price, place, or promotion naturally came out in their answers. The people with whom I spoke said something to the effect that the four P's would not have occurred to them. We generally agreed that although that might be due to the informal roads that led most of them to this area of marketing, it might also be due to the changing times. Nelson Costa, for example, said: "In Web 2.0, the four P's don't factor in. It's all about having a conversation."

Rather than hearing consistent references to the four P's and the customer groups served by companies--, my interviewees focused on "brand." They also referred to "transparency" and "authenticity" as core values in Web 2.0 and they emphasized that the communication model in marketing has changed from "advertiser/company-to-audience" to "two-way communication."