



Mass Servicing Micro Markets

The Age Of Subscribe In Digital Marketing

(A Chapter from Enterprise 2.0)

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Introduction

Marketing is in crisis.

2009 was the year to reset. All our businesses got a little smaller in 2009; if not physically smaller - at least a reduced appetite in our marketing or strategic plans for expansion. It was the year of change - and not just because of the American Presidential election - but because of vast changes that the year brought to entire industries.

The first definition of "crisis" is:

*"a stage in a sequence of events at which the trend of all future events, esp. for better or for worse, is determined; turning point."*ⁱ

There is a Chinese proverb that says "crisis is an opportunity riding the dangerous wind". And, so while 2009 was a year of stressful crisis, it was also a year that teed up unprecedented opportunity for our market strategy. It established an opportunity for us to fundamentally change the way we service our markets and manage our businesses. In fact, Thomas Friedman, author of "Hot, Flat and Crowded" came to the conclusion that "*the market and Mother Nature both hit the wall in 2008/2009. We need growth; we need ways to raise people's standards of living*".ⁱⁱ He goes on to suggest that what we need is a "*Great Disruption*"; something that will give us the ability to (and these are my words) completely reboot.

As we just get started into 2010, the sea change is evident in traditional business, and how the influences of Web 2.0 and beyond are affecting it is becoming significantly more pronounced. Entire sectors such as periodicals, newspapers, book stores, consumer electronic retail outlets are threatened with extinction. Others, such as record companies, broadcast television, software companies and advertising agencies are undergoing fundamental changes. Entire job categories such as Journalist, Professional Photographer, Videographer, Publisher, Editor, Web Designer, are going the way of the Lino typist, Stenographer and Elevator Operator.

And the pace of change is quickening. In fact, in 2004, former United States Education Secretary Richard Riley was quoted as saying that "none of the top 10 jobs that will exist in 2010 exist today."ⁱⁱⁱ So, 2010 possibly marks the first time in history when graduates are taking jobs in categories that didn't even exist when they first entered college. And, today, we are currently preparing kids for jobs that don't exist and that will use technology that hasn't yet been invented.

These changes are fundamentally affecting the way we run our businesses, and transforming our marketing strategy. And one of the largest changes will be in how we approach defining and servicing our markets. The Web is completely changing the speed, efficiency and ease with which consumers can engage with each other; as well as the products and services they consume. This new engagement of the consumer, their relationship to one another and the networks that consume our products and services is directly correlated to every single aspect of our business. It will define how accountants will account, marketers will market, service people will service and even how CEO's engage with their boards and shareholders.

As Jeremiah Owyang, a Forrester senior analyst said in an interview with CRM Magazine in 2009 talking about the growth of Social Networking and its effect, "the community will take charge. Social networking will only continue to facilitate the power shift toward the consumer".^{iv}

It's worth repeating: marketing is in crisis. But that crisis is an extraordinary opportunity for us.

The New Opportunity

As social networks begin to form using the Web as the method to communicate, the old lines of hierarchical relationships between business and consumer begin to blur substantially. Every one of these groups becomes a powerful ally or enemy depending on our actions. All of them will be constantly in flux - developing levels of trust and transparency to filter information and determine buying decisions. They will expand and collapse with great frequency, and it will all happen with or without our participation. Seth Godin discusses this at length in his book "Tribes" when he says:

"everyone is not just a marketer -- everyone is now also a leader. The explosion in tribes, groups, covens and circles of interest means that anyone who wants to make a difference can".^v

It is up to us as business managers to create and build these groups so that they work optimally for us. This is not manipulation, and it's not a "Lord-Of-The-Flies-Like" capricious takeover of power just to ensure our survival. Whether it's called a "flattened earth" by Thomas Friedman, or "acquiring 1,000 fans" as Kevin Kelly has blogged,^{vi} "building a Tribe", as Seth Godin has written^{vii}, or developing your "fanatics" as Guy Kawasaki has written^{viii} - the idea is that technology has empowered people to access markets much more efficiently. And new tools, including the Web, have made the relationship between buyer and seller much more fluid. Therefore it is much more competitive, it is much more transparent and it provides for much greater opportunity.

It is, as the Chinese proverb would say - an opportunity riding the dangerous wind.

So, as we look to the future - how do we approach a new market service strategy? How does this affect the market strategy function within our organization? Before we address that, it's helpful to frame the conversation by looking at the evolution of the Web and how it's affected our market strategy thus far.

The Three Evolutions of The Web Market Strategy

Despite the 2.0 moniker that has been placed on it over the last year or so, in the Web's relatively short history, business strategy - and especially market strategy has evolved at least three times - and may even be currently evolving into a fourth.

Evolution 1: Micro Servicing Mass Markets - Catching The Wave And Surfing

The first evolution of Web strategy, circa 1995-1999, was the fascination with the new bright, shiny object of the Internet, and the natural extension of direct marketing and leveraging the Internet as a more cost-efficient method to reach a massive number of consumers. During this period, businesses were just starting to experiment with putting their businesses online - and the focus was to make Web sites functional. The main driver for Web strategy was how to extend the organization's function in this new, vast online world. Leveraging the web site for marketing was still nascent. The strategy was almost single-mindedly about extending the function of the business, whether that was servicing clients with ecommerce, creating new types of markets with auctions or removing the friction from traditional transactions such as banking, buying insurance or registering for licenses.

It was the time likened to the "wild west". Companies became software developers overnight; hiring consulting firms or building internal technology teams to develop new Web technology to drive their businesses. The Web was owned by the IT department - and led by econsultants.

The traditional, large consulting firms all began building large e-business practices and new companies squarely focused on building Web infrastructures began to become large consultancies themselves.

During this time, marketers were barely thinking of how an online marketing strategy would advance their traditional business, and instead were trying to literally re-invent the business online for a mass market. This was the time of the building of a huge bubble, and was the time of Super Bowl ads extolling the virtues of a .com strategy.

Barnes & Noble was the quintessential example of this attempt at reinvention during the first evolution. In 1999, the term "bricks and clicks" was all the rage. Traditional stores were re-inventing themselves as separate, hipper, online versions. Barnes & Noble spun out BN.com as a separate online store to sell books - and took the separate company public. In May of 1999, BN.com went public and raised more than \$430 million with its IPO, selling 24 million shares at \$18 per share. By the end of the first day of trading, BN.com had a market capitalization of \$2.52 billion dollars.^{ix}

Just to put that into perspective, in 2003, after the .com bubble burst, BN.com found itself in danger of delisting from the NASDAQ stock exchange, and the traditional store offered to buy out the remaining shareholders of BN.com for about 14% of the original IPO price.^x

But it was that reinvention that also changed the paradigm for how business could be conducted online. Certainly there were the BN.com and Pets.com sock puppet driven debacles. But there were the massive successes of eBay and Amazon.com and Google that began to redefine what businesses could be online. It was during this time that some marketers began to experiment with email and banner ads as a way to drive brand awareness. But really, the focus was on how the Internet extended your reach like never before. Was it any wonder that small .com's thought they could take over the world - and were left sorely disappointed?

It was, in short, a micro-servicing of mass markets. Businesses took traditional business ideas and applied them to the Web as best they could, thinking they could leverage Web technology to provide a small service to every person on the planet. Customer service at even the early successful businesses was horrible. The models were built around trying to service the new mass market in as small a way as they possibly could to take advantage of the leverage of this new "frictionless" method of selling and operating.

Then, as the 90's ended, and Web sites began to proliferate at an ever-increasing rate, search engines like Yahoo and Google began to become the main portals for users to dive into the Internet. Consumers needed to start their journey for any given Web experience with a search because there was just too much to "surf". The .com implosion forced companies to largely abandon their world domination dreams and look for ways to simply leverage the Internet as yet another way to do business. From the marketing perspective, marketers turned inward - and began to examine how the Web could make their marketing efforts more efficient. They began to look at Search Engine Optimization (SEO) and manipulating Web site content to rank higher in searches. And the idea of Paying for performance started to become more popular. Search Engine Marketing or "pay per click" advertising rose. In 1998, GoTo Networks - which later became Overture Services and ultimately Yahoo Search Marketing was the first company to provide "pay per click" advertising. Google quickly followed in 2000 with its AdWords product and sponsored search listings contained in the search results pages became an overwhelmingly successful new advertising model^{xi}

Then, as the century turned in 2000, Rick Legine, Christopher Locke, Doc Searles and David Weinberger published "The Cluetrain Manifesto" and proclaimed:

"These markets are conversations. Their members communicate in language that is natural,

open, honest, direct, funny and often shocking. Whether explaining or complaining, joking or serious, the human voice is unmistakably genuine. It can't be faked.^{xvii}

This declaration of the Internet being a "two-way" street coincided with the collapse of the .com boom - the rise of new pay for performance advertising offerings from Google and Yahoo and ushered us into the second evolution:

Evolution 2: The Wave Crashes And The "Search" Begins - Micro Servicing of Micro Markets

This second evolution, circa 2000-2006 was the extension of businesses trying to be more and more efficient and the drive for return on investment from online initiatives. The explosive growth of Web sites caused the continued fragmentation of traffic and the number of Web sites that were able to successfully sell branded banner advertising began to fall. Marketers began to become frustrated with the ineffectiveness of pop-ups, pop-unders and all forms of online display advertising. New ways of blocking advertising became popular browser plugins. Short sighted publishers that had considered advertising models on their Web properties now started "giving away" advertising space as value added advertising for the print publication. Mass marketing seemed to be failing in a big way, and the idea of "one-to-one" marketing became popular.

On the other side of the business, online chat and forums started to become popular ways to service customers. Companies launched "community" features to try and address the "conversational nature" of markets; developing that one-to-one relationship with consumers. These forums, or threaded discussion groups, became a way where consumers could also start to communicate with each other on a one-to-one basis and help each other - and also the business by providing content that was in, itself, searchable.

On the marketing side, businesses soon discovered that online search marketing was starting to pay dividends. Buying on a "pay-per-performance" and only paying for "leads" was a novel new way to save the organization money, to start to take advantage of "self-selecting" consumers and monetize every person that came to the site. The focus was how to convert each individual visitor - and engage this paid traffic in a way that maximized return. It was the rise of one-to-one marketing. Email became a primary driver. Marketers and businesses turned to the Internet as a way to leverage a budget further - and businesses began to cut traditional media in favor of new media - especially email and PPC Campaigns.

This also started the mass fascination with Search Engine Optimization. As the costs for search engine marketing began to rise based on demand, the effort to drive down those costs using a concerted Search Engine Optimization strategy took hold. The thought was that if marketers could appear on the front page of Google, they wouldn't have to bother buying the key word.

This fanaticism with ROI was only exacerbated in the early 200's with a mild recession that was felt across most Western countries. The United States was more particularly affected in 2002 and 2003.^{xviii}

Although most economists theorized it was more broadly based, the general feeling was that this was the .com hangover that had come from the bursting of the bubble. It was during this time, that there was a real focus on the interactivity on the Web. Self-publishing (or blogging) became immensely popular. The communities that had sprung up to service businesses began to spring up around topics, or ideas. And in 2004, O'Reilly Media and MediaLive hosted the first "Web 2.0 conference". In the opening remarks, Time O'Reilly and John Batelle outlined their definition of Web 2.0.^{xix}

It was both a new angle, and some argued a new paradigm of looking at the Web as a platform - as a way for consumers to commune online and for a way for everyone to become "publishers" of content. Then, in 2006, TIME Magazine selected "You" as their Person of The Year; meaning the

idea that consumers who were now blogging, participating in social networks, and posting videos to YouTube were re-defining the web and markets. In that TIME magazine story, Lev Grossman writes:

"It's a story about community and collaboration on a scale never seen before. It's about the cosmic compendium of knowledge Wikipedia and the million-channel people's network YouTube and the online metropolis MySpace. It's about the many wresting power from the few and helping one another for nothing and how that will not only change the world, but also change the way the world changes."

This really ushered in the third and current evolution of driving Market Strategy:

Evolution 3: "The Growth of "Subscribe" - Mass Servicing Of Micro-Markets

This third evolution, circa 2006 - Present introduced market strategists to the idea of the long tail, and of the power of content as conversation; the idea of engagement and of using content as media which builds a community. This idea is to use Mass servicing techniques - such as product development, traditional media, branding and even customer service - to smaller, niche markets.

In 2006, marketers were introduced to "the long tail". It came in a few forms. The first, of course, was Wired Magazine's Chris Anderson's seminal article and subsequent book on the subject. In this, Anderson speaks of how the combination of the Internet, Search and the power of content allows a long tail of consumer interaction. This was followed in 2008, by Kevin Kelly's article of "1,000 true Fans". In this groundbreaking blog post, Kelly discusses how the long tail is a "decidedly mixed blessing for creators". He points out that while it provides enormous access, it also adds extraordinarily high levels of competition and thus a downward pressure on price. Kelly's solution is that an artist (or company) can find "1,000 True Fans" and monetize those individuals.

This is coupled with the idea of content as conversation. The explosive growth of Social Media publishing platforms such as Digg and Slashdot - invited consumers to "rate" the news and rank importance. Social networking platforms such as Facebook, Twitter, and blogs in general taught consumers that communication, openness and transparency through the web within a tight social network was much more effective than email for communication, or search for information gathering. And, finally, these two types of platforms were mashed together and platforms such as TripAdvisor, Yelp, and Angie's List invited consumers to converse, rate and generally socialize around ranking restaurants, hotels and even general contractors.

The participatory web has become a publishing platform for everyone. Everyone is now capable of publishing as much content as they want, on any given topic, and without any given rules. This is the explosive growth of what Clay Shirky has called "Publish Then Filter". In *Here comes Everybody* Shirky writes:

"The media landscape has transformed, because personal communication and publishing, previously separate functions, now shade into one another. One result is to break the older pattern of professional filtering of the good from the mediocre before publication: now such filtering is increasingly social and happens after the fact."

In short, there is simply so much content on the Web now, that search is ineffective as a filter. Consumers are now building trusted online networks as a filter - and "subscribing" to an information feed - and even searching within that feed to find what they want to learn about. The growth of user generated content platforms such as Twitter and Facebook are all built around conversation and filtering. In other words instead of going to the New York Public library to find what we're looking for, we're first going and looking through all our Friend's book collections. And social networks provide us a way to link together that content in a meaningful and searchable

way.

But what does the "subscribe" culture mean for addressing markets?

Mass Servicing Micro Markets

As 2010 gets moving, this newest evolution is having a huge effect on all aspects of businesses.

There are 3 basic pillars for businesses to succeed in this evolution and mass service micro-markets:

1. Everybody's A Global Brand Strategist - But There Are A Lot Of Worlds To Conquer

In this new evolution, businesses need to look at their products and services as a global brand strategist, but realize it's about branding across a hundred tiny worlds, rather than one large one. Marketing strategy has taught us to look at our brand strategy as something to standardize and make singular. Something we should slavishly guard; that our brand should be one thing to all people. The new model prescribes that there is a difference between "centralized" and "standardized". Our brand should be centralized, but perhaps not completely standard across all the micro-markets we may be targeting.

In Theodore Levitt's 1983 Harvard Business Review article called "The Globalization of Markets", Levitt made an extraordinarily strong case for the standardization of brands across the globe. He reminded us of the scenes from Iran four years earlier, where young Iranians in "fashionable French-cut trousers and silky body shirts" screamed for uprising in the name of Islamic fundamentalism. They were a small group, and the coverage that this uprising received was only available through the mainstream media coverage – and only days after any event would occur. And, while Levitt held out the possibility that technology would actually provide the means for companies to customize products and services on a market by market basis, he said "possibilities do not make probabilities".

Things have changed markedly in 25 years, but Professor Levitt's strategy remains a true one. In 2009, young Iranians again took to the streets, this time to protest "democratic" election results. But this time, they took to the streets wearing American Levi's jeans. They listen to Western Rap music and eat hamburgers at "Super Star" restaurants^{xv} - which look strikingly like American fast food chain Carl's Jr. Iranian youth are well versed in Western culture and brands – especially those available online. They have satellite television that they've learned to hack. Police regularly do sweeps on "illegal" satellite dishes that pick up Western programs. As one woman was quoted "I'm going to miss 'American Idol'".^{xvi}

But, maybe most importantly, these events were not broadcast from mainstream television. In fact Western media was all but been banned from the country. Instead, social networks on the Web were the primary communication method for these young people. A social community sprang up almost literally overnight on Twitter and Facebook and YouTube as millions rallied behind the community of Iranians protesting for their rights. The world, as Thomas Friedman has said - is hot, flat and crowded.

But this is but one example, and not necessarily a community that, as business managers, we could manage or monetize. It is, however, indicative of how fast passionate communities can arise using Web technology - and how big they can become. Consider the following: Cindy Gordon, vice president of new media and marketing partnerships for Universal Studios Orlando needed to launch the new theme park "The Wizarding World Of Harry Potter". Traditional

marketing methods would have prescribed a broad, approachable, brand-centric use of television, radio, print and online. Instead, she chose to focus the brand and the marketing on seven people. These seven people were fanatical Harry Potter fans, and they got a special glimpse of the brand. Those seven people told their community of ten thousand. Those ten thousand then wrote about it, and got the attention of main stream media. By the end of the campaign, Gordon estimates that 350 million people had been exposed to the brand. All by telling seven people.^{xvii}

This means of course, that how we present our brand will differ slightly depending on who we are approaching. Certainly, the messaging and branding was different to the fanatical Harry Potter blogger than it is to the general consumer. How then do we maintain a singular brand strategy as our markets begin to split into micro-markets or communities? This trend is very real for marketers as the uniqueness of individual communities begin to pop up and threaten a brand's existence - or at the very least - provide barriers from breaking into new markets.

In "Spanning Silos - The New CMO Imperative", author David A.Aaker offers a plan of how CMO's can approach the problem the differentiation of brand standardization and brand centralization. He says:

"While standardization will maximize synergy and leverage, it is not always the best or even a feasible route. There is a need to have strong marketing and brand entries in each silo market. In particular, the brand that is driving the purchase and defining the use experience in each product market should be relevant and differentiated as well as visible. The brand facing customers in a silo market should be relevant to the customers; they should consider it an option when a need arises."

This is an important distinction for businesses moving forward through this evolution of mass servicing of micro markets. As managers of our products and services we need to be acutely aware of the different personnas and communities growing around our products and/or services. We need to be able to service them uniquely, while maintaining a consistent master brand. If Cindy Gordon had talked down to, or had approached the fanatical Harry Potter bloggers the same way as she would approach a consumer with no knowledge of Harry Potter, this experiment would have failed. In today's messaging to your communities - the brand has to be relevant to the community that it's targeting.

This means as business managers we need to take advantage of the same communications tools that our consumers are using, and understand those tools as well, or better, than our consumers. We need to take the "global brand strategy" approach that Levitt talked about, and have the flexibility to apply what David Aaker calls the ability to split it into silos - or what I'm calling micro-markets or communities.

For example, look at what Anheuser-Busch has accomplished. While retaining their master-brand of "All-American" - they have launched a long-tail micro-market strategy. First, they have created a hard liquor brand called Long Tail libations to market niche products. As of 2010, they have two products already on the market. One of them, Purus, is a high-end Vodka that is marketed as a "green" product with "100% organic Italian wheat cultivated by village farmers in northwest Italy". That's right, Italian villagers bringing you Vodka from an American Beer brand.

The other thing that they have done is to launch micro-brews across almost 80 different segments. The company now has more than 80 brands of beer including organic beer, beer directed solely at women, beer that is available only in Texas and even a "gluten-free" beer which would theoretically make it a "non-allergenic" beer.^{xviii}

So, first we have to understand the micro-markets that are growing around our brands, and then we need to proactively develop new ones. Then, we need to feed those communities with our brand and our products in a differentiated way so that we service those communities. As is often said with micro-markets and the growing trend of social media, the conversation will happen

either with us or without us. To be sure, we can develop a strategy that puts as part of the conversation.

But in order to do that we need the second piece...

2. Take Me To Your Leader!! Who is/are the Connector(s) In Your Company

As we understand where the opportunities are in developing micro-markets, one of the key drivers of success will be to develop personalities that the communities can gather around. In "Tribes", Seth Godin describes the opportunity as:

"it's simple: there are tribes everywhere now, inside and outside of organizations, in public and in private, in non-profits, in classrooms, across the planet. Every one of these tribes is yearning for leadership and connection. This is an opportunity for you - an opportunity to find or assemble a tribe and lead it. The question isn't, is it possible for me to do that? Now, the question is Will I choose to do it"

Rackspace is an enterprise-level hosting service company; meaning they provide server space, bandwidth and services to support web site and computer application hosting. As they put it on their About Page they "*deliver enterprise-level hosting services to businesses of all sizes and kinds around the world.*"

Because what they provide is a fairly commoditized set of services (e.g. computer hardware, bandwidth and physical and digital space) they could easily be the Public Storage of web hosting. But they're not. They've purposely focused all of the attention not on server specs and bandwidth charts, but on their people - their "Fanatical Support". Every employee is known as a "Racker". And, it permeates the entire facility. Every Racker is solely focused on customer service no matter what the set of products or features are.

In 2009, Rackspace rolled out a new program for Cloud hosting - which is a brand new way of hosting both Web sites as well as applications – but is highly targeted to a technical audience. At the same time, Rackspace began to embrace the Social Web and make strides to provide both sales and customer service through their efforts. But this wasn't going to drive a micro-market around their cloud offering. And no one in their organization was really a recognized "leader" in that space. So, they enlisted the help of Robert Scoble, a technical evangelist and author. Up until the point he was hired by Rackspace to be their new evangelist, Scoble was best known for his book on Blogging called "How Blogs are Changing the Way Businesses Talk with Customers" and for being an evangelist for Microsoft.

Rackspace is creating a community (or a Tribe as Godin would put it) around the Social Web and the idea of Cloud Computing - and using Robert Scoble as a Leader and Connector to facilitate that community. They recognize that he's respected by the target micro-market that will gravitate to Cloud Computing, and instead of a large media and/or marketing campaign - they are relying on a grass-roots set of community building to drive the market. They are using Robert Scoble to mass-service a micro-market.

As business leaders, this is how we need to think when we build our mass-servicing of micro-marketing strategy. We need to understand the process much more deeply of how our organization will participate in the ongoing conversation that's happening (or that which we will make happen) around our product or service. Then, we need to make someone responsible for leading that community and building that micro-market to feed it - and ensure that we create a leadership position for it.

Sometimes, as in the case of Apple, this may be best left to a dynamic CEO. But in many cases,

as Micro-markets begin to silo themselves into smaller and smaller units - it may be up to individuals in our organizations to lead this charge. Who are the people that can blog about our products and services. Who can lead a community around our service? Who is it that can facilitate leadership in our industry so that we can become an emergent expert in our business.

This is going to lead to the creation of new job functions within the organization. Just as Rackspace didn't have an official "position" that Robert Scoble filled - the idea that we can create special "evangelist" positions will become a key piece of our marketing cost. Now, whether we fill that position with an existing employee and the cost becomes the allotment of time that this employee will put toward that effort - or whether we need to bring in outside help is all a function of our business and marketing strategy. But consider the addition of new types of positions in your marketing arsenal; a writer that might take an editorial type of lead in your organization to create content and facilitate a community. Or, a charismatic evangelist might make up the bulk of your marketing cost instead of another few hundred thousand in television buys.

Content Community and Conversation is the new media buy of this evolution.

That brings us to our third piece....

3. Content. The Centerpiece Of The Strategy

This evolution is a process - and as much as any new process will be one that goes as fast or as slow, or as wide or as deep as your organization needs. To that end, the one common element that will drive this strategy first is content.

The idea of content as the center-piece of a market strategy will become as central as the media strategy was in the past. Every department in the organization will have a content strategy that services the communities that it targets, and will be driven by a leader who will facilitate the conversation.

A content-as-market strategy will take many forms. For example, Rackspace is using Robert Scoble and his blog/community Building43.com as the main conduit. The technology you utilize will also come in all flavors. The simplest, of course, is your current Web site or your blogs. But soon, other types of content vehicles will make sense; from videos posted on video sharing sites, mobile phone applications, a Social networking community, White papers, eBooks - to even more traditional media like books or a PR news release program. The one thing they will all have in common is that they are not about selling. They are not about traditional marketing. They are focused on being helpful, valuable pieces of content that enrich the community and position the business as a leader in the field.

Successful programs will focus on the process of content first. There are five key things to understand before you can successfully accomplish this.

1. Understand who YOU are. What is your organization poised to accomplish. What are the differentiating factors of your product or service. What is your organization best at providing.
2. Understanding who THEY are. Who and where are the communities that you are serving? Have you been neglecting them for so long that they have grown roots in other places - or are they gathering around your brand in different ways. Who are the personnas that make up the variety of communities. Who are their leaders - how can you reach them. If they don't exist yet, how can they be encouraged to form. What are they passionate about?
3. What content can you provide them. This goes beyond just an editorial calendar - but how can you feed this community to start to generate a passionate following. Do you need to provide tools to facilitate their community, or just the content to foster it. And, this is where the business can strategize the difference between content that is merely helpful, or facilitates an interaction - vs.

content that is also helpful but ultimately leads to a sale. What are the communities most interested in that facilitate a natural tendency to want to purchase from the business?

4. Foster the communities as they arise. Communities are fluid. They naturally grow and shrink and merge. So, paying close attention to how they are growing is key - and continually monitoring them is what leads to success.

5. Measuring. Developing a process for measuring success of how you service the micro-markets is key. There are varying ways to accomplish this - and most depend on what the servicing is and for what community. For example, if it is a content marketing strategy, you might measure lead lift according to setting up registrations for the content. Or, if it's a customer service content strategy, you could measure the decrease in customer service calls vs. the traffic in the engagement community.

The overall key to this strategy is that it is brand new. The function probably doesn't even exist in your organization yet. We need to be okay with that. The amount of budget that is allotted for new content creation is going to become a significant part of the "new media" budget. And subject matter experts in the organization are going to have new responsibilities. New processes will have to be created. This is a process, and a transformation - and it won't happen overnight. But it can, and should happen.

Conclusion – There Isn't One. It's a Process

In the beginning of 2009, when I first got the assignment for this chapter in the book, MySpace was still a media darling, Facebook hadn't really hit its stride - and no one except the very geekiest of geeks were talking about Twitter. And assuredly as this book comes out, there are already new technologies, new social networks and new trends in how businesses will address the prospect of mass-servicing micro-markets.

Earlier in this chapter I suggested that we were in the third evolution of market strategy using the Web, and that we may possibly be entering a fourth. This fourth evolution would take us beyond the "subscribe" mode and into something different. If the first evolution was "surf" – and evolution two was "search" and evolution three was "subscribe" – I think that evolution four may be "source" (which may be pushing the "s" thing a bit far). But what I mean here is that even subscribing to information provided by "trusted sources" now is getting stale. Consumers are, more than ever, developing tighter, more fluid trusted networks (that may only exist for as long as they have the need) to develop relationships when and where they need it.

One of the clear trends through the first three evolutions was it was the explosive expansion of information that drove consumers into the "subscribe" model. The ease with which information and content can be published to the Web forces us into the "publish then filter" mode - and to align ourselves with social networks that form micro-markets.

But as these networks grow to unsustainable size, the trust and transparency are almost inherently reduced. Influencers leave, or are replaced by new influencers who form their own networks - and the tendency for change and further fragmentation is only exacerbated by the source providing the content. Bernard Lunn from *Read Write Web* pointed this out in a post asking "*Is There a Reverse Network Effect with Scale?*" In it he writes:

"a reverse network effect may exist: as new people join, others are motivated to leave. This dramatically affects the length of the competitive advantage enjoyed by these ventures."^{xix}

The businesses that embrace the idea of mass-servicing to micro-markets, and engage a

facilitator and leader, and foster that community with content run the real risk of creating micro-markets that have no loyalty to the overall brand. For example, in looking again at our case of Rackspace with Robert Scoble leading the servicing of a micro-market - the company runs a real risk that without Scoble, the community fades quickly. Or, another risk is that the community becomes so large that it begins to fragment into smaller networks which begin to splinter off and look for the next leader. This is a very real challenge for the mass servicing of micro-markets: How to scale?

You can see this happening among existing social networks today. Facebook started as the quintessential micro-market - a network of Harvard students. It was then expanded to include other students in the Boston area, and ultimately to any university student. One could argue that even then - it was a micro-market that could be mass-serviced. But, today, with 250 million users, Facebook (and by nature the market of Facebook users) is no longer a micro-market. It's a mass market consisting of the ability to extract smaller, focused communities from it. And, in fact, this is what their scaling strategy is now completely focused on - giving advertisers the ability to focus marketing on extraordinarily segmented micro-markets within the universe of Facebook's groups. ^{xx}

But remember, relative growth has no bearing on the value of the network to the consumer. As a member of Facebook, I actually get less value based on the fact that more than half a million strangers join Facebook every day. My network of friends is relatively complete, and the noise just continues to grow - and thereby the advertising is less targeted. So, there is an inherent tension for us as business managers, attempting to grow our micro-markets to a relative size, but managing it just to the tipping point at which the value plateaus and we'd be better off breaking it into smaller micro-markets.

The Fourth Evolution: Real Time Sourcing – Or The Rise Of Flash Markets

Because of the trends in the size of groups, the myriad tools which are enabling them, and the continued ease in which information is shared and connected within groups, the fourth evolution may actually be the rise of temporary sourcing communities, or "flash markets". New groups and markets may form right before our eyes within our own communities. A software company servicing a micro-market of ten thousand like-minded professionals, may experience a huge surge in sales when external events propel these ten thousand members to discover a brand new application for this software product.

T-shirt and memorabilia creators have recognized the value of flash markets for a long time. Outside any relatively popular rock concert, you'll always find hundreds of independent entrepreneurs taking advantage of a focused micro-market and selling their t-shirts and memorabilia not officially licensed by the artist. And, in 2009, when Michael Jackson unexpectedly died, an enormous micro-market was fused almost over night and sales of everything related to the singer exploded.

But, now as social networks and the propagation of information becomes even more frictionless, this trend may start to grow for other businesses as well. Micro-markets can grow and disappear very quickly - and it will be up to our micro-market leaders/facilitators to inform our processes so that we can adapt our businesses accordingly.

Ending Thoughts

If 2009 was the year to reset - 2010 is the year of new growth - and one where we can take advantage of the fundamental opportunity that servicing micro-markets provides. If the Chinese proverb is correct, and the crisis is an opportunity riding the dangerous wind, developing our process with our strategy, our leaders and our content will keep that wind at our back.

ⁱ Random House Dictionary, 2009

ⁱⁱ <http://www.thomasfriedman.com/chapter18/the-great-disruption>

ⁱⁱⁱ The Jobs Revolution; Changing How America Works (Paperback)
by Roberts Jones, Kathryn Scanland Steve Gunderson

^{iv} <http://www.destinationcrm.com/Articles/ReadArticle.aspx?ArticleID=53635>

^v Tribes – Seth Godin

^{vi} http://www.kk.org/thetechnium/archives/2008/03/1000_true_fans.php

^{vii} Tribes – Seth Godin

^{viii} Art of the Start – Guy Kawasaki

^{ix} <http://ecommerce.hostip.info/pages/583/Initial-Public-Offering-IPO-MORE-E-COMMERCE-COMPANIES-GO-PUBLIC-1997-1999.html#ixzz0MOpzAhQu>

^x <http://www.slate.com/id/2091098/>

^{xi} <http://www.asis.org/Bulletin/Dec-05/pedersen.html>

^{xii} <http://www.cluetrain.com/>

^{xiii} http://en.wikipedia.org/wiki/Early_2000s_recession

^{xiv} http://en.wikipedia.org/wiki/Web_2.0

^{xv} SuperStar: <http://www.time.com/time/magazine/article/0,9171,386942,00.html>

^{xvi} American Idol: http://www.washingtonpost.com/wp-dyn/content/article/2008/05/30/AR2008053002567_2.html

^{xvii} http://www.davidmeermanscott.com/documents/Viral_Marketing.pdf

^{xviii} http://www.longtail.com/the_long_tail/2007/02/anheuserbusch_a.html

^{xix} http://www.readwriteweb.com/archives/is_there_a_reverse_network_effect_with_scale.php

^{xx} <http://en.wikipedia.org/wiki/Facebook>