The Facebook Era

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🔊[0:00]

Welcome and Thank you for joining me this evening as Greg mentioned, it's a real honor for me to be presenting the ACM just because it was such a big part of my education.

Both undergraduate and graduate.

Not too far from here.

And tonight I'm excited to talk to you about a really exciting time and technology.

We are witnessing in inflexion point and technology.

And It's all starting here just like it did in the past.

Because, once a decade, we found, once a decade a new technology emerges that completely disrupts the business landscape.

And whatever industry you're in, whatever role you play, no one is untouched.

In the 1970s, this was main frame computing.

In the 1980s, it was the PC.

Last decade, it was the internet, the world wide web of information.

This decade it's online social networking.

It's the world wide web of people.

A big map of who everyone is and how we're connected to one another.

Our friends, our family, our colleagues and the ramifications are rest.

It's not just our personal relationships it's also our business ones.

And that's what we're gonna talk about today.

So thank you for joining me.

And in the spirit of social networking and making sure that we practice what we preach.

This is my twitter handle in the Hashtag will be using tonight to go along with this talk.

So If you have any questions or comments or key learnings that you've had, please twitter about them.

And we're actually gonna structure our book give away based on this.

So the 10th, 20th, 30th twit using these tags will get a free copy of my book and otherwise it's on sale.

Just out of curiosity, how many of you in this room are on Twitter?

Look around that's pretty impressive.

OK.

How many of you are on Facebook?

That's extremely impressive.

I think that the answer would have been quite differenteven just a year ago.

And certainly for me to journey into social networking for business began 2 years ago.

So not that long ago.

And it began here in this small noodle shop in Hongkong.

I was back in Hongkong in May 2007 visiting my grandmother.

She lives there and she's little bit too old to travel and make the 12 hour flight to San Francisco now.

So I tried to visit her once a year.

And we were having our lunch at this noodle shop in a small corner in Hongkong.

And we'd been there I'd been in Hongkong for about a week and my grandmother doesn't speak any English.So we've just been speaking Cantonese.

And in the middle of our meal, I heard these two older gentlemen who must have been in their late 80s, sitting in the corner of the noodle shop in their wife beaters.

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With the toothpick hanging out of one side of their mouth and the cigarette hanging out of the other.

And they were still slurping down their noodles.

They were talking about Facebook.

And I almost fell out of my terra.

I think my grandmother was really confused because it felt like the wrong language, the wrong part of the world and the wrong demographic in May, 2007 to be talking about Facebook.

How many of you were on Facebook in May 2007? OK.

So a lot or few of hands.

At that point, it struck me that there's something about Facebook that was universally appealing.

There's something about it that transcended just technology.

And really became about people.

And really appeal to the unique human desire to connect to belong to have identity.

And so I started thinking about that.

And the following week, I came back to San Francisco which was where I live.

And I attended the first Facebook developer conference where they unveiled the platform which allows third party developers to build applications for Facebook and using Facebook's data.

And they launched with applications like I like for sharing music and slide for sharing pictures and a lot of the gaming companies that a lot of you maybe familiar with.

But for me, working at sales force, I started to wonder where the b to b applications, where the business applications.

Because if you think about it, the social graph and knowing about people, that's really valuable for business applications and for productivity.

And so I went home that night.

And I started thinking about what I could build on the Facebook platform.

And the more I thought about Facebook, the more I realized that Facebook is CRM.

Does everyone know what's CRM is? OK.

For anyone who doesn't it's Customer Relationship Management.

It's the bread and butter of what my employer at the time sales force.com does.

I realized that Facebook is has become the new CRM for individuals.

That's how people like you and I manage our contacts and manage our relationships across their personal and professional lives.

And so I developed 'Faceforce'.

Faceforce is an integration between Facebook and sales force CRM.

I'll show you with screen shot of it later.

But essentially, it helped kick off what has been known as the social CRM movement.

The idea that we can start looking at Facebook and Twitter as core pieces of how businesses should think about the relationships with their customers.

So that's some of what we'll talk about today.

So you know, we just saw a lot of hands go up for people using Twitter and or Facebook.

So welcome to what I call the Facebook era.

And I call it the Facebook era.

But it's not just 'Facebook'.

It's 'Facebook'.

It's 'Twitter'.

It's 'LinkedIn'.

It's 'Mixi' in Japan.

'Cyworld' in South Korea.

Xiaonei in China and so on and so for.

There's something about social networking.

That's universally appealing.

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And that's swept every geography and demographic around the world.

And certainly Facebook is the largest one.

And on Facebook alone, there are over 250 million active users who are spending over 3 billion

minutes a day on the site.

3 billion minutes on the site.

And so it almost doesn't matter whether we as individuals like Facebook and how comfortable we share, we feel about sharing information about ourselves.

As business people, as people who wanted answer careers, as people who want to appeal the new audiences and customers and partners.

We need to be where those customers are.

We need to communicate through the channels preferred by those audiences.

And increasingly, customers are on Facebook that is where they spend their time.

Facebook has become the new internet portal.

Most of the time in an increasing amount of time the people spend online or spend on Facebook.

So we need to master these new channels.

But it's not just a users.

It's also the entrepreneurs and the developers.

In fact, over a million of them from over 180 countries from around the world that are developing their businesses and betting their careers and livelihoods on the Facebook eco-system.

Because they two recognized that this is the future and this is, there's something there and that's what we're gonna talk about today.

And so well, 2 years ago in May 2007 when I was in that noodle shop with my grandmother,

Facebook was largely for college students.

That's actually no longer the case.

So a lot of the people in this room, you are the fastest and you are the largest and fastest growing group of Facebook, people between the ages of 35 and 49.

It has become main stream.

It has become the new reality.

And especially for younger generations, How are you gonna communicate with those cohorts of individuals.

Whether it's people you're trying to hire, people you're trying to sell to or your children or your grandchildren.

And certainly in this ta'en age, marketing dollars are harder and harder to come by and budgets are shrinking across aboard.

But, you know, there's one place where the budget is expanding.

And that is in social media.

CMOs are shifting their dollars in this social media because they too recognized that there's something there.

So what we're gonna do for the next 40 minutes or so is two things.

First, I'm gonna walk through the new social norms that we're seeing as a result of Facebook.

Because like I said earlier, it's not just a new technology.

It's the way.

It's a technology that changed us.

It's a society.

It changes our relationships.

It changes our interactions and our expectations, and our attitudes toward one another, toward our friends, toward our family, toward our colleagues as well as toward customers in manners.

It's changing that relationships.

And after I explain that that we'll talk about what the Facebook era specifically means for sales and marketing in our industry.

So the first concept for us to talk about is online identity.

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This has become the template for online identity.

All of you who just raised your hand, and said that you're on facebook.

You know what this is.It's your Facebook profile.

It's your name.

It's your photo.

It's your hometown.

It's where you went to school, It's your political views, your religious views, your favorite books and movies, and it's your job.

This is become the template for establishing and conveying who we` are.

So that we can build report with other people online.

Before the facebook era, we didn't share this information publically.

We didn't share this information online.

You might know someone for months and even years and not know what their religious views were.

You might not know what they studied in college, and when they graduated, or how old they are.

But what Facebook and Friendster and Myspace before I did was it established in new cultural norm.

It established in new norm where it became not only socially acceptable but the expectation that you would share this information about yourself.

It's expected now.

That when you meet someone new.

When you come to an ACM meeting, and you meet someone and you exchange cards, you expect to be able to learn about them on Facebook and LinkedIn.

And this is really important because, it changes.

No.1 How much we're able to relate and connect with each other online? and

No.2 It creates a lot more data about us that now advertisers and marketers and sales people can use.

And if we have the right privacies settings in place, that might not be such a bad thing.

But we have to understand what those risks are and what we need to do to protect our privacy.

But you know, it's not just identity on Facebook and on LinkedIn and on specific social networking sites.

Using technologies like Google friend connect, and Facebook connect, we can now bring our identities and our friends with us to other sites.

Here are a couple of examples.

In the back, you see Citysearch.com.

Citysearch is a restaurant and night life of view site.

I'm sure many of you have visited before.

In the past, Citysearch was not personalized.

You could tell Cityseacher name and what city you lived in and then which show you all the reviews.

But it didn't really know who you were.

Well, City search last year implemented Facebook connect.

They said "We know that it's a high barrier to ask people to fill out this form and sign up for city search log-in so we are just gonna let people log-in with our Facebook credentials.

They can click and with one click we will know who they are, we will know their hometown and their age and their friends.

We will know that they like Italian food and instead of showing them a random review from Cupertino all of the sudden they can see reviews from their friends about

restaurants, reviews from their family members about where to go and have a good time.

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And that is more mapped to how we work in life because there's trust and all of the time we make decisions on where to go, what to buy, where to eat, what movie to see, what book to read based on our friends' recommendations.

So it's changed that entire web experience on city search.

Similarly on CNN.

Com in late January did it a live video cast of president Obama is inauguration a lot of us couldn't go in person and so they showed this and millions of people, tens of millions of people from around the world logged in but instead of having a watch this historic moment the first black leader of the free world in isolation we didn't have to watch in our living rooms or cubicles by ourselves.

We could log in with Facebook and all of the sudden we could see this stream of comments from our Facebook friends about their reactions toward this inauguration.

This changed everything.

And so what Facebook and Facebook connect and having online identity means is that the days of anonymous web are over.

The future of the web will be personalized it will know who we are, where were we are from, what we like to eat and who our friends are.

And that really raised the bar for anyone in sales or marketing, anyone who has a website because we didn't think about how to make that feel more personalized.

And so as a result, like it said user expectations have changed.

People now expect salespeople and marketers to have done their homework they don't want a genetic sales patch.

They don't want you to call them and just talk about your product they don't want you to understand them and their industry and their company and their geography and their specific team and their role and their needs.

And it really hits upon this notion to of transitive trust.

Transitive trust is not a new concept.

It's the idea that if I'm a salesperson or recruiter I'm trying to sell a recruit Trina but I don't know her I can tap into the power of transitive trust to get her.

Transitive trust is if Greg trusts and likes me and Trina trusts and likes Greg that Trina is more likely to transitively trust me she might not trust me as much as she trusts Greg but I don't need her to.

I just need to get foot in the door and hopefully I can let my product or service or company do the rest.

Transitive trust is how we as human beings have made decisions since Adonis civilizations.

Because we use those that we know and like as filters to minimize risk and go off their recommendations.

But in the past discovery was a problem.

I might have to ask a whole lot of people before I found anyone who Trina and I knew in common.

LinkedIn and Facebook has changed that I can logged in those sites and do a quick search and instantly see that we know Greg in common and maybe we know David in common.

And using my best judgment I can decide which of this context to ask for a warm intro which of them reference when I am talking to Trina.

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The other aspect of Facebook and Twitter that are really important to remember are that they've really created new modes of communication.

New modes of communication that are unlike any other communication that we had in the past, it's a communication evolution.It's kind of like when we went from in person meetings to phone calls and phone calls to email.

Each time, the cost of staying in touch went down, so we stayed in touch with more people.

We could call far more people than we could see on a regular basis.

We can email far more people than we can call on a regular basis.

We can follow one twitter or have them follow us or be friends on Facebook with far more people than we can email or call or see in person on a regular basis.

But where it matters, where matters isn't in the core it's not inner circle where it matters because I think as humans we face inherent limitations and a number of close relationships that we could have or always have our best friends and our family and our close circle it's on the friendship where it matters it's people that you barely

know, people that you used to know, people like Trina who just ran into her high school friends David and Tiff they reconnected on Facebook it's people that you met at ACM once or twice they sat next to on a plane where it matters and you know what business research shows that social capital and thereby business capital in business transactions actually gets maximize at the friendship it's with your weak ties that your most often closing deals and hiring and doing business development it's not with your best friends and your parents and your brothers and your sisters.

It's with those of friend of friend networks and that's why Facebook and twitter and linked in are so powerful is it lets us accumulate all of that extra the long tail of social capital in the past we had to forgo because staying in touch was too costly.

And so as it is extreme you can think about what is that mean for a child who grows up in the Facebook era and in a lot of research when I was writing my book and I spoke with in particular I interviewed my friend son Tommy who is 14 now but was 13 last year and 13 is the minimum age that you have to be to join Facebook.

And he was telling me about his experience he signed up and he added everyone that he has ever met so his family members, pre-school, nursery school, first grade, second grade up to whatever he is in.

Summer camp literally baseball I think he took swim class and it's interesting to think about over time.

Tommy's network is gonna look like.

Is he gonna stay in touch with everyone? Is he gonna have tens of thousands or hundreds of thousands connections and what will those connections mean to him? Will he be able to tear them and differentiate them the way that we do because we are forced to today because we don't have a CRM tool and a data base to throw these all these context in.

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And so I guess only time will tell what happens but you know Tommy even though he is only 14, he has very naturally gregarious personality and his mother always jokes that you know someday he will be a used car salesman or he will be some sort of salesperson and maybe that role adapts will be extremely valuable and maybe he will find himself in selling situation with someone that he play literally baseball with 30 years ago.

And it sounds like a trivial connection but we've seen sales all the time that people choose to go with vendor A versus vendor B because of going a way back with someone.

Because ultimately everyone prefers to do business with people that they know and like and refuse to be do business people that they don't trust.

And so that potentially it has something that Tommy will have going for him but it's a it would be interesting to revisit you know 30 or 40 years from now and see how that place out socio-culturally for this generation.

So let's take a step back.

Take a step back and think about why Facebook and twitter are so different because social media has been around since before Facebook and twitter.

We've had other sites that are participatory and there has been other forms of web 2.0.

So let's talk about that evolution.

Well, in the beginning when we had face to face meetings and letter we wrote letters and we'd had phone calls that was largely one to one it was really difficult to scale.

The web was exciting because all of the sudden we had this great platform but still even then it was a small number of producers, publishing content, consumed by a large audience.

But it was great because they had access to these really wide audiences geographically dispersed in an otherwise.

Web 2.0 is exciting because now all of the sudden you had you gave everyone a voice and you had an user participation, user generated content across a whole number of different size like Flicker for photos, Youtube for video, Mivo for IM, Wikepedia for encyclopedia entries so on and so forth but even that wasn't good enough even that wasn't good enough because twitter and Facebook have made it even better and how they'd done that well the last fifteen years of the Internet was about content overload.

It was a World Wide Web of information and it was too much too many choices we couldn't we couldn't navigate through we didn't know how to make a choice because there was too much.

What Facebook and twitter have given us is a world wide web of people.

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Now we can use our friends and people we like and people we trust and people we choose to follow on twitter as filters to manage and navigate through this massive amount of content using Facebook connect and twitter recommendations and people that we trust we start to decide and have better information about what articles to read, what movies to watch, where to go to eat and what company to work for and that's what Facebook and Twitter does that they've edited in important social layer of context and filters that help us make sense of this abundance of information so that's a changing norms and we talked about transitive trust, we talked about online

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identity, we talked about the communication modes and we talked about how their social filters.

Well, how did that apply to business you know out of curiosity.

How many people on this audience are more in a business role? Raise your hand, Ok, so maybe a third of you.

How many of you are in a technical role, so another third of you um I am not sure what the rest of you do but hopefully maybe something in between.

So that was a social norms now with that context we can apply it to business and whether you are in a business role or technical role.

It doesn't matter because really these concepts are generally applicable both at the business level as well at the individual career level so let's talk about sales so sales you know earlier we talked about transitive trust.

Well, here's screenshot of the application developed two years ago called faceforce we've since renamed it a face connecter just to make crystal clear that it's not affiliated with sales force and here's a screenshot of what it looks like so you are logged inside of faceforce say your sales rep and in addition to the traditional CRM leader contact record which is the top part with the static fields someone's name, title and their employer.

Faceconnector actually goes out to Facebook and based on a name and email address match suggest potential..People on Facebook that might be linked to the identity of this contact or league it might have CRM.

Once established that link, it pulls in that person's information based on how close it linked you are whether you are in the same networks and also what that individual's privacy settings are.

Some people don't wanna show anything to anybody.

Some people don't care they show everything publically.

So depending on that, you can start to get to know person and so now it's recruiter, our sales wrapper, business development person.

Kelly comes alive to me.

She's no longer just some CEO of some company that I am trying to sell to.

She's actually, this girl who seems very social because she's in this photo and there's something about seeing someone's photo, that's really vistrol and emotional.

She's from San Francisco.

She lives in San Francisco now.

She's actually from Wyoming originally.

She likes playing tennis and she likes to swim and she likes watching science film.

Well, all the sudden as a sales person I don't have to call her and go into my hard pitch, I can talk about Kelly.

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I can talk about how I like Science film and I am also from Wyoming and you know what I don't even have to cold call her at all because I can just ask nick her or brass for a warm intro.

And so this is the application I developed 2 years ago.

It's really simple ingression but it started people to get people thinking that maybe Facebook has business value, maybe we can use social network to create more mutually rewarding and fulfilling experiences for both the person selling and the person being sold to.

Another aspect of sales is in terms of lead qualification because there's nothing worse than a perspective customer who leads you on for months, and sometimes even up to a year and doesn't buy.

As sales person what you wanna do is if the person's not gonna buy, you wanna know that up front and qualify them out early and at least know why they are not calling you back.

Well it turns out a lot of this, when we talked about data mining as next has future ACM sociable you can do your own manual data mining on linked and see what is this person's deal and so as sales person all the time when we are selling to CIOs we would check to see what this person's background was and if this person was certified in a competitor's technology and had been implementing a competitor solution for last 10 years.

Well you put two in together and you figure out that this person is probably gonna be a roadblock and not a champion for your solution.

Why would they be? Because implementing your solution in validates their certification and the last 20 years of their work.

And so as the sales person you then have to decide what am I gonna try to neutralize this person, am I gonna try to work around this person and figure out who their boss is.

You can do whatever you want but at least now you know why they're not calling you back.

So there's information and there's..You know that as CIO maybe that's not such a bad thing that not be harassed if the person just knows up front what your agenda is.

Another aspect of sales is prospecting when in the passed we either were reacting even terms of waiting inbound leaves to come to us or when we were proactive about prospecting we would buy these lists of strangers' names a lot of data would be out of date and we would cold call them what've known context.

Well now we can cold call context, we can go and we can go to our most satisfied customers and see who they know.

And actually look for those as referrals, ask from our existing customers.

We've never had this kinda visibility before because we didn't have this big social graph showing

who was connected whom.

And that's exactly what this local Silicon Valley based start-up called aster-data systems did.

A couple of years ago when they started so aster-data systems started by few Stanford Ph. D students they couldn't hire, they couldn't afford to hire that many sales people.

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They wanted to keep the company lean and so they had everybody in the company go and do a search on linked in for database adamant because that's what, that's who their product targeted and sure enough they generated a list of contacts they were all either first or second degree contacts from people at the company and that's who they sold to.

And number one it was highly qualified because these people are exact titled that they are looking for and number two they have actually personal connection to these people either directly or through one degree away and they could ask for introductions and so that kind of scrappiness and being able to use what you already have and tap into the social capital and social network you already have to grow.

It is gonna be the future of how business is being done.

So that was sales.

Here's an example from a customer service.

So it means customer service is changed too.

Now when our video camera's break or our Bluetooth headset doesn't work or we have a really bad place to pizza, pizza hut, we are not calling the company hotline anymore.

We are not sitting the through the wait music, the hold music and complaining.

We are not going online and emailing to complain.

We just twitter about it or we write a song about it Youtube and we post it.

You know, that's the reality of today and but that's really disruptive because as the company how do you manage all this information? It's fine when you just have 9 or 10 million people on Twitter but hack there's 45 people on Twitter now.

How do you make that scale? How do you make that scale? And so that's on struggle that

Comcast, for example, had was, you know Frank who twittered as Comcast Cares.

He created a team of 10 customer support wraps that responded any questions or issues that came up on Twitter but it was difficult to scale.

So one of the last things they worked on when I was at Salesforce was integrating Twitter with Salesforce customer service.

The idea being why Twitter is wanna.

Twitter is a new channel just like email was, just like the Internet was.

Let's create some intelligence around this that looks at your Twitter stream and can figure out

whether something is likely a question issue or complaint and then automatically log a case inside of the Salesforce CRM system and kick out the same work flow.

As if it had come through call center, as if it had come through email, as if it had come through a self service form that someone filled out because that's how social media work as if we plugged into our existing business processes.

That's how it's going to scale.

This is a simple example.

There's a ton of other companies like get satisfaction of done really well in customer support space in terms of how do you use your community to help answer to your questions and also be more transparent about your business practices.

So let's talk about marketing.

So there's two really exciting new things about marketing that we are gonna discuss.

The first one is hyper-targeting.

So there is an age old complaint from marketers that half of my ad dollar get wasted.

The problem is I don't know which half.

They don't know, you know, where the waste goes.

And so earlier we talked about the online identity template that we all have filled out.

So everyone who raised our hands we've shared all this information about ourselves that we can connect with friends.

All that information can also be used by advertisers.

That's how Facebook makes money.

You mean there's no free launch.

We don't pay to use Facebook.

They make money through the ads.

And so here is the Facebook ad creation was and any of you can go to it and I had done would have demoed it but the Internet isn't working unfortunately.

But it's Facebook.com/ads and basically you can go through and you can specify who you wanna target.

In the past, marketers were extremely constrained because all they could do was target the what and where of their message.

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So what their message said and perhaps where it showed up based on which publishing site, or which ad network you chose.

The key question was who.

You couldn't control the who of whom was viewing your ads but now you can.

Now it's the marketer you can go through and specify again based every single you filled out on your profile.

If you sell Christian books and music why show an ad to someone who is Muslim.

They are not gonna buy your book.

They are probably not gonna buy your music.

Why don't you just show it to people who say that they are christian.

Similarly if you sell pet food this example appear.

Why show an ad to someone like me.

I don't have a pet.

I mean I think they are great but I'm never gonna buy a pet food because I am not a pet owner.

So now you can target people who specify that they love dogs or they are a cat owner or they have a fare of it and show them specific ads and make for them and they will appreciate it more too because it doesn't feel like spam if you click on it.

It doesn't feel like spam if you feel like it's personalized and relevant to you.

And so on and so forth.

So whatever business is you are in if you are targeting as CIO, if you are targeting someone who likes to play a golf you are targeting man at a specific location and specific age group.

You can do that.

And it's extremely powerful.

And what this..Let us just do this.

Let us minimize whished ads.

Let's just minimize spam.

Because for me when I see an ad for pet food I think that's spam.

For me when I see an ad for golf clubs I think that's spam because it's not for me.

I've been now shared my profile what I like and people can start to target things that are just for me and I'll appreciate that and I probably click on it and some other time I'll buy it.

What this, let us do to is tap into this notion and LinkedIn demand.

LinkedIn demand is demand for product or service that is there but you didn't know it's there until you saw it.

It's kinda like when you go to grocery stores, it's a perfect analogy.

If you go to a grocery store, you have your shopping list of milk and eggs.

Milk and eggs are akin to your active demand.

It's what you have you go to the store with intention of buying.

It's similar on the online world to what would you search for google because you know you want milk and eggs.

But you go to the store and you end up buying milk and eggs but you also buy ice cream and a magazine because when you saw those items when you saw they were on sale that's happen to your linking demand.

Well, in the online world in the past it was cost prohibitive for anybody except for the largest brands to try to tap into linking demand because you have to show ads to so many people.

But with hyper-targeting now you can show ads very specific people.

We had small budget for promoting my book but it became a bestseller in part because we knew that people who were 18 probably wouldn't buy my book, people who worked in construction probably wouldn't buy my book.

We knew that people who were in technology and who were in sales and marketing and recruiting and probably development and those are the people who buy my book and those are the only people that I paid to show ads to and in this work whatever industry because any industry were in we wanna a target.

And even for industries like, I don't know, like cereal or toilet paper were even for industries like, I don't know, like cereal or toilet paper where you are targeting everybody you still might want to show a different message to each group so they fell personal for them.

It's a really revolution in marketing.

It really helps us start to answer that question why do half of my ad dollars get wastable.

We are starting to minimize that waste.

And I have been asked to mention that Facebook was very generous what is my book and they want people to start using this ad system, because a lot of people don't know about this, they don't understand how ad targeting works.

Actually, my book is 25$ I think they are selling it for 21.

And you get free 25$ ad credit to start playing around with that system.

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That was hyper-targeting the other aspect that is very powerful about social network marketing.

It's word of mouth referrals because Twitter and Facebook inherently are broadcast system.

Word of mouth referral is much easier than ever had been in the past.

Before the internet, word of mouth is really hard.

You know, you receive the letter that you like you have to photocopy or you have a hand copy and sent it out to people someone called you told you about something great you have to pick up the phone and call other people.

E-mail would make it easier forward the thing.But, Facebook and Twitter are basically automatic word of mouth.

In a sense, you no longer have to think consciously about who you want to share your enthusiasm for product with.

When you read a book or, you go to a restaurant you love it you don't have to think about, okay I'm gonna call, Joe and Suzi and Tommy and tell them about this restaurant or in your email, you don't have to think about who am I gonna include in the CC line who's gonna appreciate this not feel annoyed.

You don't have to do that you just twitter about it or put it on your Facebook status message or you become a fan of the page on Facebook.

And Twitter and Facebook do the word of mouth marketing on your behalf, They tell all of your friends for you.

They make it really easy for you.

Do that, in so, and they we can start thinking about customer loyalty in a different way we can start viewing and customer more as a potential loyal sales force that volunteer.

And so, not only cheap and affective, not only cheap and also affective, I sure a lot of you wouldn't be surprised to find it out that latest study from e-marketer show that recommendation, information from your friends are far more affective and far more trust than any other source including your web-site consumer review's online,

editorial contents TV ad, anything this is basically common sense but real data show this is in fact the case.

And so as a marketer, it help us that recalculate this notion of customer life time value.

Customer life time value in the past used to be the net present value someone what someone with spend your product or service.

Because of course the company, you don't want ever to spend more marketing to someone than ever spend buying your product.

That's not a profitable thing to do.

And so, In the past, you know, for example, if I was to look at Greg he's probably not gonna buy more than one copy of my book so his CLV to me is probably 24.99.

I mean, no offense but that's how much you worth to me I never want to spend more than marketing to you.

But you know what? It changes now because of the social web Greg might not buy any of my books but if he can tell 75 of his friends or 75 ACM members that my book is good to read and they buy, all of a sudden, Gregg is a lot more valuable to me.

I should still invest in and winning Gregg over even if he doesn't buy single copy for himself.

Or if my brand is at stake someone just twitter something bad about my brand or there's customer support question and Greg comes to my defense that's valuable too.

Maybe he didn't even buy my book but he feel strongly in it, or if he suggested the new idea like dell-idea-storm.

Com is a community ideation site where Dell product managers actually tell you what kind features and products are thinking of building out of and introducing and next few months and then customers can log in and they vote on the features that they want.

And if they want features that isn't listed there they can suggest one.

When Dell idea storm launched last year a customer suggested the idea that Dell start shipping hardware server in _____ to for more _____ and instantly, it means overnight that idea got voted up to the top idea and Dell executives were astonished they had no idea that there was the demand for this kind of product.

🔊**[39:12]**

But, the evidence was there, and so they created a new product line now this was the result of community idea they have new multi-million dollar product line.

It's net new sales for Dell.

And so whoever this was whomever this was who suggested the idea.

Their CLB is higher.

And so, obviously this is very rough calculation.

But we just need to start rethinking what it means to have loyal customer.

So, you know we talked a lot about the great potential opportunity in social media.

But, there's also, they are, it's not risk free, and there's a lot of things that we need to think about both at the individual level as well as corporate level things like brand misrepresentation what happens when someone goes on and pretends to be your company.

What happens when there's a trade secret leaked through the network or customer privacy especially in health care industries and government and in financial services that means there's regulations around that and that you know there are so and so forth but you know what visual things that are manageable just like one the internet first came out people had to develop the policies on email.

Okay.

This is what is acceptable work, this is what is not acceptable, you shouldn't forward around these, inappropriate jokes in the office, but you can when you go home.

Well those same kind of norms and etiquette are forming today around social net working and couple of things are remember.

Number one is that the optimal level of risk isn't zero.

I mean the best way isn't to..

Just to avoid using these just like 15 years ago, the best way to avoid not getting a virus or getting skimmed in.

It wasn't just stop going online as you're gonna miss out whole lot.

But, number two is, it's understand what the price are.

And make sure that you are taking the right steps and actually, I spent the entire chapter on this.

I usually talk about my talks to know where are the boundaries that you personally feel comfortable with with being personal or professional lives, what's acceptable for your employee and for your company in term of using social networking either among employee or with customers in communicating externally.

So, it's a just matter of having for thought and thinking about this risks and then go.

So, that is all I had in terms of my presentation.

I'll happy to open it up for Q&A.

[Question]

🔊 **[42:00]**

I'm sure, I'm not sure completely understand your question.

So, it's the probably separate two kinds of transitive trust is really about people you know directly

So, the example that I used earlier.

I tried to reach Trina.

But I don't know her.

But, I found out through LinkedIn that Greg has mutual contact.

I'm hoping that Greg trust in me, Trina trust in Greg, want me know Trina will transitively trusted in me.

If either Trina or Greg is misrepresenting themselves as looking for company that I wouldn't know because I know them personally.

In term of the other aspect, I mean the reality is whether companies like it or not.

Transparency is being a force forced upon them, because the public now talks openly about brands on sites, sites like Twitter and Facebook.

And get out of inspection and sure there's gonna be times when there's dismantle ex-employee or someone who doesn't have the facts right or one person who one time had a bad day and took it out on the customer support.

We are talking to that they are gonna complain but beauty of the community to is itself has polices And often time, when you see negative buzz appear on Twitter.

It's not the company being defensive or responds, it's actually another customer saying that that's not true at all I called the customer service on yesterday and I had

great experience or I had the same kind of pizza and from same pizza company just yesterday it was great.

🔊[45:00]

So, maybe so it's just one off and we are seeing a lot of the community come through and not only is that more credible because you are hearing it from the people like yourself instead of this hard to understand corporate voice but it is often more scareable because count the corporation doesn't have the resource to respond to every Twit, and they are actually relying on their existing evangelist to come to their defense and help answer a lot of those questions.

But, I think that's a good point.

Yes, Steve.

[Question]

I don't think I would wanna change their policy.

I think I would just wanna educate the people.

I mean let's let's take a poll.

How many of you in this room are using Facebook privacy controls and friend lists?

Ok.

Less than half of you which is really frightening to me because everyone should be

using it.

And unfortunately again because we don't have internet connection I can't demo it

for you.

When you go home.

Go to Facebook and on the top menu on the right.

Go to settings and under setting, go to privacy settings and click on your profile

settings and it turns out that every piece of information you share about from yourself

from your birthday so how old you are to your phone number hopefully you are not

sharing with your address but if you are.

Every photo, every update you can control who sees that.

You can control in individual bases I can say look everybody can see my email address except for

Daive I just don't comfortable sharing it with him.

Or you can create list of people so Facebook actually has good functionality if you click on friends tap you can create groups of people called friend list and you can choose the security access base on entire lists.

So I have entire list of people that I meet in conferences I have list of people that are my family.

I have list of people that I went to college with and different content is relevant to different groups My family thanks giving dinner I'm not gonna show anybody except from my own family because I mean that's my preference My photos that I take on work outing you know maybe my family cares about that but I might not show that to other people.

My CV I'll just show it to my colleagues.

Your bachelor party pictures from Vegas you probably don't wanna share with your work colleagues and your boss I mean it just good common sense judgment that easily with you automatically off line will Facebook has created that those same infrastructure on line but there's education where involves again I ever entire shop because I always astonished by how little and how few people know this exist.

[Question]

🔊 **[48:00]**

I think that's the perfectly valid point and to be completely honest, I felt like little bit uncomfortable when I felt like I was hyper targeted at the first time but there's few

things even mind The first one is every piece of information that's on our Facebook profile we choose to share.We don't have to share, we don't have to say that we have a pet.

We don't have to specify our age, our gender, hometown, it's completely opt-in.

And that's related to my second point which is Facebook is free.

And Facebook for a while a lot of people said well if Facebook were maybe people don't wanna see these ads would they be willing to pay to use Facebook but will turns out people don't wanna pay So how was Facebook gonna do they have no choice this is how they monetize? And then I guess for third point I would say is that there's huge generational and demographic changes differences and how people respond to hyper targeting for people who are in the co-herts people who are in the college or younger people who just graduated from college they just don't care they don't feel.

They feel like it's small price to pay to be able to connect with their friends and to be able to use a service and then last point that Facebook always makes is there's no personally identifiable information it's not like the pet food advertiser all of sudden knows who you are Keith and knows your address and has all your information they can't do that all they can do is go to Facebook and say Hey Facebook I wanna show these ads to everyone who has a dog but facebok, Facebook will do that on their behalf with ad disclosing any personal information without you.

But I think it's really common question.

I think there was one back there.

Why don't we do Marilyn and we will do the back there.

[Question]

🔊[51:00]

No… No So, the list that is established are just for you.

Your friend don't see.

The advertiser don't see no one sees.

So you can call them really mean names and no one will know So people that I actually don't like a lot of people have that list people that I went to high school with but I actually don't want to keep in touch with people have that one.

[Question]

Well it's tough question about the ads.

Because I mean that has it's on algorithm.

But it terms of the live stream updates from individuals I think twitter is in really good job earlier they acquire this company that stores all of the twits from every single member that map has become Searched.

Twitter, com so if any of you have never played around that before it's extremely powerful search for your name, search for your company and see what people across the entire world across entire internet are saying about particular brand it's really eye opening and often times CMOs are people see it for the first time will be astonished that this in age I mean we don't living in vacuum anymore it's not just brand or advertiser talking at their audience it's conversation that flews both ways.

[Question]

That's a good question and it's unknown whether that's the motto we are going to move forward there some brands like Skittle or you go to Skittle.

Com and it just shows you their Facebook page some companies are just their skipping their website altogether they are saying Facebook is my web page that's for everyone that I want to reach is already going why am I trying to drive them to other side why don't I go to them.

And there's the other model which is Facebook connect model we talked about in beginning where it's really about ok when you have your own web site but you could bring Facebook to your website so both models are in play.

[Question]

That's great point and there are company that are exploring that companies like I think it's called Mr. twit that actually pays people for twitting about a brand it's like three cents for twit or something like that I mean if you have actually income you can do that but um the challenge is how do you get paid and keep it authentic if you guys know the Gregg's getting a kickback from my book are you gonna trust his judgment? So there's tradeoff there The company might feel perfectly fine about making Gregg or whomever affiliate but it's Gregg who doesn't wanna feel like he's doing anything under hateded or shady.

But it's certainly there's models of all being where anything from blog sponsorship, where Procter&Gamble will pay a mommy blogger to write about their diapers and with full discloser that mommy says "I got this free shipment of diaper so I'm baised"
So as long as it's transparent and authentic it can work but there certainly our models where and user and the individuals are getting compensate it.

[Question]

So thank you again for coming I am gonna stick around if you wanna come up and ask me any one of questions but I really appreciate the opportunity to speak to this group.