

Marketing thru friends and family

Influencing the market through the strength of your network

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Sonoma Offsite



Our strategy is perfect! This is the customers' fault - they don't think the way WE do!

THE BEST-RUN BUSINESSES RUN SAP



Let's start with a few unscientific surveys



How did you find your pediatrician/family doctor when you last moved?

How did you decide which laptop/car/cell phone/... to buy?

How do you think your last customer decided to buy your product?

How do you think you lost your last deal?

How did you find your last job?

† Granovetter, *Finding a job*, 1974

Agenda



SAP

1. It's all about people!

- The anatomy of a social network
- Information diffusion and trust
- “Social capital”

*(“It’s not what you know,
but whom you know”)*

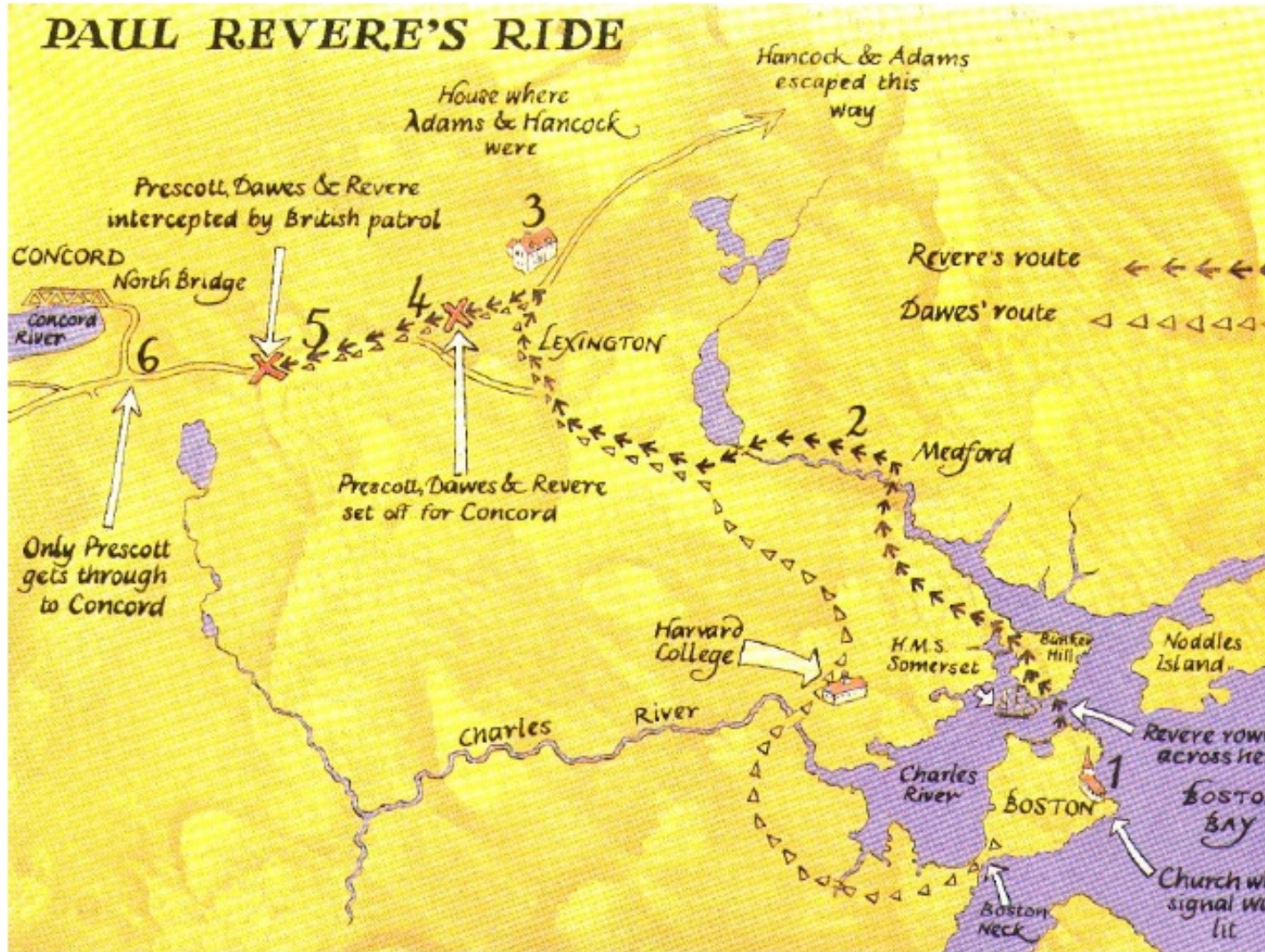
2. Implications for marketing

- The power of networks
- Social media – from word of mouth to word of mouse

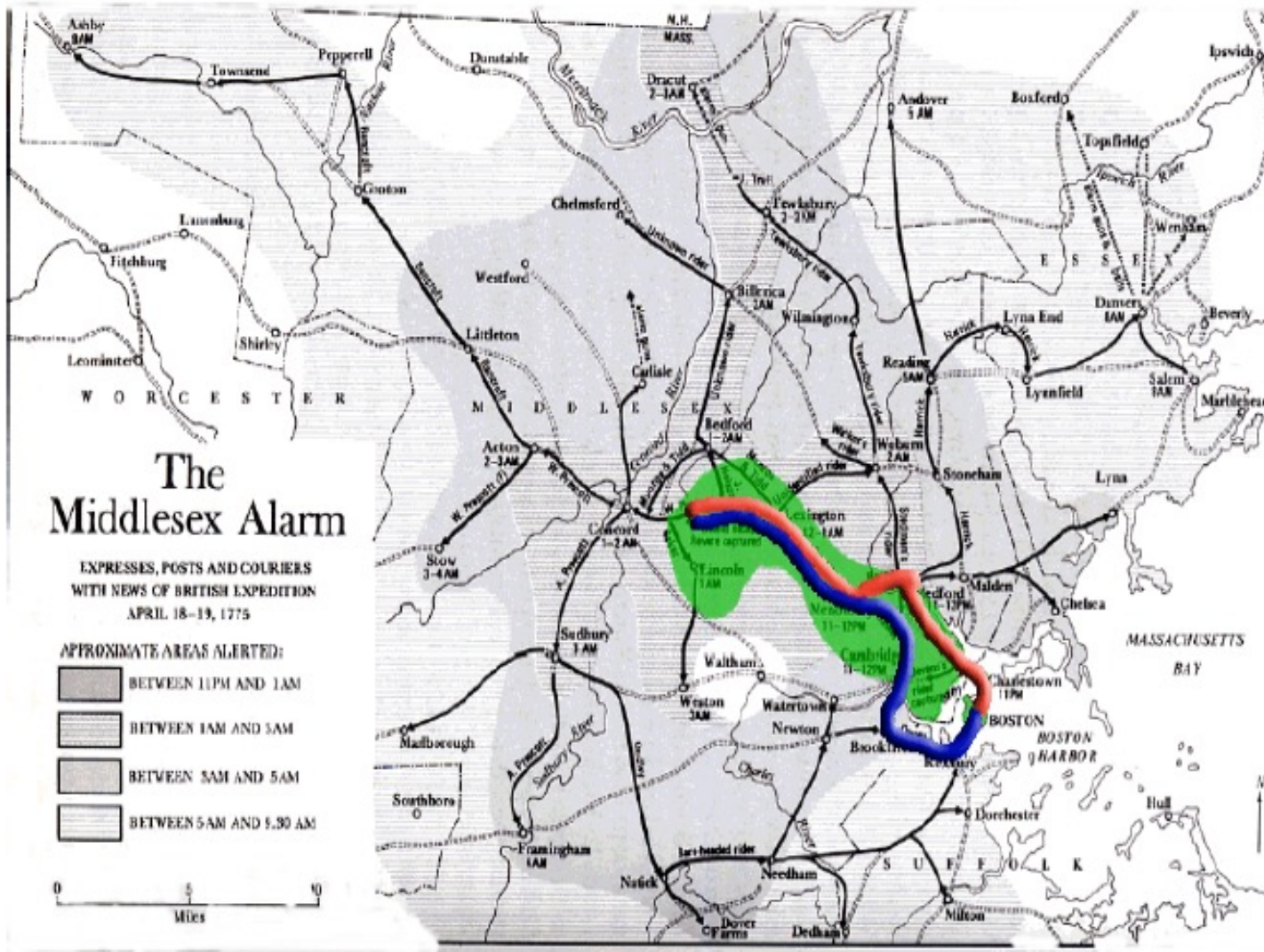
3. Discussion, Q&A

- How can we use some of these ideas?

The context behind Paul Revere's ride



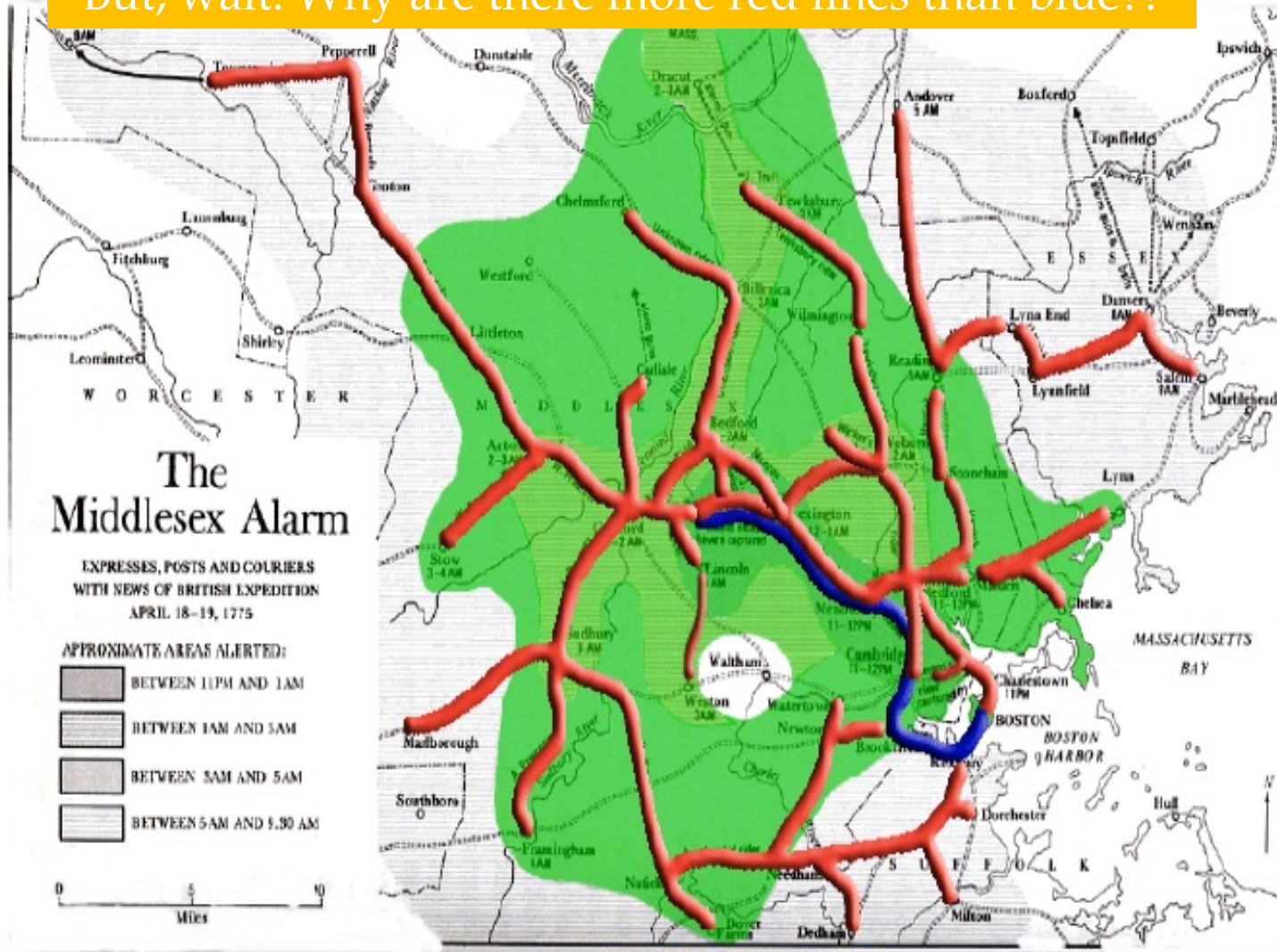
Word starts spreading between 11pm and 1am



Revere
Dawes

By sunrise: "The regulars are coming!"

But, wait. Why are there more red lines than blue??



Revere
Dawes

† <http://boston1775.blogspot.com/2006/08/federal-recognition-for-freedoms-way.html>

Your network and circle of trust impact the breadth and speed of information diffusion

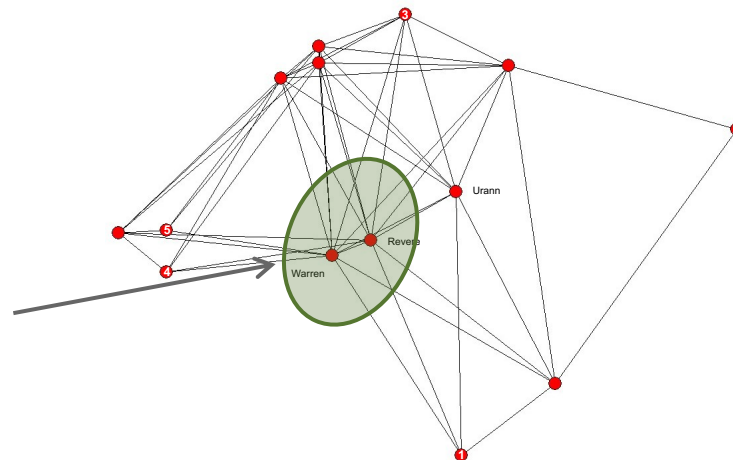
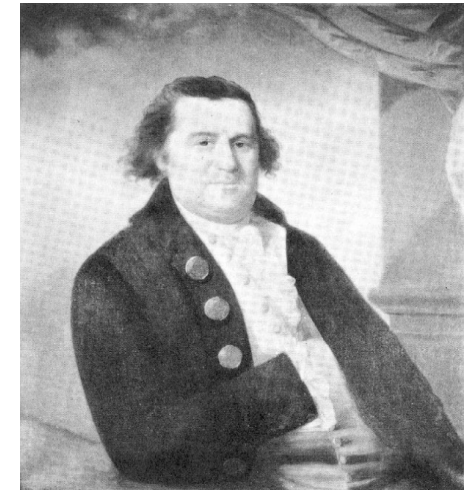
Paul Revere – was known & trusted before his ride

- Silversmith
- 1770 – 1775:
 - Boston streetlight project
 - Clerk, Boston market
 - Health officer & coroner, Boston (time of epidemics)
 - Founded Mass Mutual Fire Insurance Company after Boston



William Dawes – was unknown (& arrived with saddle sores?)

- Tanner
- No history of civic work



Revere was at the center of the network

It is your ability to “*influence*” people

- known and unknown
- proximal and distant

It is your organization’s ability to collectively influence its market

- e.g., by leveraging the relationships of its employees and well wishers
- e.g., by leveraging connectors and influencers (analysts, bloggers, ...)
- e.g., by leveraging its customers

It is the reason some people/organizations gain an unfair advantage

Not very different than capital, intellectual capital, human capital
critical part of your strategy

Applicability is broad

- Innovation/Entrepreneurship
- Public health
- Marketing
- Information propagation
- Power grids
- Organizational design

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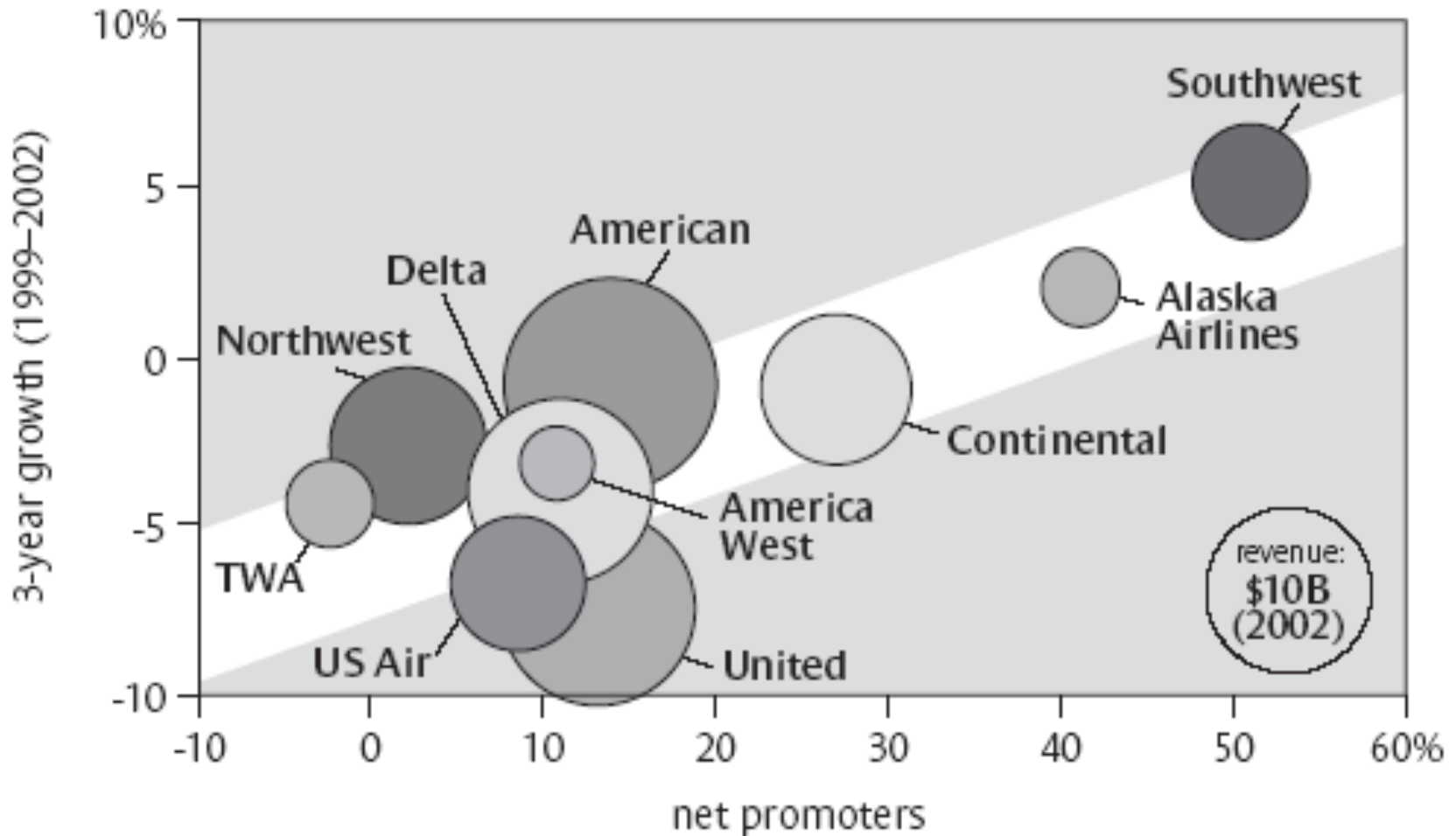
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The power of networks – “net promoters”

Airlines



The channels we use to read, write, share our thoughts with each other

- Spark and engage in a public, asynchronous, discussion

A democratization process where the power is now in the hands of anyone interested

- Well, not always...
 - remember *“All animals are equal, but some animals are more equal than others?”*

Web pages, blogs, wikis, communities, podcasts, RSS feeds, cell phone photos, sms, video logs, ...



Blogs



Folksonomies



RSS

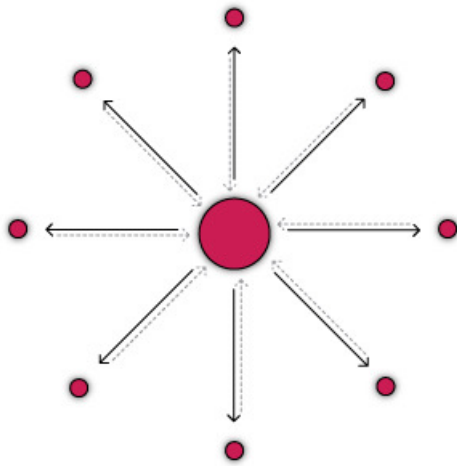


Video

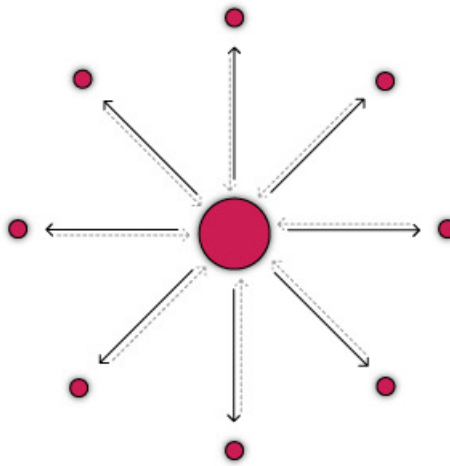


Virtual/Online
Communities

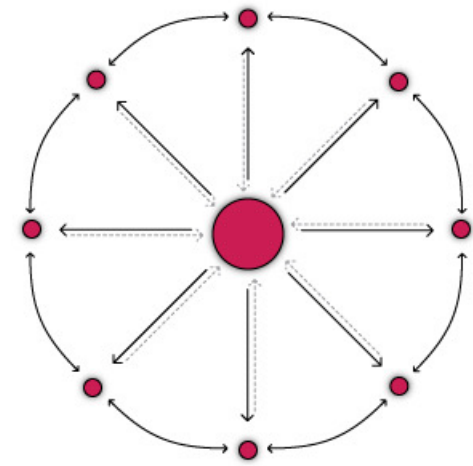
Social media has changed the way word travels and the speed with which it does



Outbound, One way from the marketer



Bidirectional



Bidirectional and between customers

Producer's control decreases
(but
Customer feedback increases)

Why should we care?



Customers can hardly hear you

- but they listen to their friends

Customers are skeptical

- but they trust their friends

Customers share information

- but are more inclined to do so via e-mail and the internet

The numbers are fairly astounding in this new channel...



Social networking services are growing rapidly

- Myspace
 - 200 million users, 230,000 registrations/day
- Facebook
 - grew 89% over last year†, 60th to 7th most viewed‡

Prospective students receptive to these technologies

- 2006 Pew/Internet Study (n=935) ages 12-17
 - 55% have profiles, 55% have used social networking sites
 - 48% visit daily, 26% once a day, 22% multiple times/day
- Closer to SME than to LE

More importantly, the “older” population is beginning to

- Over 50% of Facebook users are non-students

Trust among friends online

Laura Holson, NYT, 11/8/07

“When my best friend Kathy calls me to say I should rush to Nordstrom because cashmere sweaters are on sale, I trust her because she knows what I like. But that’s not necessarily so among “friends” on Facebook who are oftentimes better described as acquaintances.”

† Source: <http://www.comscore.com/press/release.asp?press=1519>, September 2007

‡ Source: http://www.alexa.com/data/details/traffic_details?q=facebook&url=http://www.facebook.com

Source: http://www.pewinternet.org/pdfs/PIP_SNS_Data_Memo_Jan_2007.pdf

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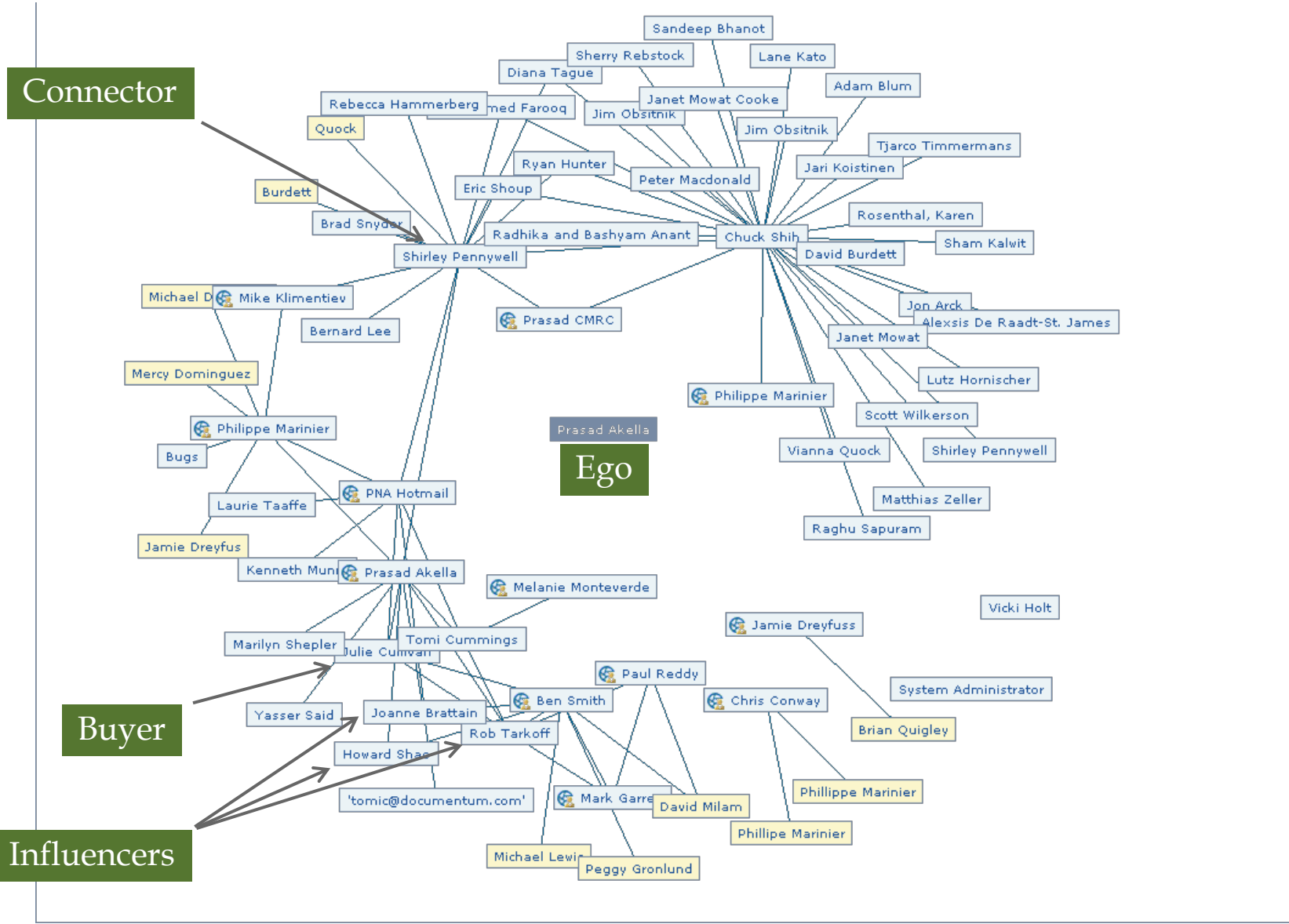
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Network analysis – tool to work smarter & win

Prasad's influence diagram at Documentum



Some experiments SAP is already trying out...

SAP

Getting Customers to Answer Customer Questions
by Steve King on November 4, 2007, 10:57

The user generated review company Bazaarvoice has released a new product called "Ask & Answer" that allows customers to answer other customer questions. From their site: "The Ask & Answer service is the first to encourage shoppers to post and respond to specific questions about products and services directly alongside standard product information

read more »

Latest Posts

Being A Student of The Pursuit of Happiness
Thursday, November 1, 2007

I'm usually an excruciatingly happy person. I'm a little cranky this morning because I have a cold and didn't get a good night sleep the last two nights, but I'll get over it. Oh - and even though I...

read more »

Business Owner's Toolkit
Thursday, November 1, 2007

I was reading Fortune Small Business magazine the other

Join the MVP Community
myventurepad is an online business community that focuses on the interests of owners, managers and professionals who is, or advise, companies with fewer than 500 employees. If that's you, sign up now and join the conversation with your peers. **SIGN UP! LEARN MORE**

Tips on Going Global for SMBs

PodTech Audio

Click to Play

00:00/1:0:40 SHARE PLAYLIST

Next: Social Media Successes and Fail...

As business becomes increasingly global, entrepreneurs must organize, plan, operate and

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Some questions to answer:

- Who are the targets?
- Who are the influencers?
- Whom do the targets trust?
- Where do the targets and influencers hang out?
- What role does SAP play?

Some experiments SAP is already trying out...



socialmedia the app network

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we are a large and growing network of applications across leading social platforms:

facebook myspace.com

tap into the social media revolution

manage
Do you want to track your app's success?
track

market
Do you want to promote your app to new users?
promote

monetize
Do you want to make money from your app?
make money

Our network of applications engage millions of people across the leading social networks.
We serve advertisers and developers of social media applications with advertising, monetization and analytical tools on newly emerging social platforms from leading social networks, such as Facebook and MySpace.

Latest Blog Posts

- Facebook Ads Great News for SocialMedia's Developers
- Answering the Facebook Platform Bears- #1: "Facebook apps are not real media"
- Social Ads

How can we benefit from this at SAP?

New world → Experiment, experiment, and experiment ...

learn

iterate



The global SME market is fragmented and very different than LE

- Differences start with customers and span eco-system & influencers
 - Most small business owners ask friends & local experts, not AMR or Gartner
 - The cost structure changes the economics of sale, delivery and support
 - What is a viable acquisition cost/customer so the marginal income is positive?

Inbound



- “Buzz metrics” – track what the customers are saying out of your hearing
- Which of our products & customers are impacted?
- Whom do we talk to about future product requirements? Best practices?

Outbound



- Once built, whom do we invite to be beta testers?
- Where do we start advertising? What role for our developer community?

Close the feedback loop – an aspect most often forgotten

- Messaging and tools: The SAP team constantly monitors the key channels, responding quickly to turn disbelievers into believers
- Product: The product team reviews, prioritizes and responds with changes
 - E.g., Instrument Business By Design to support self-service; else, pay a price!

Hande, Jeff, Sheila, Margot

Thank you!



The anatomy of a social network

