



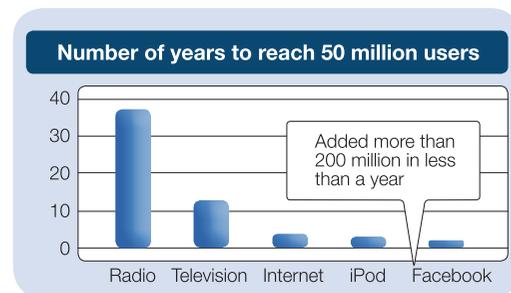
Over the past two decades, purchaser power has risen significantly. This leap in consumer strength stems to a large extent from the many technological breakthroughs and related social changes which have provided the buying public with the platform and infrastructure needed to gain a new level of influence.

The information revolution has given individuals access to quick price comparison tools, while the launch of the internet allows them to voice their opinions in public whenever they want to. Talk-backs, forums, blogs and social media provide an arena to give feedback and rank the products we consume. To top it all, the introduction of delayed viewing options, such as Tivo, has crushed the exclusive influence which advertising has on consumers during those expensive and, for the consumer, annoying commercial breaks.

The results of this power evolution marks a new era in customer interaction. Individuals forge increasingly closer links between themselves, uniting to form serious purchasing groups with much greater purchasing power than ever before. In addition, the barriers between the brand and its consumers are collapsing to allow direct interaction with a company's CEO or decision makers via the social media sites such as Facebook, Twitter, LinkedIn, Youtube and the like.

Social media is an enabling platform witnessing rapid growth. In the past it took the radio nearly

40 years to gain 50 million listeners, television less than 15 years to gain 50 million viewers and the internet around 5 years to gain the same amount of visitors. In comparison, Facebook needed less than a year to gain 200 million registered members. Other platforms are also growing rapidly: Twitter has 90 million tweets per day and an increase of 250% in mobile application users and on Youtube 35 hours of video are uploaded every minute.



### Changing the business model

In times such as these, commercial companies try to lose that often patronizing attitude towards the customer and swap conventional, one-way communication for a mutual dialog, which respects and recognizes the quicker, more efficient and reliable counter line of communication from the consumer. Customers have become a force to be reckoned with. So, after following a monolog with a dialog, we now need

to move to the next stage.

On the next level, **companies need to start approaching consumers as business partners – a company intending to properly utilize buyer power should establish a partnership with its consumers.**

As in any relationship with a business partner, your relationship with your consumer partner should be based on true mutual trust and transparency and not on empty slogans. Lost trust is a serious worry which can lead to the end of a partnership. This should be avoided at all costs.

### What is the partnership?

It is important to remember that a true partnership is one which creates a win-win situation for both parties.

It is essential to prepare for a partnership by considering how you can meet the other partner's needs. This may not be as difficult as you think. In most cases you'll be surprised to learn how little consumers need in order to feel that they are benefiting from the partnership.

You also need to think about the areas in which the help of the consumer can empower the company, as in the following examples

- **Public relations** – create a positive message which appeals to your consumers and your product will begin to “sell” itself through the exposure it gets. Blendtech for example, created a Youtube channel featuring its CEO in a series of videos in which he attempts to blend various gadgets and products using the Blendtech blenders (such as IPAD, iPhone, Cameras ex.). This campaign attracted great brand awareness, increased sales by over 500% and made Blendtech's CEO a popular spokesperson.

- **Customer support** – some companies tap into the extensive knowledge base of their customers to provide technical support to other consumers. One of the best examples is Lenovo,

which used a peer-to-peer customer service community to garner world-wide views of the customer experience. This action led to a 20% decrease in laptop service call volumes, an increase in customer service agent productivity and shortened product problem-resolution cycle. Another good example is Best Buy, who created the Twelpforce account on Twitter. Twelpforce offers direct advice from the tech-savvy Best Buy experts. The aim was to capitalize on the so-called “dead time, when employees surf the internet, for something which would boost corporate reputation. Incentives were offered to reward those employees who responded fastest to customer questions on Twitter and those who got the highest volume of feedback.

- **Marketing agents** – the successful transformation of customers and employees into marketing agents is best demonstrated by the example of the Ford Fiesta vehicle. Ford gave their European model to 100 “agents”, to promote the new Fiesta model in U.S before the car launched. These “agents” spent six months sharing their experiences and the monthly missions they were sent on, via blogs, YouTube videos, Twitter and Flickr photos. The campaign resulted in more than 80,000 “hand-raisers”. This year's second wave involves 20 teams of “agents” in major markets around the country competing to win a Fiesta.

- **Research teams** – In a bid to collect new product ideas, Starbucks created an online platform called “My Starbucks Idea”, which allowed consumers to share their ideas, get rated and commented, with the hope of having their ideas turned into an actual product sold in the Starbucks chain. This innovative website received more than 100,000 ideas, some of which were produced and are now successfully sold as part of the Starbucks menu.

- **Product development teams** – the innovative “crowd-sourcing” trend has grown rapidly over the past year. Many companies have realized the added value of receiving ideas for new products / services from their consumers and some of them let their consumers become the

actual developers. Threadless, a T-shirt manufacturer, opened an online community for inspiring designers and the general public in which anyone can design their own T-shirt and offer it to the rest of the members. Today, there are over a million members in the community and in excess of 1,000 product developers.

■ **Substitute for focus groups and customer surveys** – it is now common to find polls on companies' websites, blogs and Facebook pages. Many organizations use their online platforms to conduct focus groups targeting a specific product / service and examine customers' reaction to future activities.

■ **Recruiting** – Numerous companies now use social media platforms to support their recruitments efforts. Ernst & Young's Facebook campaign is a major tool in recruiting – it attracts candidates interested in internships; involves current employees in the recruiting process and encourages candidates to watch videos of former interns telling about their working experience.

## How can we create a true partnership?

As shown before, a healthy partnership requires a specific approach by the brand company:

### Listening

It is vital that companies pay close attention to what is said about their brands and understand the following:

- What do their customers / non-customers / abandons think of the brand? What is stopping non-customers and especially those who abandoned us from buying our product?
- What is being said between the lines? Companies need to read their partners' sub text.
- Are words followed by actions?

Listening needs to be an ongoing process. Companies must listen whatever the market climate—in times of crisis or in times of prosperity. Be part of the conversation and react when needed.

How can the consumer benefit the company?	What can the consumer gain from the partnership?
<ul style="list-style-type: none"> <li>● Sales and marketing</li> <li>● Customer support</li> <li>● Public relations</li> <li>● Research</li> <li>● Product development</li> </ul>	<ul style="list-style-type: none"> <li>● A chance of fame</li> <li>● 15 minutes of fame</li> <li>● Filling important, significant</li> <li>● Fill of belonging</li> <li>● Money/value equivalent</li> </ul>

### Know your partners

Segmentation is now based on behavior and needs, not on age and gender, as in the past.

- Dynamic segmentation - consumer behavior is dynamic and data collected now will probably no longer apply at other times or to other products. This means that there are times when companies must engage in a dynamic segmentation, based on a specific time, behavior or need.
- Identify alpha consumers – find out who has the most influence and then embrace those consumers as thought leaders who can make a worthwhile contribution to the organization.
- Customer intimacy – develop a close relationship with consumers to effectively manage 'moments of truth'.

### Communication channels

- Channel strategy –create a strategy which aligns communication channels to our goals, target audience and brand values.
- Channel synchronization – aligning information, content and approach throughout the communication channels and understand the consumer throughout the different channels.
- Connect with consumers in their own language –companies must address their consumers in the current lingo and exploit fast-moving channels, creating open and direct communication for a sharp and immediate message transfer.
- Meet consumers in their place and time!

### Empowerment

The foundation of any successful partnership is a clear expression of the mutual benefits. This motivates the partners to maintain and even promote the partnership over the long term.

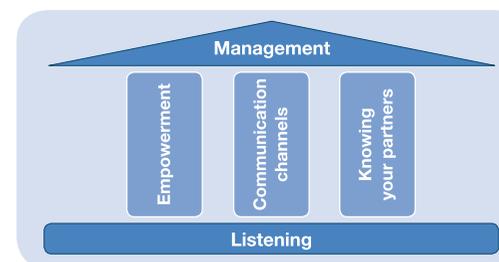
It is important to make sure that:

- Customers get to voice their opinion and receive credit
- A clear role is defined for the consumer / partner
- You help the consumer realize his goals
- Promote the mutual values

### Management

- Think long term and beyond satisfaction of your company's immediate need.
- Develop analysis and forecasting tools for optimum implementation of the partnership in the long run.
- Say what you think, do what you say!
- Think flexibility – be prepared to wholly accept the consumer as your partner and take their opinions on board. Get ready to change direction and navigate your company through new waters when consumer habits change.

This said, companies should still remain in charge of the partnership and not allow the partnership to take control of the company.



React—Don't be afraid to react in case of an error. In most cases, the best reaction is to admit to the mistake and apologize. Follow this up by supplying consumers with all viable information and responding to any emerging questions.

Although this transformation in buyer-seller relationships may seem overwhelming, businesses need to put matters into perspective. At the end of the day, the virtual world is not the only force driving our physical lives and not every hype on the web is realized in real life.

### The fear of change

The kind of partnership in which the brand listens and involves its consumers in critical business decisions can cause some companies to worry about the potential risks of such great exposure to the public realm. Information which used to be treated as confidential could now come to the attention of the competition. In addition, giving consumers the opportunity to voice their opinion could attract unwanted criticism and even attempts to harm the brand. So what can be done?

Many international companies realize that the benefits are far greater than the potential damage and in fact have not encountered any subsequent idea theft. One great example is this of LEGO's "Design by me" campaign which encouraged customers to design LEGO toys that they would like to see in stores, using dedicated software. Tens of thousands of ideas suggested through the campaign were posted on the company website along with the designer's name and the idea he was trying to convey.

However, the main fear which remains is that consumers' vast and immediate strength fuels a fear of a rapid, uncontrolled spread of the crisis throughout the web. How can we best avoid or master such situations?

**Be active** – Nurture the relationship with your fans and fulfill their needs and you will increase the probability of them supporting you in times of crisis.

**Act quickly** – consumers expect their feedback to be met quickly. A lack of response or delays will be interpreted as arrogance or disrespect.

**Be prepared** – Complaints can be constructive and of help to your company. It is the way you deal with them and not the complaints themselves which decide the outcome of the situation.

**React** – Don't be afraid to react in case of an error. In most cases, the best reaction is to admit to the mistake and apologize. Follow this up by supplying consumers with all viable information and responding to any emerging questions.

However, while companies can still exist without partnering their consumers, now is a golden opportunity to start doing so. Like every other opportunity, it remains the responsibility of individual businesses to decide the extent to which they will exploit this chance to keep pace with the changes around us.

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