

“Ease control over your brands to survive in the long run”

Social media has come to re-define the way business is conducted worldwide. And its influence is poised to be more pervading in future. Prof Soumitra Dutta, the Roland Berger Chaired Professor of

Business and Technology at the Paris-based INSEAD, has been one of the strong advocates of the use of this media to build businesses.

His latest title 'Throwing Sheep in the Boardroom: How Online Social Networking Will Transform Your Life, Work and World', co-authored with Matthew Fraser was launched in the Capital recently. Excerpts from an interaction that Deputy Editor KJ Bennychan had with him:

Would you share with us the inspiration behind and the background for this book?

The inspiration for 'Throwing Sheep in the Boardroom' is the unprecedented growth of social media at the global level. It's growing at a rate that's probably the fastest in many years when it comes to technology adoption across societies, geographies and age groups. In that sense, it's a technology that's changing the world in a very radical manner.

The book studies how social networking sites and the Web 2.0 revolution are influencing our daily lives, our work and our world, while transforming the accepted notions of our identity, status and

power. Social networking is revolutionising how we see ourselves, how we interact, how we work and participate in the wider society around us. In short, it is unleashing a social e-revolution.

How can marketers use social networking sites to build brands and better their consumer connect?

We can use this media in marketing in a number of ways. Their major marketing application is in the area of branding. Who owns a brand? A brand is co-owned and co-created by the company and its consumers, and not the company singularly.

How brands can be built online, especially through social media is well exemplified in the fact that the most popular property on Facebook today is Coca-Cola. And it isn't created by the cola major but two ardent fans. And now Coke has just joined them in taking that to the next level.

The second major application is that a marketer can learn a hell lot from consumers. You can apprise yourself of the consumer reactions through these media. Social media is something that's adopted, in fact, created, by consumers themselves. These days, consumers no longer want to be spoon-fed or to be mere passive receivers of information regarding brands. Rather, they want to be heard, and become co-partners in the creation of the brands they use. In



fact, they want to come out and extend a helping hand to the company to do so. Since, consumers are changing faster than companies; they want to help companies change themselves. Hence, social media has crossed a level where the question is no longer about whether there is a change, but whether companies are really ready for this change or not.

Can this form of consumer-led value creation work in our country, with so low Internet reach?

Of course. In fact, social media is naturally suited to a country like ours more than many other countries. Ours is truly a land of diversities. We're a society which encourages divergent views and helps others to express themselves. And social media is a tool that enables us to articulate these fundamental differences. Also, it liberates one from other external connections in the sense that now you don't need to write to *Times of India* or *Indian Express* to be heard. You can just write your blog and express yourself. It's much easier to express various points of view through these media. I strongly believe that social media can have one of the best impacts on our country.

The idea is to help us open up. And going by our very nature, we, Indians, are more inclined to use this medium more and more in the times to come.

But where do we draw the line between official and non-professional use of the Web?

I don't see any such issue. Looking at it only from the angle of reduced working hours is too narrow a way to understand this media. The point is

how companies can empower their employees by allowing them speak up and open up. But to effectively do that, employers must trust their employees first, without which it can really be harmful. Instead of being non-productive, blogs can be used as a great tool for corporate image-building. It can be a great way to send out the correct company image. It can also help in hiring the right talents, in brand building and in fostering better consumer-connect.

Is there any instance of social media being used thus?

Yes. IBM encourages its employees to blog. In fact, it has been hiring new talent through blog referrals. But to do that, a company must first trust its employees and when that happens,

companies must trust their employees that they would help in building the images of the company. In short, corporations need to be more democratic for their own benefit. My point is, the current system of control over brands isn't sustainable in long term.

But can social networking sites sustain financially?

Yes, if your revenue model is advertising based, then clearly that is not the way forward. The way forward is through micro-transactions. People are ready to pay small amounts, say, 50 paise or Re 1 kind of transactions on these sites. On Facebook, there are applications with which you can buy small virtual gifts for 50 cents/a dollar. Of course, they are pittance, if you look at each unit of transaction sepa-

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they won't badmouth the companies.

But does it really suit Indian companies which are more secretive and exercise greater control over their affairs and their properties?

I think, companies across the world are more control-oriented, and would like to operate through the traditional model. But with the kind of changes taking place around now, with these media forms in full swing, they must ease control and open up. The fact is that companies must lose control over their brands and consumers, since these changes and values call for it. The challenge is to be able to lose/ease control without really losing control. As in a democracy, compa-

rately, but there are over 10 million people using this site, and that it really adds up to a huge amount when it gets a better traction.

Ten years ago, when the digital medium took off, micro-transaction was the revenue model proposed, but that did not take off, which eventually led to the advertising model. And it has already been proved that advertising is not the right revenue model for the online media. I firmly believe that micro-transaction is a more sustainable revenue model. And it'd happen sooner than later, since advertising-led revenue model is just not sustainable in the long run. ■

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