THE RISE OF PRE-COMMERCE

*In the business world, the rearview mirror is
always clearer than the windshield.*

—WARREN BUFFETT

We all have them. They hit us in the shower, behind the wheel, or at any number of seemingly random moments in our lives—those "Aha!" moments when inspiration, experience, and realization come together in a perfect blend of understanding. Archimedes found his eureka experience in the bathtub. A falling apple triggered Newton's insight into our physical world.

My epiphany certainly won't go down in the annals of scientific research—it arose from an innocuous experience as an everyday consumer—but I'll never forget the first time I'd recognized the most fundamental change in the marketplace since e-commerce took off in 1995. I was preparing for a family vacation in Italy, and I knew I had some driving ahead of me. I know a few phrases of Italian, but not enough to get me around the country without the help of a decent navigation device. So I went on the prowl, starting where pretty much everyone starts their research these days—Google. Now, I'm sure psychologists have studied why the first page of search results carries more

weight than all the following pages, but none of that mattered at the time. All I know is I clicked on TomTom because it was one of the first brands I saw listed. And after a few clicks around the subsequent Web sites I realized TomTom's navigation device and its maps would work as well in Europe as they do in the United States.

But that wasn't enough, of course. I still had to find out whether another brand offered a better option. From my time at Dell, I'd become plenty familiar with geek sites that did high-tech product reviews. I chose one of my favorites, CNET, where I found trustworthy reviews of all the decent navigation devices on the market. TomTom scored very well there, so now I knew I was looking at a quality product. The only question left: Was it worth the price? I skipped over to a Web site that compared prices, and found that TomTom not only provided quality, but some of the best value on the market, as well.

I probably was sold at that moment, but sometimes I still take the old-fashioned approach. I hopped in the car and drove out to the local Best Buy, wanting to see the real thing before making a final decision.

To this day, I have no reason to disabuse the salesman of the notion that his little spiel helped me make my purchase that day. He had no clue that I knew as much about that product as he did or more, and he couldn't have known I was going to buy the TomTom device whether he'd delivered his pitch or ignored me entirely. He was just lucky I decided to see it before I bought it. I could have bought the device anywhere online.

It all started to dawn on me as I drove home, and it became even clearer over the subsequent weeks as I pondered the social media strategies I was developing for dozens of Fortune 500 companies while working with some of the leaders in online commerce. I realized neither TomTom nor Best Buy and its salesman had any clue about my decision to buy that specific product in that specific store. Neither company thought to ask how I'd become interested in TomTom's products. Granted, the

sale was only a couple hundred dollars, hardly worth pumping serious research dollars into, but I've continued to scour the Web ever since to keep abreast of the latest GPS tools and products. I'll need to upgrade in a year or two, and I don't want to miss a right turn in Tuscany any more than I want to get lost in Texas.

But through no fault of its own—the company and its salesman did everything right, traditionally speaking—Best Buy won't get my next purchase. Worse for them, they might not even realize why. The exploding use of social media channels has fundamentally changed the way customers go about making their purchasing decisions, and very few companies have recognized this remarkable shift. Your customers no longer count on you for information about the products you develop or sell. In fact, they would rather talk to other customers, especially peers who are in the same boat as they are. Like me when I walked into Best Buy, more and more customers will arrive at your doors or come to your Web site with their minds already made up. And if you have no way of reaching them while they're making their decision, there's no way you can convince them to come to your store or your site.

I call this new phenomenon Pre-Commerce. The phrase reminds me of the sci-fi movie *Minority Report,* in which Tom Cruise and the pre-crimes unit can find and arrest criminals before they commit their crime. Companies today have to reach customers long before they commit to their purchases, because customers are making decisions before they arrive at your store or your home page. Ask yourself: How many potential customers are surfing the Web for information about your product—not to mention your competitors' products—at this very moment? What are they finding? And how many of your existing customers are never coming back because they've found a better, more personalized way to research and buy what they need?

Do you know? Do you realize there are ways to find out?

FROM E-COMMERCE TO PRE-COMMERCE

The Internet brought us e-commerce. The rise of social media is giving us Pre-Commerce.

It took only six years from Tim Berners-Lee's initial proposal in 1989 for a World Wide Web until companies started to fiddle with selling online. By the time 1995 rolled around, Dell, Pizza Hut, Cisco, and a handful of other companies had taken the plunge and started selling directly to customers through an online portal. Sites such as Amazon.com and the iTunes store gleaned all those lessons and found new ways to master the world of e-commerce. Online retail in the United States generated more than $155 billion in sales during 2009, according to Forrester Research, and that figure doesn't even include auto, travel, or prescription-drug sales.[1] Add all the business-to-business commerce that streams through Web portals every day, and you start to see why e-commerce is vital to almost every business.

But while e-commerce continued to mushroom throughout the last few years, the advent of social media gave customers a set of new, more-trusted avenues for information and ideas. Customers didn't have to interact directly with the brand. They could independently find and share ideas and information. Virtually no company noticed it at the time, but customers started to shift into a Pre-Commerce world. In that world, the first option for technical support comes from Google, Bing, or an independent forum where virtual neighbors provide troubleshooting tips. In the Pre-Commerce world, ratings and reviews have become ubiquitous, and they're becoming increasingly adaptable to match any customer's specific curiosities. Here, customers can share an idea for a new product and put it to a vote of their peers. And they can learn about your product, suggest

ways to improve it and purchase it—all without coming to you for a single shred of information, and maybe not even coming to you for the purchase itself.

Whether you know it yet or not, the Pre-Commerce world ultimately will force your company to interact in a very real way with your customers. The corporation's long-held control over its brand image and message now belongs as much in the hands of the customer, who can reach millions of people with a rave review or a scathing blog post. Your customers are actually shaping the image of your brand in more ways and with more power than your best agency. And that subtle power shift means companies will have to adapt to the things Pre-Commerce customers do very, very well: (1) they share ideas, (2) they share product knowledge, and (3) they provide solutions for one another.

These three drivers of online behavior shape your brand reputation, but they also shape how customers make their purchasing decisions. People share information to help their peers, not to help your company. In the Pre-Commerce world, customers are passionate about helping their virtual friends. You can interact with them if you provide relevant content that helps move the community's conversations forward. Or you can watch as your customers migrate to competitors who help them fulfill their desire to support and interact with their peers. It's your choice to participate, but your customer gets to choose the brand with which they'll participate.

These are deceiving trends for a company that's clicking along in traditional e-commerce mode. To those businesses, customers still look and act very much the way they always did. Yet today, your customers are wired very differently when they walk into your store or come to your home page. The business leader who doesn't understand the way people identify with brands in the Pre-Commerce marketplace will lose customers, brand prestige, and, ultimately, sales.

LET YOUR CUSTOMERS HELP YOU

Marc Benioff, the founder of salesforce.com, rarely looks in the rear-view mirror. If he does, he only sees competitors pushing him to speed down the road ahead. So he has become relentless in trying to under-stand what his customers want. I've worked with a lot of CEOs in recent years, but none put more emphasis on working *with* customers to develop the next product or service they need. So it came as no surprise when Marc announced the launch of Idea Exchange in September 2006. The forum would allow salesforce.com to get feedback directly from his cus-tomers. It was a big hit.

A few months after Idea Exchange went live, Michael Dell called me into a conference room. At the time, I was leading Dell's communities and conversations team, and I knew firsthand the keen interest Michael had taken in all things social media. Already a pioneer in e-commerce, he had started to get a sense of the emerging Pre-Commerce world. He asked me what a Dell version of Idea Exchange would look like. My team and I brainstormed the idea and started to build a proposal. We had roughed out a plan, but we were struggling to come up with a name for the idea. Nothing stuck until Bernie Charland, my colleague at the time, said, "What if we combine brainstorm and ideas together, since that's what we're really doing." And bingo, Dell IdeaStorm was born.

I sent the proposal to Michael on February 10, a Saturday. Anyone who has met Michael Dell knows how intense he is about direct rela-tionships with his customers, and that fire was burning even hotter because he had just returned as CEO. No more than a few hours after sending the proposal, my phone rang. It was Michael, of course. He said he liked everything about the plan except the timeline. It was way too long, he said. We'd planned on three weeks to launch; he wanted it up in two days.

I remember calling Paul Walker, one of our outside consultants on social media, and I told him we had to build and launch this new community in three days. Paul hesitated a bit. It sounded pretty daunting, he said, but we could have it ready to go by Thursday. I laughed and reminded him that "three days" in Michael Dell parlance means seventy-two hours, not three work days. It turns out seventy-two hours can be a long time if you work productively. We soft-launched Dell IdeaStorm on Tuesday, February 13.

We quickly began to understand the power of including customer's ideas in real time. Not only did we start receiving some very interesting ideas within hours—many of which made it into Dell products—we also generated a strong wave of positive buzz throughout the blogosphere. We were meeting customers where they were, and we were giving them a chance to participate with our brand. Within eighteen months, we had more than 11,000 ideas from customers. We launched Employee Storm and other offshoots to get ideas internally, and we generated 4,500 ideas from our own employees. Even more important, though, we'd implemented 325 customer ideas and 140 employee suggestions.

Your customers want to help shape your products, services, and approach to market. Your employees want to help improve your company's operations and morale. All you have to do is ask for their help—and then follow through on it.

About a year after Dell launched IdeaStorm, Michael Dell and Marc Benioff teamed up with Starbucks CEO Howard Schultz to launch mystarbucksidea.com. "It [Dell IdeaStorm] was absolutely fascinating to watch, and for Dell, it has opened a new chapter for a terrific brand," Benioff said. "Michael was kind enough to share his experience with Howard Schultz at Starbucks, and then we helped them build mystarbucksidea.com."

"Ho'olu komo la kaua" ("Please join us")

Marc Benioff, Chairman and CEO, salesforce.com

Marc Benioff sees trends inside today's corporations before most other people do. He thinks in terms of how to free up capital and how to improve collaboration inside a company. He constantly gathers customer insight and puts it to use in ways that improve current products and create new successes. With perspective and insight like his, game-changing ideas emerge on a regular basis. Like in 1999, when Marc and his team first launched salesforce.com, and again with their subsequent introduction of a "platform as a service," called Force.com, his ideas have helped make "cloud computing" one of the hottest technology trends going today.

We live in a different world from when we started salesforce.com more than a decade ago, but the importance of Pre-Commerce is something we've seen since our earliest days. Salesforce.com offers a service delivered over the Internet, which means the Internet itself has always been one of the most important members of our sales team. In fact, in the beginning we didn't even have salespeople; we just relied on our Web site. A prospect could log onto our site, learn everything about our service, and sign up for free. It created an unusual sales phenomenon: Most prospective customers were using our service before they ever heard from someone at salesforce.com.

We hired our first dedicated salesperson several months later to help make paying customers out of our many beta users (at the time, we called this group our "design partners" because they gave us feedback on our products and services). However, at that point the heavy lifting had already been done. Customers had researched, investigated, and explored the product on their own—both on our Web site and through the infinite amount of information available

on the rest of the Web. They relied on discussions they had with their colleagues and peers, and they made a decision about our service before we even knew they were thinking about us.

This might sound unusual, and it is a definite departure from the old way of doing business. But it's not something to fear—it's something to leverage. At salesforce.com, we embrace the fact that our most essential sales tool is the Internet, and our most effective strategy is turning every customer into an evangelist for our brand. Customers will talk about us whether we like it or not, so we know we have to find ways to make them love us. And we've seen the effectiveness of this: According to an independent study by CustomerStat, 94 percent of customers said they would refer someone to our service and 74 percent already had—twice the rate most on-premise software vendors were seeing.

We feel especially excited about the evolution we've seen on the Web over the past decade. The emergence of social media, cloud computing, and conversation allows us to get closer to our community of customers and partners. For example, we feature an online marketplace called AppExchange, which *BusinessWeek* called the "eBay for business software" and Forbes described as the "iTunes of business software." Much like eBay and iTunes, AppExchange works because communities work best within a market dynamic. Like any thriving marketplace, both online and offline, we provide a site where customers can find what they want, test it, and discuss it with other like-minded peers. The exchange now provides an incredible customer base for developers who upload their applications—and a fantastic opportunity for salesforce.com to engage with our customers.

Today we have relationships with more than 260,000 developers. They've built more than 160,000 custom applications on Force.com, each addressing a specific business need. There's no way we could've built that many on our own. But our partners have. They've developed innovative ideas for accounting, human

resources, and areas of business we didn't even know existed. And our ability to share those ideas makes us stickier with current customers and more attractive to new ones.

The recipe for success is in how you partner. With AppExchange, we provide the fuel—developer environments, resources, tools, content, etcetera—and our developers reciprocate with amazing ideas that often lead to the formation of new companies. When you partner well, you help create an ecosystem that works together to build success for the long-term. A real ecosystem is a community that enjoys being together. Gone are the days of closed communities that develop products or innovate. The best ideas come from the constant iterations, innovations, and improvements that result from the collaboration of many viewpoints.

We've seen the power of capturing the collective intelligence of the "crowd" to develop the best next ideas. There are approximately two billion people online; consider the opportunities that arise if you tap into everything they know. Calling upon crowd sourcing models and Web sites like Digg, which allow users to share, discover, and vote on content, we built a service called IdeaExchange, which gave our community the option to vote on ideas and share their insights. This community was a first for a corporation and served as the inspiration for Dell's IdeaStorm, which led to successful product launches, including notebooks and desktops with Linux pre-installed. It also led to MyStarbucksIdea, which helped CEO Howard Schultz establish what he called "a seeing culture."

We're in a very exciting time for the technology industry. Cloud computing is at a tipping point. The Gartner Group predicted that cloud computing services will continue to be a top strategic priority for enterprise technology managers through 2014. The research firm estimated that cloud services revenue will approach $150 billion by then.[2]

Driven by sites like Facebook, Twitter, and YouTube and relayed anywhere, anytime on mobile devices like the iPhone,

and iPad, consumers and employees are moving into new uses of the cloud that enable more collaboration, mobility, and real-time information flow. Instead of corresponding with one person, we now correspond with entire networks in real time. With these new social models, which are based on groups and feeds, there is a way to immediately leverage the knowledge of an organization. People with expertise and relevance are instantly looped in, can participate in the conversation, collaborate, and make contributions more simply than ever before.

People in every industry spend an inordinate amount of time talking about innovation. We seek innovation like it's the Holy Grail. But innovation isn't necessarily "easy" or "difficult." It doesn't even come from within. Many of our best ideas have emerged from our customers, including one request from a customer that led us to transform our offering from an application to a Web-based platform—the key to what we've become today. The secret to innovation is an intense and unrelenting focus on what customers really need, even if that need has never been spoken, and then combining it with our expertise in the capabilities that technologies can deliver.

One of the primary mantras at salesforce.com is to "Make Everyone Successful." We started in a rented, one-bedroom apartment. Today, in 2010, we have 5,000 employees, and, according to *Fortune* magazine, we're one of the fastest growing companies in the world. Every step of the way, we succeeded by eliciting the feedback of customers and prospects and constantly using their insight to keep improving our products and services. I still give everyone my e-mail address, and I always respond when they send a note. But we now have much better tools to create a feedback loop, and we need those new tools in this new Pre-Commerce era. Finding innovative and effective technologies that allow you to listen to the needs of customers—and convert them into evangelists—will keep us competitive, innovative, and relevant.

A TECTONIC SHIFT

Modern science hasn't figured out how to predict earthquakes, but we have all the evidence we need to prepare. We can clearly identify the fault line. We know it's bound to happen sooner or later. And we know the steps we can take to be ready for the tremor when it inevitably arrives. Even if we can't predict the moment it happens, we're prepared nonetheless.

Business has operated on the same wavelength for centuries. In the early 1900s, industrialists adopted Frederick Taylor's theories of "scientific management" to revamp their operations and generate huge gains in efficiency. By the start of the twenty-first century, hundreds of companies had taken hints from Toyota's lean manufacturing methods and Dell's direct model to further streamline the production and delivery of goods. Marketing has made significant shifts as well, and the ability to mass market products now has been tailored down to our own living rooms and PCs.

But every now and then, business doesn't see the fault lines of a new shift. We can't see any predictive evidence of a tectonic shift in the marketplace, and it catches us off guard. Pre-Commerce changed how commerce is conducted online, and we're only starting to recognize it after the fact. It's much harder to identify the 500,000 people around the world who come online for the first time each day. We didn't see the individual cell phone purchases accumulate as an entire generation skipped landlines in emerging countries, and now mobile phones outnumber laptop computers by a three-to-one margin. Today, we're only starting to fully comprehend the massive amount of data being stored effortlessly in remote data centers—in the "cloud," as it were—a change that will make it seamless to store, access, and share files from anywhere on virtually any device. And in the emerging Pre-Commerce world, companies just aren't there as millions of customers make friends with people around the globe, interacting through connections on forums, Facebook, blogs, and other social media.

The Most Important Opportunity of All: Collaboration

Michael Dell, Founder, Chairman, and CEO, Dell Inc.

Michael Dell was a Pre-Commerce leader before the concept existed. He has been innovating in how companies build relationships directly with customers since 1984, when he founded Dell with $1,000 and an unprecedented idea. Whether it was figuring out how to build the best supply chain in the world or becoming one of the first companies to sell directly online or enabling customers to give their ideas directly to the company to help build new products and services, Michael continually innovates in ways that are pragmatic and meaningful for organizations of all sizes. He has instilled in me how important it is to listen, learn, and adapt to what customers need every day.

It may have taken a few decades, but the Internet is now unlocking the most important opportunity of all for individuals, businesses, governments, and organizations of all types. We have entered the era of ubiquitous collaboration.

The concept is not new, but the means to truly collaborate, exchange ideas, and activate the collective potential of every bright mind has finally gone mainstream. And it will forever change the way we work, live, and interact with each other.

When I was a teenager, about thirty years ago, I used what we then called an electronic bulletin board system to connect with other early adopters. We shared code, posted messages to one another, exchanged news, and formed connections—all through a dial-up modem. The ability to connect with people I'd never met through my computer in my room at home changed the way I viewed technology. Those experiences ultimately became a big catalyst for why I started Dell years later.

Today, entire generations are growing up with online collaboration. Power collaborators are connecting anywhere, anytime via the social network and the device of their choice. They believe in a fundamental assumption that we all are meant to share, learn, and collaborate from each other online any way we like. Entire populations of young adults don't know any other way. After all, the best answer might be 3,000 miles away, in a whole other place and time.

The power of online collaboration is also changing the way we work. We're finally tapping into the knowledge housed in the world's greatest operating system in the world—the Web—and unleashing the potential of billions of creative minds to work together in ways we've never seen before.

Geography is irrelevant. Title is irrelevant. Knowledge applied to the right situation each and every time will create the advantage that many companies have yet to experience. It will also change the way business works, and the way society works. We'll continue to see more rapidly self-organizing groups, and I think we're going to rewrite the standard definition of how work gets done in the next ten years.

It's easy to say this. It's much harder to change how we collaborate—so that the smartest teams answer the call, not the available teams. We want ideas as quickly from our colleagues in Xiamen, Chennai, and Round Rock as we do from our customers.

This requires a shift in mindset for most businesses. We need to embrace the social network, even the aspects of it we can't always control. When Dell launched IdeaStorm to create a two-way conversation with our customers, we couldn't be sure what the nature of those conversations would be. Hundreds of customer-inspired innovations later, it's clear that the leap of faith was well worth it. Customers are out there talking about you and me, and it's critical that we participate and engage.

Giving team members around the globe the tools to ignite this collaboration is equally vital. While micro-blogging tools behind the

firewall are typically the preferred internal collaboration tools, the reality is that your sharpest team members are often innovating out in the open, in the realm of the social web. Brainstorming and idea generation in environments like Twitter and Facebook are the new reality, and we need to embrace it and even encourage it.

When collaboration is genuine, we are capable of creating solutions that would have never occurred otherwise. When you no longer wonder about where an idea came from, forget about time zones, and know that you have accessed the best thinking from anywhere on the planet every time, then you are truly leveraging collaboration.

We will see dozens of applications and software platforms that promise to change our lives. Ultimately, they won't. It's true that technology will be the great enabler, but each of us will drive the success of collaboration. What is important is combining the best technology infrastructure with a culture that embraces the sharing of ideas, insights, and expertise freely amongst team members, customers, and influencers.

Technology has always been about enabling human potential, and there's never been a more exciting time to be human.

The pace of social media change that's happening below the surface is blazing at revolutionary speeds. The pace of change within corporations is glacial. Your customers are redefining your brand and your company before your eyes. But because it's happening in a Pre-Commerce world, few companies even realize it's happening, let alone understand and have a plan for it. The company that moves into the Pre-Commerce world will engender more brand loyalty and fuel greater sales, and it just might put slower competitors on the defensive for years to come.

"Word of mouth has always been the essential secret ingredient," said Andy Sernovitz, CEO of SocialMedia.org and author of *Word*

of Mouth Marketing, one of the seminal books about the way social media is changing business. "A company that gets customers for free through word of mouth can always beat one that is paying for it. But here's what's new: First, word of mouth (luck) became word of mouth marketing—a measurable, plannable marketing function. The necessary toolset and awareness took off in 2004–2006, and smart companies started growing with it . . . and then social media hit in 2008 to give it a mass scale. Companies could now encourage and learn from word of mouth at a level that made it practical for a big company, and it gave our fans and critics the scale to force us to pay attention."

THE FOUR As

Companies today use what I call Cave Man marketing. We scratch out the pictures on the wall, then step back and watch how people react. We've been trained for decades to think that awareness leads to action. I can hear my own little "ooga booga" soundtrack every time I watch a company create an ad campaign that consists of little more than an advertisement in the Sunday paper. Forget the obvious fact that fewer and fewer people actually take the analog copy of the newspaper. Customers learn in entirely new ways now. They no longer rely on ads to raise awareness; they use search engines and social media tools—as I did when I needed a GPS device.

Back in the old days, meaning a few years ago, customers made a choice to stay in constant touch with the brands they cared about. But because of all the information available at their fingertips today, customers can easily and efficiently research broader topics and product categories on an ongoing basis. Someone who likes to travel can read and learn about vacation spots, airfare, and hotels 365 days a year. Customers can get feedback and get new tips on products at any time,

not during the one or two times they're actually ready to conduct the transaction. Yet companies gear all their resources toward that one transactional moment.

To put this in greater perspective, we spend less than 1 percent of our entire lives online making transactions, and our companies spend close to 100 percent of our funding against that 1 percent.

The result is a split, one that is leaving companies on the wrong side of a widening fault line.

I've spent much of the past five years studying the shift to Pre-Commerce and why businesses have failed to see a change that, at least now, has become glaringly obvious. I'm convinced that our training has a lot to do with our inaction. For better or worse, we're programmed in school and corporate training to learn "The Way We Do Business Here"—and, gosh darn it, we're going to do it better than anyone else. The rest of the world doesn't work like that, of course. Our customers don't really care what we think or how we are trained.

Take the classic and famous Four Ps of marketing—price, product, place, and promotion. The Four Ps have been a staple of marketing instruction for years, ever since E. Jerome McCarthy, a Michigan State business professor, coined them in 1960. I learned the Four Ps were the bee's knees when it comes to commercialization, and it was all true when I joined my first large company in 1986. Very powerful people make big decisions for and about their customers. They decided on everything— and that's precisely the problem. The Four Ps are completely company-driven. Every decision comes from a conference room. You decide on the price. You build the product. You determine where to distribute it, and you make every call on how to promote it. You base that on tons of market research and the advice of highly paid consultants, of course, but interaction *with* the customer is all but unheard of. The Four Ps can't comprehend a customer with power of his or her own.

The Pre-Commerce world demands a new interpretation of the Four Ps, one that understands how social media changes the way customers make purchasing decisions and gives those same customers a far-reaching influence over brand image. We've developed a new model that follows these Four As – awareness, assessment, action, and ambassadors. It is driven by customers, not corporations. The customers will decide when they listen, what they'll discuss on the Internet, where they'll research their purchases, and where they'll make them. Brand loyalty won't come from the cave-wall paintings, it will come from persistent, positive interaction between a company, its brand, and its customers.

- *Awareness*—A company must understand when and how to penetrate the market's noise to reach customers and create awareness for its brand. This only can happen effectively with active listening to what customers say online. You want to raise awareness with the right influencers in the right sites using the right content.
- *Assessment*—The customers are not on board yet, but they are committed to learning more. A company must supply content that customers can download, view, read, and act upon, and it needs to provide that content where customers will access it.
- *Action*—Simply put, this is the point at which the customer is making a decision that shows they are on board, ranging from the most obvious, a purchasing decision, to a surrogate, such as clicking on a coupon to print out.
- *Assessment*—No social media interaction is perfect. A company has to review and re-assess its approach to identify potential improvements and understand your share of conversation that is pro, con, and neutral. Measuring positive share of conversation is easy. Negative share of conversation is diluting your message. And neutral or flat experiences can actually be the death of a brand. You need to understand the dynamics for all three.

- *Ambassadors*—Every business has customers who are uncommonly loyal to its brand. A company has to know and build relationships with these loyalists, keep them informed, and give them every opportunity to help spread the word. These are folks who write a few thousand forum posts a year, write a hundred blog posts, or do fifty videos. They live for your brand.

I realize I have listed five As here, but I do so only to stress the importance of assessment. The interaction and learning should never stop in the Pre-Commerce world, because the environment is constantly and rapidly changing. In fact, we have to look at the entire list of the Four As as a cycle. Awareness will help a company identify its ambassadors. Assessment will produce more fruitful action. And ambassadors can help a company find the right places to break through the clutter and into the next awareness phase.
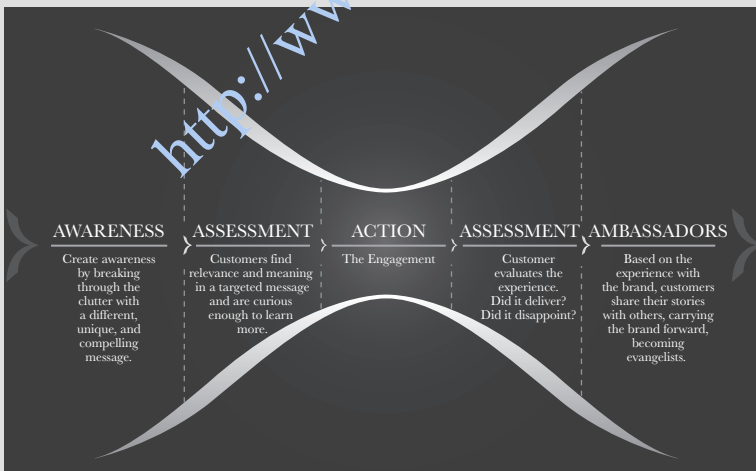
Ultimately, the Four As represent a sea-change in the way companies approach and interact with their customers. As such, they raise some significant questions for forward-thinking executives. Companies will have to generate a whole new level of insight about their customer base, the type of knowledge that can come only from relationships with customers themselves.

Are You Ready for the Four As?

The Four As raise significant questions that executives will have to answer if they expect to engage customers in a Pre-Commerce world. These questions can provide a quick guide to help gauge your company's or business unit's readiness:

(*Continued*)

- Do you know the behaviors of your customers so well that you can cut through the clutter to reach them? If yes, what are the top fifty locations where they have conversations today?
- Do you know when, where, and how people assess your brand and learn about it? If yes, what is their favorite way to learn? Vlog? Podcast? How does the media mix change by topic?
- Do you know when, where, and how customers make decisions to act, whether in affinity with your brand or that of your competitors? What do they say in decision-making mode?
- Do you know how your customers react if they like or don't like something about your brand? Do you actively try to shift opinion your way customer by customer?
- Do you know how your customer feels about their experience with your brand and how their interactions and reactions change when those experiences occur online?
- Do you know your most passionate brand advocates, and do you know them all by first and last name? When is the last time you spoke with them?

AWARENESS	ASSESSMENT	ACTION	ASSESSMENT	AMBASSADORS
Create awareness by breaking through the clutter with a different, unique, and compelling message.	Customers find relevance and meaning in a targeted message and are curious enough to learn more.	The Engagement	Customer evaluates the experience. Did it deliver? Did it disappoint?	Based on the experience with the brand, customers share their stories with others, carrying the brand forward, becoming evangelists.

The tools exist to answer all these questions, and you'll find that your customers are more than willing to help if you reach out to them. Even so, these straightforward questions stump the vast majority of executives today.

KEEP IT SIMPLE

Common sense rules the day in the Pre-Commerce economy. The sexy social media campaigns we see from consumer-products companies make a big splash, and everyone has heard about some of the more successful consumer campaigns. But the biggest opportunities often exist between two brick-and-mortar companies who simply agree to open a window between their operations and improve their interactions.

Imagine working for a company with 50,000 employees. You want to reach a key customer with 100,000 employees. If you're the leader of a Pre-Commerce company, you'll encourage your account leader to find ways to open up the world between his team and the customer. You might consider creating a private, business-to-business community between the key people on both sides of the wall. Employees on both sides could blog, share ideas, review processes, and discuss ways to improve products, processes, services, or support. With today's ever-improving social media tools, your account manager can monitor and guide these discussions seamlessly and efficiently. You end up with robust, business-specific information you can use to improve your company. You can share solutions in real time. And you'll build a deeper relationship that can redefine how you and your customers conduct online commerce.

This is the direction Pre-Commerce will take business. It abandons fancy models that collect loads of data but have limited insight. In fact,

companies far too often confuse listening with the collection and anal-
ysis of voluminous troves of data. Pre-Commerce will empower cus-
tomers and give them the ability to help filter insight from the data
companies collect. The rapid innovation spawned by social media
developers will produce new technologies that help separate the wheat
from the chaff. The interactive world will provide the bridge between a
customer's big idea and the engineers and developers who can integrate
it into your next product. In the e-commerce world, we still create end-
less PowerPoint decks to make our case and then we eventually cascade
these insights to the troops. Pre-Commerce will remove the middleman,
his PowerPoint deck, and all the confusion in between. It will simplify
the process by connecting your customers directly with your teams.

I've seen these connections produce powerful results. I'd gotten up
early one morning in March 2007 for Dell's quarterly meeting of vice
presidents and directors, and I was looking forward to what Michael
Dell would say about IdeaStorm. My team had launched the site a
month earlier, and already customers had flooded the site with ideas,
votes, and comments. In that short period, the open-source commu-
nity supportive of free Linux software had made their wishes clear:
Dell should pre-load and certify a Linux-based operating system on
its consumer PCs. The only problem was, we had no plan to do this.
If we dismissed the most-discussed idea our customers offered us,
would this great community experiment lose credibility before it really
took off?

Michael delivered his usual motivating talk, and we moved on to the
Q&A. One of my colleagues raised his hand, stood up, and asked: "I see
that the top idea on IdeaStorm is about Linux becoming available on
consumer systems. What are we really going to do?" In retrospect, I was
probably cynical, but it felt to me like the question expected a "Let's do
nothing" sort of response. But it was a legitimate question. IdeaStorm

was one month old and our customer's top idea was an offering we did not even consider in our product roadmap. Michael looked straight at the questioner and said: "You are going to talk with our customers, find out what they want, and deliver it."

Right then and there, I knew the game had changed at Dell. In a matter of seconds, we went from a company that might have dismissed this request to a company on a mission to figure out how to incorporate our customers' online feedback. It was 100 percent driven by our customers' ability to tell us, through social media, what they wanted in a product. Our consumer team went to work and two months later took the idea from nowhere to production. On May 24, 2007, we started selling three computer systems with the Ubuntu 7.04 operating system pre-installed.

I'm still amazed at our team's speed to market and the energy and passion with which they did it. I would dare say they actually enjoyed it. It was an example of the new model, and we knew we were on the front edge of something big. We realized the pursuit of knowledge will lead to our success. It might not happen every single time you step up to the plate. But if you consistently interact with customers and work with them to deliver the content and products they want, you'll differentiate your company and discover new breakthroughs your competitors can't match.

The First Step

At WCG, we use a series of inquiries to help companies determine their readiness for a Pre-Commerce world. They're a good first step for determining the right path for your company.

(*Continued*)

- Where do you get your new ideas for new products and services? In other words, who drives innovation for you? If the answer is a clear "Department X is in charge of innovation," you know you're heading down a misleading path. Your customer is your co-driver. Consider instead how your teams can learn directly from customers, analyzing feedback and assessing insights to develop a co-created product—a customer-driven product.
- How recent is your customer-insight data and how rapidly is it aging? Do you have real-time data gathered 24 hours a day from millions of customers, or are you looking at highly processed, already outdated results? Processed results are as good for you as processed food; find the fresh stuff.
- When was the last time your executives or your reports talked with a customer? Every company has a collection of bright, passionate leaders, but all their enthusiasm is wasted if they don't know how to interact with customers in a persistent, positive manner.
- Do you have a list of your top 100 customers? Do you know who your most passionate and loyal customers are? Do you know them by name? Brand ambassadors often carry a lot of weight in the Pre-Commerce world. You have to know them and the influence they wield. Can you pick up the phone and call them right now?

If you can't do these things yet, here's the good news. Your competitors haven't figured it out yet, either. But know this—the company that figures out how to make itself relevant to the Pre-Commerce customer will build a strategic advantage at the expense of its slow-footed rivals. The race has started.

IT'S NOT AS HARD AS IT MIGHT SEEM

Human beings are creatures of habit. If we had to pore through an endless stream of constantly changing data, we'd have no hope of reaping any real customer insights. But we don't. Because humans work in patterns, we can study how people interact online, and from that we can draw increasingly clear guidelines about how customers assess, learn, decide, and advocate for a brand. Similarly, we can become very familiar with our competitors' proclivities by identifying their most common moves, another approach that can lead to new insights for your brands.

While social media inherently involve a range of content—from text to podcasts to YouTube videos—most insight comes in word form. Invariably, your customers will use their own language to communicate. We use fancy terms to describe the analysis of all this, tossing around ideas like "keyword dictionaries" and "search engine optimization" to put a complex and high-minded terminology on what, ultimately, comes down to nothing but words. Words remain the primary currency at the foundation of Pre-Commerce. In the e-commerce world, we used keywords as a guide for our advertising. But future leaders will begin to learn the natural language their customers use in the Pre-Commerce arena.

Consider what your teams could achieve if they could identify the exact language people use when they're studying your products. Then imagine how you could use that recognition to scrape all those conversations into a folder your salespeople could use to reach out to those customers in real time. These tools already exist.

But social media is, by definition, social. The company that doesn't participate actively in these discussions will find itself left with half-answers and partial data. Newspapers have struggled in recent years, but they still offer a good example of how to provide content customers demand. The best newspapers have a knack for knowing what news we

want to read. They know how to find it, report it, and distribute it in a manner that makes us want to read more every day. Meanwhile, almost none of the Fortune 1000 companies provide a dynamic body of content on their Web pages or through their nascent social media efforts. It's like putting out the same issue of the *New York Times* every day of the week.

It doesn't have to be that way. Companies such as Networked Insights in Madison, Wisconsin, have built an algorithm to identify the emerging trends for a given topic. Their products can identify emerging subjects of highest interest and show you which topics are trending toward that point. With that information in hand, the Pre-Commerce Company can provide relevant content that customers actually want to see.

I can hear you now: "We're not in the content business." But in the Pre-Commerce world, you have to be. You have an opportunity to reach your customers each and every day with relevant information, to establish a connection that will forge stronger relationships. Or you can ignore it all and repel them with your own version of a week-old *New York Times.* Your customers won't tell you your content is outdated; they'll simply stop visiting your site.

LEADERS OF THE PRE-COMMERCE COMPANY

The Pre-Commerce world impacts every corner of your business, and taking a piecemeal or segmented approach is bound to limit your success. I've worked closely with C-suite executives who recognize that competitive advantage is not built without the support and oversight from the top. We've heard many Internet experts suggest that companies ought to create an executive-level social media guru. We couldn't

agree more, but we'd stress that every C-suite executive has to play his or her part in bringing a traditional company into the Pre-Commerce world. It starts with the CEO at the top, but it goes nowhere unless each executive instills the mindset throughout his or her business group.

So in the following chapters, I'll show you how high-level executives can implement the pre-commerce approach throughout their organization. This isn't the nitty-gritty guide to social media, nor is it the high-minded academic's guide to a new world of commerce. There are plenty of books for that already. This is pragmatic guidance for the C-suite, for the executive who wants to understand how social media has changed the marketplace—and how he or she can reshape a company to win in the Pre-Commerce world.