

Blogging for Business

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Of all the tools offered by the Internet to businesses, blogging remains the least understood and therefore the most underutilized. This is in spite of the fact that blogging started as far back as 1997, current number of total blogs is upwards of 10 million, and 40,000 new blogs are created everyday. In 2004, Merriam-Webster Dictionary crowned blog as the word of the year. Most of the major publications, such as Business Week, New York Times cover it extensively, the White House recognizes the bloggers as press, and bloggers have played a major role in the downfall of figures such as Tom DeLay, Dan Rather, Howard Dean, John Kerry, etc.

A blog is like an online diary a type of website that has entries or posts in chronological order. Anybody can start a blog, where they can post their opinions on any topic under the sun. The author of each post is clearly marked along with the date and category. While some blogs are very general, some others are focused on very specific topics. Large blogs with thousands of posts are organized by category and they allow their readers to search the content. Each post also has its own unique permanent URL, and this allows other bloggers to link to posts. Since a blog is a website, any person on the Web can visit it and read the posts. The unique characteristic of blogs is that it allows its readers to post comments on the website to blogger entries. This allows the bloggers and their readers to converse, but unlike email conversations, their conversation is transparent to all.

While a capable programmer can add these features to any website, the advantage of using a blogging software is that it is inexpensive and it is designed so that non-programmers can do all of the above. Instead of laying a page in HTML and manually positioning the content, in a blog, bloggers enter their content in a simple form in plain text and the blogging software takes care of formatting, etc. There are a large number of websites, such as Blogger.com, where individuals can create blogs not only in minutes, but most importantly, for free. The ease and cost of creating blogs has led to an explosion in the number of blogs.

While the impact of blogs is being felt in several sectors of society, my focus here is on explaining how businesses can harness the marketing potential of blogs. Blogs can be put to the following uses,

a. Market Intelligence

Marketing managers of a company should identify all the blogs where bloggers and their readers converse about the company, its products and its competitors. They should monitor the conversation to determine the marketplace buzz. Knowledge of where and why a company is being praised or criticized would allow the marketing managers to respond to these criticisms. Furthermore, they can identify potential problems at an early stage and take corrective actions before the problem becomes a full-blown issue. Movie studios use the blogs to see which movies are generating buzz. Advertisers track responses to their campaigns. According to Jeff Weiner, Yahoo's senior vice-president, Never in the history of market research has there been a tool like this. A large number of firms, from startup PubSub to tech giant IBM, offer services to comb through the mountains of data in the blogosphere for time-starved companies.

b. Virtual Focus Groups

Focus group interviews, where a group of consumers gather in a room to discuss a product, play an important role in new product development process. With the emergence of blogs, focus group interviews can be now conducted virtually on a website. This allows one to recruit participants from all over the world. One is no longer limited to recruiting from one city. Success of focus group interviews depend on the diversity of opinions held by the participants that leads to a lively discussion. This diversity is enhanced when participants are from different cities or countries. Moreover, virtual focus group interviews are cheaper to conduct, as participants do not have to travel from their house to interview site. They can participate from the privacy of their homes or offices. This privacy also ensures that participants are more honest with their opinion and less susceptible to groupthink.

c. Advertise on blogs

As of now only 30% of the Internet Users in US read blogs, but they tend to be powerful opinion leaders. Consumers who read blogs tend to read a lot and form an influential section in the society. One can capture the mindspace of these consumers by advertising on blogs. Advertisements should not only be placed on a blog that reaches the target segment, but the banner and text copy should be contextually relevant. Some companies (e.g., Coudal, SimpleBits, etc.) create blogs for the express purpose of placing Google-generated ads, known as Adsense, and earn some money. Some other companies sponsor blogs (e.g., Best Buy sponsors Slothmore Institute) to place advertisements for their own products.

d. Increase Brand Loyalty

Brands are built by increasing brand visibility and finding connections with the consumers. For example, the yogurt maker, Stonyfield Farm started a blog to increase the visibility of its brand. They also use their blogs to address consumers concerns and comments. Several companies, such as, Boeing (www.boeing.com/randy), IBM, GM Fastlane, Microsoft, Sun, liftport (www.liftport.com) operate company blogs where they discuss news, announcements and other subjects of interest to customers of that company. Some of these blogs are run by outsiders but sponsored by the company. Consumers who are loyal to these companies participate in these blogs and get a feeling that they are part of these organizations.

e. Increase Ranking on Search Engines

While ranking websites, search engines evaluate a number of factors. Two important factors are the frequency with which content is updated on a website and the number of other websites linking to a website. Since blog allows its readers to post comments, these comments lead to new material being added on a daily basis. Rather than one individual adding content, now we have a group of individuals adding content and this provides a powerful boost to the sites ranking. Sometimes readers like a story and they link to it from their own websites. Most of the blogosphere is highly cross-linked. This again helps to increase the site ranking in search engines.

f. Increase Sales

IBM has developed an advanced technology called Web Fountain that analyzes billions of postings to see if they predict spikes in consumer behavior. They combed blogs for postings on books and sales on Amazon. They found that spurt in sales books is related to spurt in posts on blogs. To sell new products, one should try to generate a buzz by posting multiple entries on relevant blogs. Clip-n-seal company uses its blog (www.clip-n-seal) to sell its product, a bag closure device. Greencine is a DVD rental company that specializes in independent and alternative cinema. They use their blog (www.daily.greencine.com) to plug their movies and this has resulted in doubling of their sales.

g. Humanize the Company

In the eyes of many, major corporations appear arrogant and unapproachable to the common man. It is impossible for consumers to get an audience with the top management. However, top executives at some Internet-savvy companies have started blogs to communicate with their customers directly. For instance, Bob Lutz, vice-Chairman of General Motors, operates FastLaneBlog. Car enthusiasts constantly bombard Lutz with suggestions and complaints. Lutz willingness to accept these criticisms has endeared him to the bloggers and has helped to humanize General Motors.

While blogs offer several advantages, one must be aware of the possible pitfalls. In the old days, very few people in a company were responsible for release of information but now anybody in a company can release information through his blog. This is dangerous if the employees are not trained. For instance if an employee releases some financial information, it can land the company in trouble with the regulators. In traditional media, there are paid employees to check facts. In the blogosphere, most of the bloggers operate on their own and they have no time or resources to check facts. Lockhart Steele, founder of curbed.com received a tip that a Williamsburg man was advertising phony memberships to a bogus gym. Steele promptly posted this on his blog, but the tip was wrong. The gym owner, who was a legitimate businessman, was furious and he threatened to sue. Blogging can also be very time consuming and the more successful blogs need dedicated staff and this can increase the costs.

In sum, blogs are here to stay and because of all the advantages that they offer, they should form an integral part of any firm's business strategy.

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