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INTRODUCTION
THE RISE OF CONVERSATIONAL MEDIA

HOW WE GOT HERE THE RISE OF CONVERSATIONAL MEDIA

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Adapted from a series of posts on John Battelle's Searchblog in Spring 2007.

CHAPTER 1: A SHIFT IN THE WIND

In the past year, just about every senior executive charged with running the interactive unit of a media conglomerate has been shown the door, or left of their own accord because they fundamentally disagreed with their corporate bosses over strategy and speed.

Clearly, something is afoot in the media world.

Jon Miller, who took **Time Warner's** AOL from death's doorstep to a new model, one that stole a page from Google and Yahoo, was summarily offed last fall. Ross Levinsohn, hailed as a genius within **News Corp.** for engineering that company's purchase of MySpace, has decided that it's more fun to build a new company than to run one inside Mr. Murdoch's empire. Terry Semel, the old school Hollywood genius who turned Yahoo around once, failed to do it again and was offered a cushy exit. (His No. 2, Dan Rosensweig, saw that coming and had already left.) And Larry Kramer, until recently the head of **CBS's** interactive unit, saw the writing on the wall when Les Moonves installed a new boss above him.

> MAJOR MEDIA COMPANIES ARE REALIZING THAT THEIR DIGITAL ASSETS ARE FAR MORE VALUABLE THAN THEY INITIALLY THOUGHT, AND THEY ARE REACTING BY PUTTING FOLKS IN CHARGE OF THOSE ASSETS WHO THEY BELIEVE WILL PROTECT THE COMPANY.

What does it all mean? I know each of these men reasonably well, and I've spoken to many folks around them, and it all points toward a trend that I've been itching to think out loud about: Major media companies are realizing that their digital assets are far more valuable than they initially thought, and they are reacting by putting folks in charge of those assets who they believe will protect the company. Not the *interactive* company, mind you, but the company that owns the interactive products. Why?

Let's take each in turn. The general vibe on AOL is that Time Warner believes it's time to treat AOL like any other major advertising-driven media business – put in someone who lives and dies by advertising. So they install Randy Falco, a respected television executive with deep relationships with major brand advertisers.

Over at News Corp., the folks I've talked to say that Murdoch viewed Ross as an M&A guy, and not an operator. It's time to *operate* these assets, now that Ross has assembled them, and the new guy – Peter Levinsohn, another seasoned TV executive – is more of an operator than Ross. (They are cousins).

Yahoo, which of all the "new media" companies was run the most like an old-school one, is currently struggling to find its strategic center, and for the time being has turned over the reins to founder Jerry Yang and former CFO Sue Decker, a by-all-accounts brilliant woman who nevertheless has never run an interactive business.

And at CBS, head honcho Sumner Redstone was apparently livid over his lieutenants' failure to buy MySpace. So they have installed Quincy Smith, a seasoned technology/media M&A banker in the media space, to run CBS's digital assets (and to buy their way to the table, as one can see from the recent hiring of a senior Yahoo corp dev executive, and purchases of LastFm and WallStrip, among others). Kramer, who ironically is more of an operator (he ran Marketwatch for 12 years), apparently left because he didn't want his job to be about buying companies, and he was not that pleased with having Smith inserted between him and Moonves, who had been his boss before Smith showed up.

All of the departed execs are, in their own rights, extremely seasoned interactive executives. And while their replacements have some digital experience, it's mostly in negotiating deals between traditional media companies and the new digital world. And while I may get beat up for saying it, I must insist: Things are different running interactive properties. Deeply, importantly, significantly different.

In each case – Viacom, Time Warner, Yahoo and News Corp. – the owners (or in Yahoo's case, the board and the Street) have installed folks who have no significant operating experience in the interactive world. (One can also argue that installing Beth Comstock as head of NBC Universal late last year – a very impressive executive who nevertheless came from a marketing background at GE – was a similar move).

THINGS ARE DIFFERENT RUNNING INTERACTIVE PROPERTIES. DEEPLY, IMPORTANTLY, SIGNIFICANTLY DIFFERENT.

What does this tell us about how these major media companies are thinking about interactive? Well, I'll go out on a limb here. I think the moguls are thinking along these lines:

1. Interactive is now a very important, profitable, and growing business.
2. We can't afford to not view this as strategic to our future.
3. We need someone running these sites who hews to our line. It's time to grow up and treat it like any other major piece of our conglomerated business.
4. Therefore, we need "one of our own" running these businesses, and we expect them to deliver just like the folks who run my radio, TV, print, cable, and/or other major asset groups.
5. "One of my own" is someone who lives and breathes our world – the world of Very Large Media Companies that Own A Boatload Of Intellectual Property Assets and have Massive Investments In Huge, Controlled Distribution Networks.

This is a perfectly logical and reasonable train of thought. And I'm not about to predict that AOL, Fox Interactive Media, Yahoo, or CBS Digital are going to fail because they've hired (or promoted) new blood. I am sure the folks who are now running these properties understand the depth and breadth of the shifts occurring in the Major Media Company businesses – but are they going to be empowered to do what they need to do to truly win in their respective markets?

CHAPTER 2: PACKAGED GOODS VS. CONVERSATIONAL MEDIA

What do I mean by empowered to win? In short, I mean this: Are they empowered to create media driven by conversations, as opposed to dictations?

A bit of context is in order.

I believe there are two major forms of media these days. There is Packaged Goods Media (PGM), in which "content" is produced and packaged, then sent through traditional distribution channels like cable, newsstand, mail, and even the Internet. Remember when nearly every major media mogul claimed that the Internet was simply one more media distribution channel? They were right, but only in so far as it pertains to Packaged Goods Media. Over the past few decades, massive media conglomerates have built on the deep DNA of Packaged Goods Media. Even Yahoo, in its first incarnation, was a Packaged Goods media company.

The second major form of media is far newer, far less established, and far different from Packaged Goods Media. I've come to call it Conversational Media (CM). This is the kind of media that has been labeled, somewhat hastily and often derisively, as "User Generated Content," "Social Media," or "Consumer Content." And while the major media companies are unparalleled when it comes to running companies that live in the Packaged Goods Media world, running major companies in the Conversational Media field requires quite a different set of skills, and consideration of radically different economic and business models – models which, to be perfectly frank, conflict directly with the models that support and protect Packaged Goods Media-based companies.

It seems clear to me that the folks now charged with running the interactive assets of NBC, Viacom/CBS, Time Warner, News

Corp. and even Yahoo – five of the largest Packaged Goods Media companies in the world – are charged not only with growing their own Conversational Media assets, but also with protecting the Packaged Goods Media assets of their bosses. However, those PGM assets are based on several heretofore unassailable pillars:

1. Ownership or control of Intellectual Property (i.e. content) by the corporation.
2. Ownership or control of expensive distribution networks (so that the content can reach the audience).
3. Established business models based on highly evolved approaches to advertising and subscription models – models which themselves are built upon the presumptions of #1 and #2.

Here's the rub: Each of these three pillars are either irrelevant or significantly shifted in the world of Conversational Media. Note that I am not dismissing these pillars are they relate to Packaged Goods Media – far from it. But basing your Conversational Media business on these pillars is, frankly, entirely missing the boat.

Yahoo provides a good example of the difference between the two models. After initially succeeding on Conversational Media through the purchase of Flickr and Del.icio.us (and the success of Yahoo Mail), Semel went back to his PGM roots by hiring Lloyd Braun, a master of PGM (*Desperate Housewives,* HBO), to lead Yahoo's charge in creating new forms of media. Braun's brief tenure was generally seen as unsuccessful, largely because his genius lay in packaging traditional Hollywood media, rather than leading Conversational Media. In short, Braun left because there wasn't a place for him in the world in which Yahoo needed to live.

Yahoo has always struggled with its true role as a media company – should it create its own media, or should it be a platform to aggregate the media of others? Braun's departure indicates that Yahoo will not pursue the vision of itself as a creator of traditional Packaged Goods Media – Braun struggled to figure out how to make "hits" in a platform-driven world of YouTube, Facebook, and Flickr.

So the question remains: How does one succeed in such an environment?

To my mind, the answer is this: Join the conversation.

CHAPTER 3: CONVERSATIONAL MEDIA, DEFINED

But what, exactly, does that mean?

Let's start with the economics, and build up to the conversation itself.

When I posted the first chapters of this essay, a few commentators on my above "pillars" of packaged goods media assumed I was dismissing the value of each of these three pillars overall, but that's an incorrect reading of my intent. In fact, these three pillars are essential to PGM assets and PGM-based companies. My argument is simply that in Conversational Media-based companies, these pillars are not central. Therein lies the conflict between the models: If you have a major company based on PGM, succeeding in the world of CM is going to be exceedingly difficult, because it forces you to embrace entirely unnatural acts. Not owning or controlling the content? Not owning or controlling the audience? Not having total control of your advertising and subscription revenue? Impossible! Except, as Facebook and the blog world are proving, it's more than possible. It's happening.

Why is it so hard for PGM-based companies to succeed in a CM world? For decades, media companies have had to own their content, their distribution networks, and their advertising relationships for reasons of simple economics: It's extremely expensive to build or buy access to audiences in the PGM world. When you spend tons of capital to create and distribute intellectual property, you must control that property in order to justify your capital expenses.

Take a look at the economics of nearly every traditional media business, and you will see that the majority of its operating costs have to do with either consumer marketing (acquiring audience), or manufacturing and distribution (creating the package – not the content, mind you, but the package the content is in – and delivering that package to the audience). Content creation – the actual product – represents a minority of operating costs.

In the publishing business, for example, editorial costs are rarely more than 15 to 20 percent of operating expenses. Consumer marketing costs – the expense of acquiring and maintaining an audience – can run from 20 to 75 percent of operating expenses, depending on the lifecycle of the product (circulation costs are highest in the first few years of a product's lifecycle). Manufacturing and distribution costs run another 20 to 35 percent of total expenses.

In other words, marketing, manufacturing and distribution of Packaged Goods Media usually swallows around 70 to 85 percent of total expenses. And those expenses are large – at my previous companies, Wired and The Industry Standard, for example, our budgets for these line items were in the tens of millions each. For traditional newspapers like The New York Times, it's in the hundreds of millions of dollars. With those kinds of investments, one needs necessarily to control the intellectual property at the heart of it all. To not do so would be economic suicide.

> ...MANUFACTURING AND DISTRIBUTION OF PACKAGED GOODS MEDIA USUALLY SWALLOWS AROUND 70 TO 85 PERCENT OF TOTAL EXPENSES.

But Conversational Media assets demonstrate a very different economic pattern. First of all, finding massively scaled Conversational Media companies is rather difficult. Given that Conversational Media has been around only a decade or so, it's unclear whether CM companies will mature into massive conglomerates like Time Warner (though Facebook seems poised to try, and one could reasonably argue Google is the first fish with feet, so to speak). With a major caveat for search marketing (for more on that, see Chapter 4 of The Search), the economics of such companies are still developing. To understand them, we need to first examine the underlying characteristics of Conversational Media itself. They include:

1. CONVERSATION OVER DICTATION
   Not surprisingly, Conversational Media is driven largely by the give and take between the author and the audience. Oftentimes, the audience is the principal author – think Digg or Facebook (we often hear this called "User Generated Content" or "Social Media"). The conversation is the content. In addition, I would posit that the advertiser can also be part of this conversation, but I'll address that shortly. Packaged Goods Media, on the other hand, is driven by the creator's dictation of a highly produced package of content meant for consumption. In CM businesses, the "editors" are never really sure what might be on the home page. In PGM, the very idea of not dictating what's in your product is anathema.

2. PLATFORM OVER DISTRIBUTION
   Conversational Media are driven by their platforms. The architecture of their platforms is key to differentiation and success. These platforms are by their very nature ignorant of distribution – they need not be concerned with it because it's close to free (save hosting costs, which I'll talk more about later). Hence, economic differentiation based on the control of distribution – the very heart of PGM-based business models – is nearly irrelevant in CM-based services. They key in CM is to create a killer platform, not to control distribution. PGM products, on the other hand, are driven by distribution, and their platforms – television studios, printing presses – are expensive, but not very differentiated.

3. SERVICE OVER PRODUCT
   Conversational Media is best viewed as a service, rather than a product. This plays into the shift of other types of packaged goods products – like computer software – from shrink-wrapped units ("Office 2000") to ongoing software-as-service models ("Office Live"). The New York Times on paper is a product, but the New York Times online is increasingly a service – albeit still one bounded by the constraints of its larger, PGM-based economic models. Yahoo is far more of a service than a packaged product, and Google is clearly

a primary example of a Conversational Media company as service. Google, in fact, takes every pain it can to deny that it is in the content business (though one can reasonably argue that Google makes these claims to appease its litigious pals over in the PGM world). It's easy to see the conflict coming down the pike as large CM-based platforms are consolidated by large PGM companies (think MySpace, YouTube via Google's deals with PGM companies, and others). The Terms of Services for these platforms make PGM claims over the CM-based intellectual property, and that strikes me as a train wreck in the making. As I pointed out in the beginning of this essay, the new conductors are already on board.

4. ITERATION AND SPEED OVER PERFECTION AND DELIBERATION
   Conversational media values speed and iteration over process and deliberation. In comparison, Packaged Goods Media is all about the process of creating and shipping a highly produced package of media. In CM, the key is to create, launch, and then constantly iterate your service, which is the platform for the content – the conversation. This plays into Tim O'Reilly's Web 2 idea of "perpetual beta": CM services are always in beta. But PGM products are always shipping products, one after the other. The idea of beta is alien to PGM companies – it's either ready to ship, or it's not. Make the product, toss it to the masses, then make another one.
5. ENGAGEMENT OVER CONSUMPTION
   Related to #1, it strikes me that the model of interaction with audiences in CM is one of engagement – what early models of "new media" called "lean-forward media" as opposed to "sit-back media" meant to be consumed. Even if you are consuming this blog post, you are consuming it in the spirit of engagement. It's rather like talk radio – you want to hear what the callers are going to say as well. On my site and most quality blogs, for example, there are far more comments than posts.

CHAPTER 4: THE RISE OF CONVERSATIONAL MARKETING

Much of this may feel obvious – I'm restating principles that many of us in the media world have been discussing and debating for nearly ten years. But when I read traditional media interpretations of "user generated content," something feels wrong. These pieces focus on the wrong thing. They judge Conversational Media by the standards of Packaged Goods Media, then find themselves smugly satisfied that CM doesn't measure up. However, it's clear that CM is here to stay, so writers from the PGM world struggle to make it fit their worldview. "Now we have to figure out what to do with it," a recent piece in The New York Times sniffed. "Ignore it? Sort it? Add more of our own?"

Now, this is a line clearly written by someone who doesn't engage much in the world of Conversational Media. But that's OK. I'd never argue that CM makes PGM irrelevant or that folks who don't participate in CM are somehow better or worse than folks who do. But that's not the point. The point is that people find the process of engaging in Conversational Media fulfilling in its own right. Tens of millions of us love following the conversations on our favorite blogs, reading and participating in community-driven sites or social networking services. And where tens of millions of people go, profitable business models follow.

If you believe that Conversational Media represents an important emerging category in the overall media landscape, the question must be begged: How does one pay for it? What is the central economic model for Conversational Media?

I have a short answer, and a very long one. The short one is this: Conversational marketing. The long one gets into how Conversational Marketing is simply the tip of a very large iceberg, representative of a sea change in how all businesses converse with their constituents, be they customers, partners, or employees. Yes, I'm going somewhere with all of this – my shorthand for it is "The Conversation Economy" – but for now finding a succinct definition is difficult. We're very early into this shift.

Regardless, the more smart folks I talk to in the media, marketing, and business worlds, the more I am convinced we are entering the age of the Conversation Economy. But to get there, we need to crack the code of Conversational Marketing.

At Federated Media (FM), the company I founded more than two years ago, we talk about Conversational Marketing quite a bit. The reason is pretty straightforward: The sites we represent are all Conversational Media sites – sites that are driven by a highly engaged community of readers or users who are in conversation with the authors/creators of the site, or with the site itself, as well as with each other. Examples include WebbAlert, ProTrade, Boing Boing, Digg, Dooce, Real Travel, and more than a hundred others.

What I noticed when I was thinking through the initial model for FM was that while these sites were in full-throated conversation between author and audience, and audience and audience, there was no conversation between those two parties and marketers. In 2004, when I was developing the FM idea, nearly every site I thought was representative of Conversational Media was devoid of marketing support. Why?

Well, there were practical reasons. First, the sites were disaggregated – there was no scale. And marketers really need *scale* – the way marketers are currently set up, it's far too expensive and time consuming to buy, manage, and analyze ROI on hundreds or thousands of sites for each message or campaign. That's why most of the online money was focused on a few top players – Yahoo, Google, AOL, MSN.

Second, there was *quality.* Brand marketers like their messages to be in the context of high quality content and community. But with millions of blogs and scores of new social networking sites launching every month, which ones were the best? Marketers needed help filtering signal from noise.

And third, there was *safety.* Conversational marketing is just that, conversational. Big brand marketers are, as a group, not particularly thrilled with the idea of finding themselves in an environment where folks might poke fun at them, or criticize them, or call them out. In short, they were not used to being part of the conversation. But, brands are conversations, are they not? Interesting.

Solving for the first two issues is a matter of finding a group of sites that together have scale, and together value quality and integrity. But solving for the third issue is a trickier proposition. After two years of working with tons of brands and agencies on this issue, as well as talking to lots of other folks and watching what the leaders in this space are doing, I'm starting to see some patterns that are deeply interesting.

Explaining those patterns requires that I share some examples of Conversational Marketing and set some context. I've argued for more than 15 years that all commercial publications are conversations between three core parties – the author, the audience, and the advertiser. The best of these have a robust shared grammar, a voice that all three parties understand and respect. At Wired, for example, we ran a survey asking readers the major benefits of reading the magazine. "The Ads" came up near the top. Why?

Wired had a very strong editorial voice, one that readers strongly associated with and felt passionate about. Sure, it was not for everyone, but what great voice is? It may be hard to believe, but advertisers are people too. Many of Wired's advertisers were readers of Wired, and they also felt passionate about the markets and ideas the magazine represented. In fact, many of our advertisers not only shared Wired's point of view and enjoyed its voice, they felt – through the products and services they created – that they were actively participating in the conversation Wired represented – they were participants in a grand conversation about the digital revolution and its impact on society.

So a funny thing started to happen. The advertisements started to adopt the grammar and voice of the magazine. Now, some of them were admittedly lame – cheap attempts to copy the design and buzzwords for which the magazine was (in)famous. These ads were off key, pretentious, they lacked integrity. But far more hit the right notes – they added to the conversation, they understood the mores and values of the Wired conversation, they respected the dialog, and they threw in their two cents appropriately. Hence, the ads became an important part of the benefits of reading Wired, and the survey results showed it.

Wired was a great example of marketers joining a mediated conversation in an appropriate, valuable way. Why, I wondered as I puzzled out FM, can't that idea be extended and deepened online? After all, as the Cluetrain Manifesto taught us, your ads need not simply be a declarative statement frozen in time, as it must be in television or print. Online, the conversation can continue, it can deepen, and it can take its own course.

But to have a conversation, you need to have something to say. And on Conversational Media sites, where the grammar and voice are so strong, you can't open a dialog with a deafening pitch, a crass come-on. You have to understand the values of the site, and you have to have something that offers value, in context, to the audience.

This is one of many places where search comes in. The brilliance of search advertising was that it was, in fact, additive to the conversation on many sites. Certainly it was additive on search sites – when you are on Google and you declare your intentions (in essence, the opening line of a conversation), the site reorganizes itself around your opening line of dialog, and the ads are, more often than not, relevant and additive to the experience.

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This was less true with syndicated search ads appearing on other sites – the examples of poor or off-key Google AdSense results are legion. But still, for many kinds of content – in particular product-driven and category-specific sites – AdSense ads were far more relevant to the conversation happening on a given site.

However, ad networks like AdSense have a weakness when it comes to rapidly changing and diverse sites. It's hard to find just the right ad to put next to content that changes every hour or so. The ads weren't irrelevant, but they were not relevant enough to drive a healthy enough conversation for all parties involved, particularly the publishers. Effective CPMs (a measure of how much money is made for every 1000 pageviews) hovered well below a dollar for many blogs and other forms of Conversational Media sites. While that was great additional income, it wasn't going to let those sites thrive to the point of becoming real businesses where the authors could make a real living.

A good example of the kind of site I am describing is Boing Boing. Now, the folks at Boing Boing are an amazingly diverse group of authors. Among them, they edit magazines, write science fiction and other kinds of books and articles, consult for forward thinking companies, report from all points of the globe, and generally live fascinating lives. For the past decade they've lived those lives online, and Boing Boing has become one of the most linked to and most influential blogs on the web.

But in early 2004 the gang at Boing Boing came to me with a problem. (I knew them through any number of working and personal relationships). They had been posting to BB for years, tending to the site as a labor of love. Boing Boing fed them in any number of ways – it nurtured their creative side, it suckled their egos, it provided a platform for them to discuss their most treasured ideas, projects, and pet peeves. But it made them absolutely no money, and by early 2004, their hosting bill was starting to go through the roof. The month they contacted me, it had hit $500, and at the rate it was going, it'd be $1500 within another six months. Could I help, they asked? Was there a business model that allowed them to cover their costs, and maybe – insert fantasy here – maybe even let them make Boing Boing their principal source of income, freeing them up to do more Boing Boing related work?

My first response was "$500 a month?! What are you doing, posting video?!" I had no idea the size of the audience, but I couldn't imagine any audience size would justify a $500 hosting bill. After all, my audience at Searchblog at that time was at about 50,000, and my hosting bill was something like $50 a month. No way was their audience ten times Searchblog's size. How many folks were coming to Boing Boing each month, I asked?

The answer stunned me: 500,000.

500,000 readers? 500,000 participants in the Boing Boing conversation? Holy smokes! Wired took tens of millions of dollars to get to that size readership. Admittedly, *Wired's* readers paid for their subscription, making them more valuable. But still! At the Industry Standard, we spent nearly $10 million to build TheStandard.com, and it barely made it to half a million readers a month – and we weren't charging!

Clearly, something was afoot in the media business. Audiences were discovering conversational sites like Boing Boing (through search, of course), and they liked what they had found.

This begged the question: *Would marketers like to join this dialog?*

> THE APPROACH OF HAVING THE AUTHORS APPROVE THE COMPANIES THAT ADVERTISE ON THEIR SITE SEEMS OBVIOUS, BUT WHEN YOU THINK ABOUT HOW TRADITIONAL MEDIA WORKS, IT'S DOWNRIGHT REVOLUTIONARY. THE LUNATICS WERE RUNNING THE ASYLUM!

The folks at Boing Boing were not anti-marketing per se, but they were deeply skeptical. Would Boing Boing readers revolt at the addition of ads? Would BB be able to find ads that understood the grammar and voice of the site? Would we be able to make any money with ads if we banned punch-the-monkey creative, expandable banners, and the like – the kind of ads that were rampant across the web at that time?

We decided the best approach would be to ask the readers what they thought. We ran a survey and solicited comments. Overwhelmingly, the readers told Boing Boing to go ahead with advertising if it meant supporting and growing Boing Boing, but we got a flood of input on how to do advertising right. The input largely validated the editors' sensibilities about advertising – if the right kind of companies supported the site, with the right messaging and in the right tone, advertising on Boing Boing would work.

Three years later, it seems obvious that it's OK to advertise on large blog sites like Boing Boing. But back then it was not at all clear. We started by dipping a toe in the water. I asked the editors to make a short list of companies they felt "fit" the Boing Boing voice. They gave me four – Apple, Google, O'Reilly Media, and Wired. I contacted all four, and offered them three-month "sponsorships" of Boing Boing. Three of them agreed (Apple declined, but has come on since), and within a month, Boing Boing was not only paying its bills, it was clearing a profit that helped the editors drop some of the work they were doing "to pay the bills" and focus more on doing things that fed their Boing Boing habit.

The approach of having the authors approve the companies that advertise on their site seems obvious, but when you think about how traditional media works, it's downright revolutionary. The lunatics were running the asylum! But it turns out, when an author approves a company to advertise on his or her site, it is, in essence, an invitation to the company to join that site's conversation. A permission has been given, a trust established. To this day, every single ad FM sells – and we sell billions of them a year – is approved by our authors before it appears on their sites. And despite our initial worries that author approvals would be a hurdle to marketers – after all, marketers are used to getting their way – it has, in fact, turned into an overture, a conversation starter that has led to all sorts of examples of new approaches to marketing online. So, as promised before I went on that long detour, here are a few examples for all of us to ponder.

The very first example of Conversational Marketing has to do with a very large computer brand that I won't name, as it's not clear they'd want me talking about them in this forum. This brand had a problem – its customers were losing confidence that the brand, which they loved, was going to remain innovative and leading edge, much less stable. The brand needed to convince the influencers of the technology world (that'd be you, and many like you who read blogs and Conversational Media sites) that the brand was still innovative. How to do it?

We suggested something a little risky. Why not invite your customers into a dialog about what they'd like to see in the next version of the product? You could run creative asking customers to come to a site where they could suggest cool new features, gripe a bit about things they didn't like, and generally engage in a conversation about the brand's products. Then, when you revised the product, you'd fold as many of those ideas as you could into the new version, and voila – a piece of hardware informed by the Force of Many and the Architecture of Participation!

The agency loved the idea, but the brand was not so sure. What if the dialog turned sour? What if the site became a sinkhole of trolls grousing about lord knows what? The brand was worried about the safety of such a dialog, and was not ready to take such a large leap. But it did dip its toes into the water, executing a campaign that invited readers to vote for a specific feature of future machines. It was a start – and the results were compelling. More than 200,000 people navigated a very complex marketing site to register their votes.

The next example I'll give takes the idea even further. Dice is an IT jobs board. You have probably seen its ads all over tech sites on the web. Dice's agency came up with what I think is a brilliant example of Conversational Marketing – the Dice "rant banner." Instead of simply inviting readers to another site, the Dice banner invited readers to add conversational tidbits directly into the banner. (The opening question was "Does your tech job suck?" You can imagine the responses…)

Once you wrote your thoughts into the banner, those thoughts became the content of the ad. Coooool. The content initially was stored locally, but was then sent through a central server, cleaned of dirty words and sexual references (people will be people, and at FM, we believe in Dinner Table Conversation when it comes to marketing), and then redistributed through the entire media buy as a streaming content feed. This is taking the conversation to another level – the conversation becomes the marketing, the medium is the message. The response was extraordinary – the average interaction time in the banner was more than seven minutes. That's far longer than the average amount of time most folks spend on a tech news or blog site. (The Dice banner went on to win multiple awards.)

With Dice, marketers began experimenting with the idea of inviting potential customers into a conversation that added value to their media experience, and then folded that conversation back into its initial invitation, creating a virtuous circle of dialog that ultimately branded the company as a place that "gets" folks who have tech jobs. Now, if you're a tech guy looking for that next job, and you interacted with the banner, where do you think you'd go to look?

The next example I'd like to talk about, one that builds and extends on Dice, is Symantec. As you probably know, Symantec is a vendor of virus protection and security software, among other things. Its marketing executives had been paying attention to the rise of blogs, and in particular to the rise of tech blogs that were clearly influential in its own markets. Many technology companies were starting their own blogs, and Symantec decided to do the same. It then executed a campaign across a number of tech blogs telling folks that its blog was, in essence, up and running.

A funny thing happened. The blog was written in a strong, intelligent voice. It was keyed to the industry it served, and folks started to notice. Then, Symantec posted an entry titled "Mac OS X: Viruses and Security," which said that finding viruses for Mac OS X was pretty damn difficult. Now, this was some pretty straight talk from a company that had much to gain from stating the reverse – after all, Symantec sells anti-virus software. The post was immediately Dugg, pushing the blog to a much higher level of awareness in the tech community. The subtitle of the post on Digg says it all: "Finally, straight talk from someone inside Symantec." Clearly, there was a brand perception, at least among some on Digg, that Symantec was surprisingly candid.

But the company didn't stop there. Realizing it had been invited to join the conversation across the tech blogosphere, Symantec worked with the team at FM to create a new kind of advertising unit, one that pulled an RSS feed directly from the Symantec blog. The conversation that Symantec was having on its site was now projected out into its marketing campaign, reaching millions more readers.

Then we started noticing the performance numbers. Typical banner ads have a click-through rate that declines over time. Those who might click on the ad do so early in the ad's run, and by the end of a campaign readers grow weary of the creative, and no longer engage. But since Symantec's creative kept changing as new posts were added to the site, the click-throughs remained consistently high over time. Interesting!

A final example is Cisco. Yes, these are all technology marketers, but I've found tech companies often lead all marketers in terms of breaking new ground, and FM is working with Nike, Absolut, General Motors, McDonald's and many others on innovative campaigns that build on these examples.

Back in the fall, Cisco was preparing to roll out a major branding campaign with the tagline "Welcome To The Human Network." Before spending tons of dough on national television and print extolling the virtues of the admittedly "empty vessel" that was the human network as a brand, Cisco decided to first see if it might invite some technology leaders into a conversation about just what the human network meant, as a concept. Working with ten noted tech bloggers (yes, me too), Cisco and FM created a site where each author penned his own definition of the term. Cisco weighed in as well, and even posted its version to Wikia, the commercial cousin to Wikipedia. Sure, Cisco would have loved to have its version posted to Wikipedia, but that would have been corporate spam, and that's not cool. Wikia was the best place to go.

Cisco made ad units that were particular to each author's site, encouraging readers to go to the page of definitions and vote for their favorite. Tons of folks voted (Newsvine's Mike Davidson won), and the Cisco site and its related pages became something of a "brand beacon" for the human network idea. In short, the site was a conversation about what the term means, and that conversation became the context for filling up the "brand vessel" that was "the human network."

Cisco then rolled out its major media campaign, which you may have seen on TV. Again, a funny thing happened. Two, in fact. Say you were watching PGA golf and you saw the Cisco ad. You wonder to yourself, what's this human network thing all about, anyway? So what do you do?

Of course, you go to Google, and you type in "the human network" or some such. And up pops Cisco's Conversational Media site. (At least, that was what happened in the first month or so.) After a while, something else happened. Someone entered the term as a Wikipedia entry, and it was accepted for publication (it was later taken down, in a fit of editorial pique over the very idea that marketers might have something to say. I expect that pique will be short lived). In any case, for a period of about six months, during the critical launch phase of an eight-figure marketing push, the term meant something, because Cisco engaged both authors and audiences in a dialog about that meaning.

Since the initial drafting of this essay, FM has continued its work with innovative marketers. Hewlett Packard has underwritten voice posting and comments, for example, an extraordinary example of adding value to the conversation. Toshiba, GM, Sprint, Sony, Intel, and dozens of others have joined the conversation.

These examples may be anecdotal, but they are not flukes. Something is really afoot here. Marketers are realizing that while it's fine to advertise in traditional ways (Hey! This movie is about to open! Hey! Check out the cool new car/product, etc.), it's now an option to begin a dialog with the folks who you hope are noticing your ads. In fact, it might even be a great experience for all involved. Brands might hear criticisms that are valid, and have the chance, through conversations with customers, to address those critiques. Customers have the chance to give their input on new versions of products, ask questions, learn more – in other words, have a dialog.

And in the end, isn't having a dialog with your customers what business, and brands, are supposed to be about?

