

# The Internet as a Feedback Loop



Let's look at three examples:

- Kryptonite (blow-up)
- Microsoft (good job)
- P&G (TBD)

# Example I: Kryptonite Disaster

## KRYPTONITE'S BLOGSTORM

How ten days of Internet chatter crippled a company's reputation.

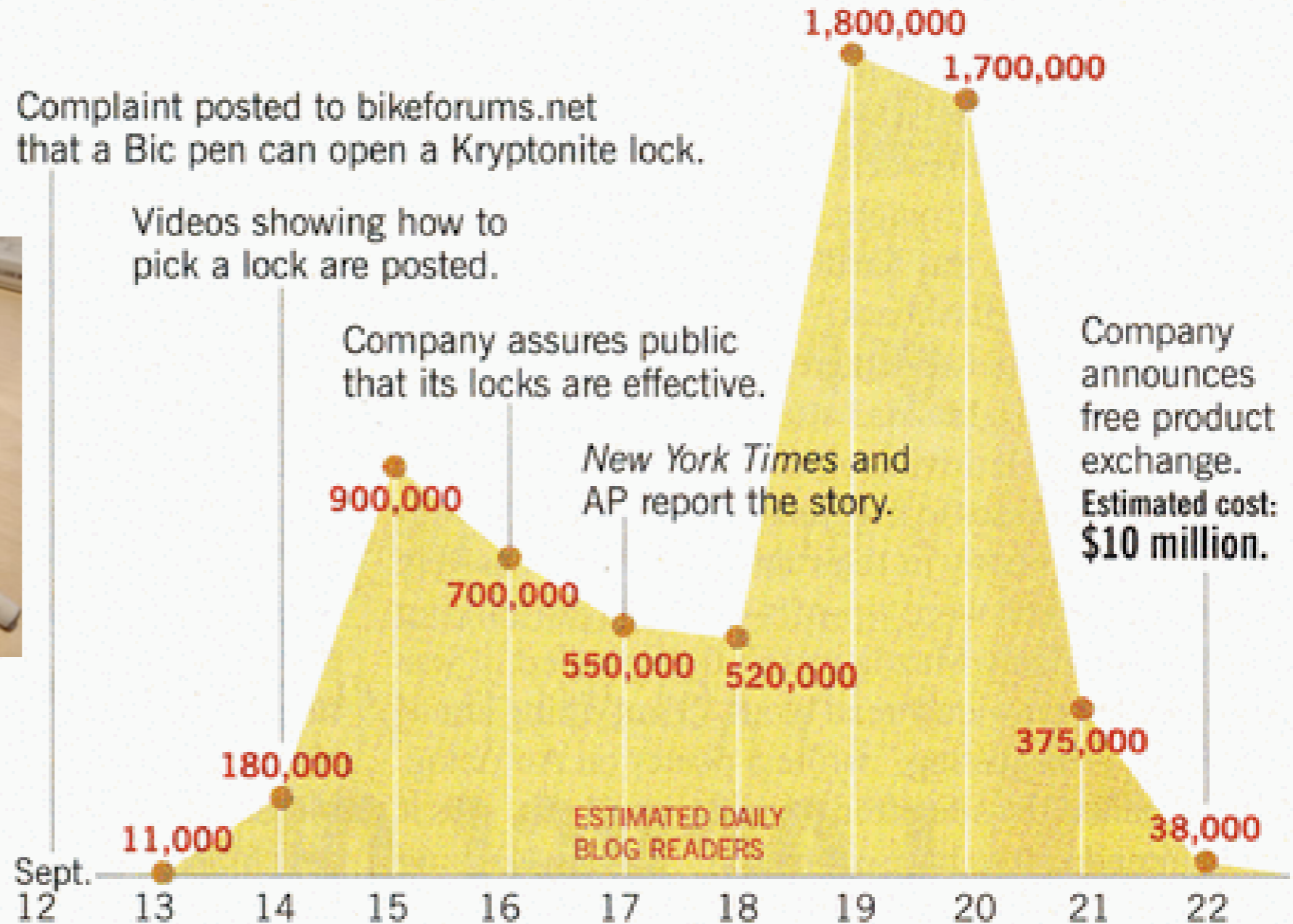
Complaint posted to bikeforums.net that a Bic pen can open a Kryptonite lock.

Videos showing how to pick a lock are posted.

Company assures public that its locks are effective.

*New York Times* and AP report the story.

Company announces free product exchange. Estimated cost: **\$10 million.**



Source: BusinessWeek



# Kryptonite Learnings

- Why this is different from traditional product recall PR failures:
  - News from *any source* (a single user on bikersforum.net) may be picked up and validated by the blogosphere, then *reach a mass audience*
  - News can reach mass audiences *within days* without the (initial) participation of mass media
  - Kryptonite lost millions due to *not engaging with their customers* in a serious and *timely* manner

# Example II: MSN Spaces

- Microsoft launches its blogging platform MSN Spaces
- A day after launch, an article ridiculing the MSN censorship algorithm is posted on a popular blog
- Within one hour, five blogs link to it, including the site of San Jose Mercury news columnist Dan Gillmor
- Within a day, Microsoft “Geek Blogger” Robert Scoble (“Scobleizer”, has since left MSFT) responds: “MSN Spaces isn’t the Blogging service for me” and takes constructive criticism to the MSN spaces team
- 4,000 blogs linking to Robert Scoble’s blog see his running commentary on the issue
- The censorship algorithm is eventually fixed due to the bloggers input

# MSN Learnings

- Microsoft had a *credible channel to the blogosphere* with blogger Rober Scoble
- Scoble reacted *within hours* and *acknowledged Microsoft's problems*
- Microsoft kept the *blogosphere engaged by using their feedback* to improve the product and updating them on progress

# Example III: Crest Whitestrips

- P&G needs to market to the young demographic that is increasingly hard to reach via classical advertising channels
- Experiment: Leverage a student social networking site for a marketing campaign
  - Facebook.com is the largest student community in the US
  - Students use Facebook to exchange contact information, discuss common interests, post pictures etc
  - Facebook is free for students to use and financed by advertising
  - Students create a profile so Facebook knows their gender, age, location allowing advertising to be highly targeted

Source: BusinessWeek

# Smile State Group on Facebook

- Movie Sneak Previews
- On Campus Concerts
- Competitions

facebook home search browse invite help logout

Smile State Presented by Crest Whitestrips

Sponsored

smile state Crest Whitestrips

View Discussion Board  
Join this Group

Share +

The Smile State Concert Tour

**The Smile State Concert Tour could visit your university.**

Invite your friends to enroll with Smile State!

The top 4 ranked universities win!

Learn more...

Island Def Jam Featured Artist

ISLAND Def Jam recordings MUSIC GROUP

<< LISTEN UP >>

In The Clouds

UNDER THE INFLUENCE OF GIANTS

Smile State's VIP Pre-Release Screening  
Smile State Members Pre-Screening Event! It's free and VIP!

STUDYING LATE? SMILE STATE. THE PLACE YOU GO WHEN YOU NEED TO KNOW.

Keep up with the latest in movies, music and more with your enrollment at Smile State. Smile State makes it easy to keep in touch when you're on Facebook, and it's on campus at 20 universities nationally.

How's it work? The rules are simple:  
join in | tell all | check back | look out

Access to Free Movie Screenings and Concerts

WE ARE MARSHALL

In November, Smile State will bring the major motion picture *We Are Marshall* to 20 universities before it hits theaters on December 22nd. It's free and VIP. By joining the Smile State group, you're on the list\* to see this inspirational drama

# P&G Learnings/Question

- Mass market consumer brand addressing customers in a newly targeted fashion
- How well will students accept advertising amidst their socializing environment?

P. S. : Keep in mind that P&G has one of the largest marketing budgets in the world, so this stuff must be in the “experiments” line

# There's Plenty of Room for More Ideas...

- Fotolog.net is one of the web's largest photo communities (5 million members!)
- In Fotolog groups, members share pictures of their favorite topics
- The Converse group features more than 50,000 photos of members' Converse shoes

Converse has not done any marketing (to date) to develop this group

The screenshot shows a Fotolog photo blog for the Converse group. At the top, it says "FOTOLOG" and "/converse" with a star icon. There's a link to "Create your own free Fotolog photo-blog" and a note "(no copyright please!!)". Below the header, there's a main photo of several people's feet wearing various styles of Converse shoes. To the left, there's a section titled "converse's recent photos" with a vertical list of smaller photos and dates (all 06/01/06). To the right, there's a section titled "converse's Friends/Favorites" with a vertical list of photos and user names/dates. Below the main photo, there are links for "Email this photo" and "Permalink to this photo". At the bottom, there are three advertisements: "Puma Shoes Rule", "Chuck Taylor Shoe Sale", and "Converse Chuck Taylor".

Thank you!

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