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what is the groundswell?

Let’s define our terms.

In 2006, Forrester Research released a report called “Social Computing.” We had identified a trend happening online. People were using tools to link up with each other in various ways, and those trends were threatening to companies.

Already in this chapter we’ve talked about blogs and member-driven news sites, like digg.com. The groundswell trend also includes social networks, like MySpace and Facebook, and user-generated content sites, like YouTube and Helium. Tools like del.icio.us, which lets people see and share Internet bookmarks with each other, are part of the trend, as are sites like Wikipedia, where people build a content resource together. (We’ll describe all these technologies and more in chapter 2.) But we try to take a broader view of this phenomenon, one that encompasses not just today’s technologies but the fundamental change in behavior now happening online. The groundswell is:

A social trend in which people use technologies to get the things they need from each other, rather than from traditional institutions like corporations.

Looking at it this way, you can see that the roots of the groundswell reach way back before MySpace. On eBay you buy from other people instead of a store. Craigslist lets you find a job or a babysitter without searching through newspaper want ads. Linux is an operating system created by engineers working together, rather than depending on a big company like Microsoft. Rotten Tomatoes lets you make moviegoing...
decisions based on reviews from other regular people. BitTorrent helps people get music from each other without going to a music store, just as Napster did in 2000.

Compared to the way things were in 2000, though, the trend of people connecting with and depending on each other online is clearly accelerating. That’s why now is the time to understand the groundswell, where it comes from, and where it’s going.

**why the groundswell is happening now**

The groundswell trend is not a flash in the pan. This is an important, irreversible, completely different way for people to relate to companies and to each other.

Why is it happening now? The groundswell comes from the collision of three forces: people, technology, and economics.

First, people. People have always depended on each other and drawn strength from each other. And people have always rebelled against institutional power, in social movements like labor unions and political revolutions. But the rough balance between the scale economies of institutions and the rebellion of their constituents has shifted because of the advent and spread of social technologies.

Technology, the second force driving the groundswell, has changed everything as far as people’s social interactions are concerned. For one thing, nearly everyone’s online—in 2006, that meant 73 percent of Americans and 64 percent of Europeans, for example. People’s connections are fast and ubiquitous—more than half the Americans online have broadband connectivity, along with every office worker, and connections on mobile phones and TV set-top devices are common. Why does this matter? Because software that connects people can now assume that masses of people are there to connect.

These ubiquitous connections have led to a fundamentally different kind of software. It’s far more interactive because the software can depend on having a powerful machine with a fast connection at the other end. And it’s people-aware—with people connecting all the time, applications like Facebook or MSN Messenger can connect people directly with each other.
This new class of software is so different that Internet observer Tim O’Reilly has dubbed it “Web 2.0.” But as powerful as it is, the technology is just an enabler. It’s the technology in the hands of almost-always-connected people that makes it so powerful.\(^{21}\)

Along with people’s desire to connect and new technologies, the third force driving the groundswell is simple online economics: on the Internet, traffic equals money.

By 2007, twelve years into the Web era, online advertising had reached $14.6 billion in the United States alone\(^{22}\) and approached €7.5 billion in Europe.\(^{23}\) Advertisers know that traffic indicates that consumers spend their time and attention online and act to translate that attention into advertising power. It’s not even necessary to sell the ads—you can sign your site up for Google AdSense and let Google sell the ads for you and share the cash. While advertising is not the only way to make money online, it’s growing so rapidly that any venture that creates significant traffic can count on revenues.

These three trends—people’s desire to connect, new interactive technologies, and online economics—have created a new era. This is the fast-growing phenomenon we call the groundswell. Not only is it here; it’s evolving rapidly—creating an incredible challenge for corporate strategists.

**why you should care about the groundswell**

In 1941, the great science-fiction writer Theodore Sturgeon wrote an amazing short story called “Microcosmic God.”\(^{24}\) In it a scientist named James Kidder secretly creates a new form of life—a rapidly evolving race of three-inch-tall intelligent creatures called Neoterics. Because Neoterics have faster metabolisms and brains than humans, they experience a generation in about eight days, and James watches them develop a civilization equivalent to humankind in less than a year. As he subjects them to stresses and puts obstacles in their path, the Neoterics invent ways around these obstacles, which he turns into commercially successful inventions in the real world. He even puts groups of Neoterics in competition with each other to motivate their inventive instincts.
The Neoterics outpace any human research lab since they try, fail, and adapt so much more quickly than ordinary slow-paced humans. As in all mad-scientist stories, the creation gets way beyond the control of the creator.

This is an apt metaphor for the current state of the Internet. Web 2.0 technologies and the masses of people who connect to them allow for rapid prototyping, failure, and adaptation. For example, technology marketing whiz Guy Kawasaki put a new venture called Truemors—a site for sharing rumors—together in seven weeks, for a total investment of $12,107.09. Online entrepreneurs are highly competitive, and speed can create a dominant edge because whoever gets to an idea first gets first crack at the visitors (and the traffic). The result is an evolution of new ways for people to interact, moving forward at a blistering rate.

In attempting to deal with this rapid innovation, traditional businesses are as overmatched as ordinary humans compared to Neoterics. Offline, people don’t change behaviors quickly, so companies can develop loyal customers. Online, people can switch behaviors as soon as they see something better. It’s the force of these millions of people, combined with the rapid evolution of new technologies by trial and error, that makes the groundswell so protean in form and so tough for traditional businesses to deal with.

What does this mean to you? It means the groundswell is coming to your world very soon (if it’s not already there).

If you work for a media company, look out. Advertisers are shifting more and more of their money online. The groundswell is creating its own news sites (like Google News or Digg). The very idea of news is changing, as bloggers jostle with journalists for scoops. People take entertainment properties like TV shows and movies, rip them off the airwaves and DVDs, hack them, and repost new versions on YouTube or Dailymotion.

If you have a brand, you’re under threat. Your customers have always had an idea about what your brand signifies, an idea that may vary from the image you are projecting. Now they’re talking to each other about that idea. They are redefining for themselves the brand you spent millions of dollars, or hundreds of millions of dollars, creating.
If you are a retailer, your lock on distribution is over. People are not just buying online; they are buying from each other. They are comparing your prices with prices all over the Internet and telling each other where to get the best deal on sites like redflagdeals.com. As Chris Anderson, author of *The Long Tail*, has pointed out, shelf space creates far less power when there’s nearly infinite selection online.

If you are a financial services company, you no longer dominate flows of capital. Trading happens online, and consumers get financial advice from message boards on Yahoo! Finance and the Motley Fool. Companies like Prosper allow consumers to get loans from each other, instead of from banks. PayPal makes credit cards unnecessary for many transactions.

Business-to-business companies are, if anything, more vulnerable to these trends. Their customers have every reason to band together and rate the companies’ services, to join groups like ITtoolbox to share insights with each other, or to help each other out on LinkedIn Answers.

Even inside companies, your employees are connecting on social networks, building ideas with online collaboration tools, and discussing the pros and cons of your policies and priorities.

The groundswell has changed the balance of power. Anybody can put up a site that connects people with people. If it’s designed well, people will use it. They’ll tell their friends to use it. They’ll conduct commerce, or read the news, or start a popular movement, or make loans to each other, or whatever the site is designed to facilitate. And the store, or media outlet, or government, or bank that used to fill that role will find itself far less relevant. If you own that institution, the groundswell will eat up your profit margins, cut down your market share, and marginalize your sources of strength.

if you can’t beat ’em . . .

Amazingly, some businesses aren’t eroding away, trying to fight the groundswell. They’re thriving in it.

It isn’t comfortable at first. The groundswell is filled with threats, as people like Digg’s Kevin Rose and Toshiba attorney Michael B. Ayers found out. Things happen rapidly. But the first step to understanding
the groundswell is to dip a toe in it. And once you’ve done that, you can begin to see where your company can, potentially, gain some advantage.

One man who realized this was Bob Lutz. Bob is in his seventies. He’s toiled for the auto industry since his early thirties. (Before that, he was a fighter pilot.) He’s worked for Ford; he’s worked for Chrysler, where he was on the board of directors; and he joined GM in 2001, as vice chairman for product development.

Toward the end of 2004, three years into Bob’s tenure at GM, things were going poorly. The stock was in free fall. Customers weren’t warming to the new product lines, and neither were the auto critics who traditionally make pronouncements on what’s hot in the auto business. Bob—one of GM’s best communicators, a dynamic, articulate leader who is passionate about products—wasn’t getting his message across.

Bob needed a way to speak directly to the people who were still open to GM’s message. So as the auto show approached in January 2005, he decided he wasn’t too old—and GM wasn’t too stodgy—to try something new. Bob started a blog called FastLane (you can read it at fastlane.gmblogs.com). Time from decision to launch: three weeks. Pretty amazing for an old-line Detroit automaker.

The first entries were a bit stiff—not at all like most of the bloggers out there. But Bob’s first post got 121 comments from readers. People wanted to hear what GM was saying. There were critics, but there were also enthusiasts. Here’s what one FastLane reader, for example, said about the new Pontiac GTO:

The GTO is a great car. I’ve driven it and loved it. I know the price shocks some people. But if you drive the car, you can see that the money has been spent under the sheetmetal. Of course the sheetmetal could use a fresher designer. Something that really says GTO. Not quite a performance value, but a great car, if you can get your hands on it.

Within a few weeks, Bob was off and running, penning posts with titles like “Quick Missive from The Show Floor” and “Best in Class? Taste for Yourself.” This guy was born to blog. He just needed the technology to catch up with his innate desire to communicate. Here’s how he put it, just four months after starting the blog:
What began as an experiment has become an important means of communication for GM. It has given me, personally, an opportunity to get much closer with you, the public. Often, I find your comments insightful and compelling. At times your criticism is harsh. But the fact that you have remained interested and continue to have faith in our efforts to develop great products is a worthy motivator.

FastLane hasn’t revolutionized GM. It hasn’t changed the competitive dynamics with Japanese automakers or turned the auto industry’s troublesome dealer channel into pussycats. But it has revolutionized the way GM communicates. GM no longer needs to be concerned that auto industry trade magazines and expensive TV commercials are the only way to communicate with customers, dealers, employees, and investors—it has a direct channel. Searches on Google for items like “Chevrolet Volt” lead readers directly to the appropriate blog post in the first page of results. GM can now react quickly to news items, criticisms, and even recalls without seeming petty. It can float test balloons about new car ideas and see what the reaction is. And even better, every posting gets hundreds of comments, which generate new ideas for the company.

That’s groundswell thinking in action.

If Bob Lutz can join the groundswell, so can you. Whether it’s starting your own blog, adding ratings and reviews to your site, marketing through social networks, or enabling your customers to support each other, you can gain advantage from the groundswell. You can master groundswell thinking.
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To learn more visit groundswell.forrester.com
“Groundswell provides practical advice on how to stay nimble and flexible in an ever-morphing digital world. Enabling your company to respond to change quickly – especially when talking to and supporting your consumers – is essential for business success.”

— Cathie Black, President, Hearst Magazines

“This book will rock your world, if social technology hasn’t rocked it already. It’s a tsunami of unstoppable force. Amazon, Procter & Gamble, Facebook, Google, and Dell are profiting from the crest of the wave. Are you? Li and Bernoff are the apostles of the tsunami. This book will be your bible.”

— Scott Cook, Founder and Chairman of the Executive Committee, Intuit

“Social technologies and the groundswell impact every business and organization worldwide. Li and Bernoff have written an insightful book that takes a refreshing research-driven approach to helping businesses transform themselves and successfully navigate this new dynamic landscape.”

— Steve Rubel, Senior Vice President, Edelman Digital, and columnist for Advertising Age

“The first phase of the Internet was about getting everyone connected. In this next phase, which changes the way we work, live, play, and learn, we’re starting to realize the value of those connections as well as the new communications and experiences those interactions lead to – the ‘human network.’ Groundswell effectively documents this shift and underscores the opportunities available to all from this major market transition.”

— John T. Chambers, Chairman and CEO, Cisco

“Heed the Groundswell! It’s critical reading and helped us master the new dynamics of social media.”

— Christina Norman, President, MTV