



Trust, Social Relations and Engagement

Understanding Customer
Behaviour on the Web

Donatella Padua



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on the Web**

Donatella Padua

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To Graziella, Giorgio and Fabrizio

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Foreword

Domenico Secondulfo

Trust is not only an essential, constitutive resource of society, as is broadly agreed by sociologists, but also a main economic resource, founded on the exchange of goods and on the customer's freedom of choice. The production and distribution system adopts this concept, building closer interpersonal relationships filtered by the logic of the brand.

Indeed, the evolution of production, distribution and communication systems has gradually influenced the profile of the customer which they interact with. The shift to large distribution and e-commerce has contributed to the evolution of a customer who is informed and demanding, able to make comparisons rather than 'leaps of faith' – more empowered, mobile, and unfaithful.

Up to today, the logic used to keep the customer faithful has followed old models related to a society that apparently has overcome the 'point of no return': the internet and global communication networks are the biggest and most unexplored inventions of the past century, and from them it is not possible to go back. The internet, as a great democratic communication system, has further modified the customer's profile and attitudes, entailing communitarian and interpersonal peer-to-peer relationships, as theorized by post-modernity intellectuals such as Lyotard.

In this age, the call for communities has found, within technological information networks, new ground for development. Within the virtual network society a new kind of horizontal and exchange-based relationship has been shaped, founded on peer-to-peer exchange and its ability to generate trust – sharing experiences, practices, and information.

This volume examines how the sales-oriented approaches of production and distribution systems aren't able to generate social relationships adequate to the new relational context. Apple on the other hand shows how a mix of participation, communication, identification and social differentiation has led to building an online-offline community which is long-lasting and compelling towards its customers and is founded on trust towards its brand (though history is full of failures).

This book illustrates the reasons behind this picture and explains how social networks may be transformed into trust resources and new opportunities for relationships between producers and stakeholders. The

author suggests also an approach to the issue of trust in the marketing realm characterized by an evolutionary model that is able to generate value and social growth. Highlighting the need to build engagement and social relations based on trust means contrasting the oligopolistic positions of the production–distribution system and giving value to an alternative that is aimed at innovation, stimulating the economy and social development, providing long-term investment and ensuring that the customer is considered as an individual and social actor. Creating a community, as the author maintains, means building a network of relationships enabling an exchange of interests, emotions and values – not just product information. Probably, this perspective is one of the major challenges of this book. The shift from top-down relationship structures to horizontal relationships, evolving from passivity to a free, positive, repeated interaction represents an overall challenge to social, cultural and political structures whose vertical patterns have lost their effectiveness. But as often happens in societies, the stratification of powers embedded in communication and relational structures can't be changed with a snap of the fingers. The process is long and difficult as old, rigid constituencies are contrasted by new expressions of the society. Under this perspective, the internet has supported the growth of trust-based organizations and will favour those that are able to understand this opportunity. The internet society has generated new models of economic, political and social relations that possess the possibility to evolve and consolidate, being experimented on within a protected space and not immediately competing on the offline market.

The shift, which has been effectively illustrated by the author, from the 'price-for-value' to a 'Value-for-Engagement' construct, as an application of the internet paradigms represents a complex challenge within a brand–customer relationship. Indeed, the author offers an applicable model, whose title somehow already contains the name of the thesis and the methodology to test it: the 'Value for Engagement model' – the building of value through engagement by repeated interactions that are able to generate trust, identification, exchange and a sense of belonging.

Even though this may represent a challenge that is too complex for some organizations, the aim to embed a 'social attitude' within profit-oriented strategies appears nevertheless to be a viable perspective for economic action. This means, as the author argues, building 'economic' value out of the 'social' drivers of development. What is relevant, indeed, is that this shift to the social should be made within a general move of all other institutions towards it.

Nevertheless, this is a result of our age, where exchange structures moving through objects and technology appear to be the engines of our society, generating sense, social and identity ties. This evolution entails a heavy responsibility but it offers also a great opportunity for innovation and evolution that, if applied in an adequate way, may, as in the case of Apple, bring concrete results, creating real icons of this late modernity.

DOMENICO SECONDULFO
Professor of Sociology
Università degli Studi di Verona, Italy

Foreword

Garry Titterton

'Few things help an individual more than to place responsibility upon him, and to let him know that you trust him.'

Booker T. Washington

At the time of writing, the world is suffering from a severe lack of trust. The economic crisis has underlined just how central trust is in our lives. It is at the very foundation of our existence, of how we operate from day to day. As social creatures, we humans, without trust in our relations with others, lack the all-important feelings of security and optimism that drive our sense of wellbeing. It can be argued that when people have a sense of wellbeing it leads to peace and prosperity, and that without it suspicion and conflict sow the seeds of disharmony.

Trust creates a sense of community and helps people to contribute with greater confidence within the macro and micro environment in which they live. Today we have the rapid adoption of the internet that provides people with the opportunity to explore knowledge and to communicate with each other in a way barely imaginable a generation ago. We have seen how people in repressive societies have communicated with dramatic immediacy to the outside world the violence and atrocities committed against their citizens that conventional media may never have had the opportunity to expose. In more prosaic terms, the internet has enabled people to shop while remaining in their homes. From the dramatic to the common, the internet has brought people an ability to express themselves.

With this new-found liberty has come the call for regulation of the internet's operations. The internet is fundamentally an anarchic experiment that needs disciplines to ensure that its vast potential is not hijacked by the irrelevant, the thoughtless and the deceitful. From governments to individuals, brand companies to consumers, there is a need to use the internet with responsibility and insight. The issue of engagement is central to gaining the maximum benefit from it. People whether from liberal or repressed societies are no longer prepared to be pushed into positions they are uncomfortable with, whether these involve governmental policies or purchasing decisions. They want to be a part of the decision-making process and are now demanding change,

and an important tool to voice these opinions is the internet. It is democracy written large, at times resembling a library full of wisdom and erudition and at others a wall of graffiti expressing frustration, anger and resentment.

This book investigates this new dynamic within the specific context of the brand and the consumer, offering an insightful model for companies to re-evaluate brand–consumer relations, putting the emphasis on dialogue with a central focus upon engagement. This model demands that the brand custodians employ the core elements of trust to make their brands evolve into being more sensitive to their consumers' needs, engaging them in a faster, deeper dialogue so as to anticipate needs and identify problems with integrity, transparency, benevolence and competence. By engaging in this model, the author demonstrates how greater value will be created for both the consumer and the brand company.

Focus on value

Brand competition is increasing both locally and globally, owing mainly to the universality of the internet. The developments of search combined with the speed of local search, thanks to mobile devices, mean that identifying customer movements and satisfying their needs has never been more important. However, to monitor customers in an effective way it is important to have a clear idea of what you wish your customers' experience to be. In 2008 the Yankee Group carried out a global study of more than 150 service providers in the wireless, wire-line, cable and satellite markets of the US, UK, France and Germany. The research found that just under half had no clear definition of what the customer experience should be.

Many companies still think that price is the overriding factor. This is a myth. Price is just one factor in the value chain. To support this premise, the 2010 Harris Interactive Customer Experience Impact Report¹ looks at how much consumers are willing to spend to ensure a superior customer experience and the overall influence customer experience has on a company's top and bottom line. In terms of the benefits of providing an exceptional experience, the report found that:

- 85 per cent of respondents stated they would be willing to pay up to 25 per cent more to ensure a superior customer experience.
- 55 per cent became a customer of a company because of their reputation for great customer service.

- 55 per cent are willing to recommend a company owing to outstanding service, more than because of product or price.
- 66 per cent of respondents cited customer service as the biggest driver for encouraging greater spending.

As for the other side of the coin – the effect of bad service – 79 per cent of consumers that had a negative experience with a company told others about it.

In a blog of February 2011, Matthew Moore has highlighted that it makes sense to try and give both existing and new customers the best possible experience, and supports his argument with calculations from Satmetrix/Bain&Co, who have stated that acquiring a customer can cost up to 5 times more than retaining a current one, and that a 2 per cent increase in customer retention can have the same effect on profits as cutting costs by 10 per cent.

Integrating value

Many companies are missing the importance of the entire customer journey. In research done by Forbes in 2011, among brand companies they found that while nearly two-thirds of respondents said that they segment and target customers based on monitoring the customer experience within an integrated view of customer behaviour, that view is not necessarily complete. Just 30 per cent of respondents had a view of mobile behaviour and just 34 per cent looked at social media behaviour. In other words, the vast majority do not monitor or understand the customer journey within two of the most important and fastest growing segments within the media landscape. These segments are growing rapidly because they are where consumers can have a dialogue with each other and with brand companies. They are where trust is established. They are the antithesis of the outdated marketing model that pushes the product and pulls in the consumer. All the current evidence indicates that brand value is created by understanding the consumer through a dialogue with them. Tracking their complete media journey, their conversations and their brand experience through the key periods of awareness, favourability, consideration, intent to purchase, conversion, and post-sale service will provide a more integrated view of how value is created and how it needs to be improved. This is because, done well, it provides information and guidance on what customers feel they want but more importantly it initiates the process of anticipating customers' needs, both tangible and intangible, that will provide a richer

experience for them long term. That fuller experience will help to build their trust in the brand and enhance confidence in its integrity. Value creation is inextricably linked to engagement. Without trust neither can be built or sustained.

Trust is a choice

Trust is built up moment by moment, engagement by engagement. The consumer has long been aware of the warning '*caveat emptor*', while the brand company views transactions through the constraint of '*caveat vendor*'; trust has been elbowed out of the relationship by the word 'beware'. Though this caution has served many consumers well over the years, the distrust has eroded both economic and emotional value. It has done a disservice to the brand companies and has caused many of them to suffer when consumers once loyal have migrated to competitive brands.

Companies need to be more transparent in their dealings with customers and to demonstrate greater integrity. A case in point was the recall crisis Toyota faced in 2010 because several of its products had design flaws, costing the company an estimated US\$2 billion. What it cost in customer confidence was probably much more, having a profound effect on the relationship between the brand and its existing customers as well as prospective ones. Toyota made the mistake of seeing the recall issue as an engineering problem with accelerators and brakes. However, the problem that lay deeper than the obvious design incompetence was a collapse in trust. They should have reacted far sooner with a campaign to re-establish in the consumers' minds that Toyota stood for quality and reliability. The management of Toyota prevaricated and were accused of a cover-up. Trust evaporated and with it sales.

The management of Toyota would have been better advised to have studied the experience that Johnson & Johnson had with their brand Tylenol and to have used it as their problem-solving model. When someone tampered with Tylenol products in 1982, the company reacted swiftly and produced what many regard as a classic case study in crisis management. J&J withdrew all products immediately. This set a standard for crisis communication: J&J assumed responsibility by ensuring public safety first and recalling all of their capsules from the market, despite the fact that the bottles were tampered with after reaching the shelves.

Thanks to this responsible action, consumers rewarded J&J with a rapid recovery in the sales of Tylenol once the problem had been

resolved. Integrity was reciprocated with trust, a precious consumer gift that had considerable impact both rationally and irrationally.

If that situation had occurred today with the Tylenol brand, the problem would have been exacerbated by the immediacy of social media. This places an even greater emphasis upon brand guardianship and open and transparent dealings with both the media at large and the consumer in particular. This need for transparency and integrity is at the very core of the Value-for-Engagement model that this book offers as an insightful alternative to the clumsy and undemocratic push-and-pull model² adopted as standard practice among many brand companies both historically and currently.

GARRY TITTERTON
CEO Intelligent Positioning
London, UK

Read more: <http://www.marketing-made-simple.com/articles/push-pull-strategy.htm#ixzz1Z4Wlulzc>

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DONATELLA PADUA

Introduction

Spring 2008 The famous American singer Dave Carroll, whose guitar ended up broken at the hands of United Airlines employees, was offered no compensation by the airline. Three million views in ten days was the result of a comedic music video produced by the victim, telling the real story and disrupting the airline's image.

January 2011 President Ben Ali of Tunisia is driven out of the country by a crowd subverting the regime. The rebellion of the population has been enabled by social networks' connectivity where information was available to everyone and at zero cost.

May 2011 Young Spaniards meet in one of the main squares of Madrid and in a few hours gather 150,000 signatures against the government that is aiming to evict protesters from the occupied area. The government has to yield to the protesters.

September 2011 A crowd of hundreds of people march in Wall Street to express their rage against finance corporate greed. They say they took inspiration from the Egyptian and Spanish movements.

What do all these events have in common?

The answer is before everyone's eyes and it is summed up by just two words: the internet. Behind the internet is its 'ultimate cause': technology, connectivity and speed of connection.

The web has the ability to empower people to express their own opinion freely, offering the possibility of gathering in a virtual place, self-organizing to become a single extremely powerful body that is able to impose its own ideas thanks to the strength in numbers of the participants and to the impossibility of controlling them.

The tie bonding all these people is essentially one: trust. Social networks and internet communities allow social relationships, and trust represents the essence of relationships. Members of social networks trust one another as they identify themselves in 'the other', sharing genuine ideals and values and becoming involved.

Any organization, any public or private institution, has great difficulty in stopping the flow of information, ideas, values, passions and experiences flowing through social networks, fuelled as they are

by peer-to-peer horizontal relationships. In particular, trust builds on rational elements such as information and on non-rational ones such as emotions, values and experiences. These latter elements may play a greater role than the former.

In the Internet Age, power and control follow laws different from those governing offline activity. Indeed, heavy fallout effects that hit the real world influence deeply the trust and/or control relationship between institutions and stakeholders: an airline image compromised, a stable regime subverted, a government surrender, a crowd against global finance – these are just some cases in point.

How are institutions perceiving this change? How should they face it?

This book starts with the issue of change, raising questions as to how the paradigms of society are being transformed towards relational patterns and how institutions are reacting to the new needs to adopt ‘pull’ rather than ‘push’ strategies and to establish conversations rather than selling – or simply, in brief, to engage stakeholders.

Rosabeth Moss Kanter says: ‘This is not a revolution’ (Kanter, 2011, p. 25). If it’s true that *natura non facit saltus*,¹ then actually what impresses more is the *pace* of this evolution: technology has made it so fast that it appears to be out of the reach of traditional organizational tools of control.

To face such a change, the biggest enemy of institutions appears to be the rigidity of organizational structures compared with the flexibility of new social-networked entities able to self-organize and reorganize rapidly. The unpredictability and speed of change seem to make it impossible to cope with. Moreover, this rigidity pays no regard to organizational structures, or to *mindsets*. And changing the culture of an organization takes time: this is the biggest difficulty to be overcome.

As a matter of fact, institutions must develop new mindsets and new strategies, gain new competencies, acquire new tools and learn how to use them: these are the prerequisites for engaging stakeholders so as to be able to open a dialogue and keep it open over time. Nevertheless, a conversation may open only if there is trust between the parties: thus a main objective for institutions is to concentrate their efforts on becoming trustworthy.

Indeed, institutions have to move to these new, trust-based patterns quickly: stakeholders are becoming empowered while new Y- and Z-generations are creating a digital divide that is not only horizontal or geographical but also vertical, generated inside organizations. Customer loyalty is much harder to gain and keep over time than in the past, while competition is growing more and more global, not only in the new economy but also in the sectors of the old.

To discover what lies behind this urgent need of institutions to become trustworthy it is worth picturing the social scenario in which a general lack of trust has developed.

Sociology explains that the concept of social networking has been in use for a long time as a metaphor for a society conceived as a network of social relations and social actions as a result of constraints and opportunities emerging from the relationships between subjects.

The internet has made this metaphor come alive and has made democracy in its purest form possible again. Democracy is participation. Before the internet, any form of popular expression had to make enormous efforts to achieve social and political relevance. Taking the examples we began with, let's think about the same events in the Pre-Internet Age: a disgruntled customer trying to protest about a low level of service or a rude employee; or some rebels protesting against a regime; or young people gathered in a square and forced to leave the place by the government; or people raging against global financial management leading to a loss of work for thousands upon thousands of them. The asymmetry of power was evidently in favour of companies, institutions and governments, which led to a form of severe popular resignation and indifference.

In the old model of Athenian direct democracy, every citizen participated actively in voting and had access to political offices. This expressed the substantial equality of all citizens. With the birth of complex modern societies, this conception of democracy has evolved towards new models of representative democracy, where governments act in the name of citizens or, in general, of stakeholders. Over time, a wide gap has developed between the governing elites and the people, between representatives and represented ones.

The asymmetry of power mentioned previously plus the deep gap between governing elites and peoples has produced a *deep lack of confidence and trust* in institutions and organizations.

The internet appears to have disrupted this model, bringing back the old Athenian model of direct democracy: today, on the web, everyone has the same possibility of participating in voting or in taking new initiatives. Some examples of participation are the ranking of websites; the volume of mentions on a specific matter; the expression of sentiment in positive, negative or neutral comment; postings and blogs; building communities and participating in them. Moreover, the political position of 'influencer' is open to anyone who shows relational and leadership talent and gets the approval of the web community to which they belong.

In this new democratic scenario, the relevance of social relations is clear. The need to engage becomes compelling for institutions and organizations willing to communicate with those who have the decisional power *today*. New value chains and innovative patterns of value-building have to be identified, in line with the needs of the internet user: the need for relationship, for individual expression, for sharing, for information empowerment and for protagonism, but also for fun and experience.

How this book may be helpful

This book stems from a *need* and a *will*.

First is the need to identify innovative reading keys so as to understand the new, complex internet landscape: the demise of old paradigms calls for an urgent definition of the new ones.

Second, there is the will to locate these new keys in the field of sociology and to deliver them to other, associated areas of science through a coherent pattern of communication. It is evident that the Internet Age, given the relevance of social relations in the new connected social fabric, offers a definite challenge to sociology.

The book should be of interest to scientists and academics studying in the fields of sociology, business administration, marketing and other areas of study of social interactions on the web, as well as to professionals involved directly from day to day in business administration, marketing and IT.

The existence of the said need and will are confirmed by the fact that the social media literature appears to be divided between pragmatic manuals with a commercial and marketing approach on the one hand and theoretical sociology books for elites on the other.

Most books on customer engagement topics are centred on technical digital issues and 'how-to' marketing approaches and are aimed at CEOs and marketing managers, but their approach lacks the depth to explain the 'whys' of the action-oriented indications. The aim of this book is to combine a sociological approach with a marketing-conceptual framework (Cipolla, 2004): sociology, dealing with social relations, provides a new perspective on the understanding of social interactions, while marketing provides the conceptual strategic framework within which to apply sociology on a pragmatic and effective basis. The combination is possible because sociological concepts are applied to the social and organizational base using a language and a communicative pattern in line with the standards of the organizational world.

The objective of this book is to understand, via theoretical and empirical research, the relationship between trust, social relations and engagement, and the generation of value through this interaction of constructs. To help organizations understand how to build engagement with clients and customers, the volume aims to analyse how the dimensions of trust are correlated to social relations and how the management of these variables may affect brand engagement strategies. This process leads to the formulation, as an engagement measurement tool, of a new variable, denoted by the author as ‘value for engagement’.

To reach this objective, the book is aimed at supporting strategic thinking, offering a deep perspective on profound issues concerning engagement strategies that will help generate that *cultural shift* in an organization’s mindset necessary to face the new Internet Age. At the same time it offers analytical tools to transfer strategy into tactics. The book is motivated not by the ambition of providing full answers to the very complex matters emerging from the internet scenario, but is intended rather to offer some elements of reflection based on a new sociological perspective of analysis, in the belief that an holistic approach is a first step towards the right mindset needed to get inside the digital realm. At the same time, new questions arise alongside critical reflection as the creative sociological approach – constructed according to the analysis of the subjects of trust, social relations, and engagement – provides new suggestions and opens innovative lines of research. Typically, before one book is finished, a second is already projected.

The book is divided into three parts. The content of each chapter is outlined below, in the form of some key questions to which the text aims to provide answers. Although many of them are ‘big questions’ which could prompt deep explanations, the answers provided in the book are strictly functional to the topic tackled and to the objectives of the volume.

Part 1 – The Internet Age – surveys the interwoven texture of the internet on which society develops in all its forms.

Chapter 1 – Society in the Internet Age

What effect has the Internet Age on the social control over balances? How are organizations perceiving social change? What is the role of sociology in the understanding of the opportunities of the Internet Age?

Chapter 2 – Social Networks and Communities

What is an online community? What is the difference between a community and a social network? Why do communities build up?

What is the value of sharing? How may sociology provide key learnings on the subject?

Chapter 3 – New Models of Social Intelligence

Which are the key features of new models of social intelligence? What are the paradigms? How do the social sciences contribute to defining new models of social intelligence? Which kind of mindset has to be developed by institutions?

Chapter 4 – The Internet Organizational Realm

What does democracy mean for organizations? How does it impact in the brand–customer relationship? What are the main issues of change for organizations? Which organizational model best matches the Internet Age? How may human resources be impacted by the Internet Age? Which competencies may be needed by new business strategies?

Part II looks into the subject of ‘Trust and Engagement’ in depth

Chapter 5 – Digital Society and Trust

What is trust? What is the relation between trust and confidence? How does the time variable impact on trust? How is trust built? What is a trust strategy? How does it relate to a brand strategy?

Chapter 6 – Value for Engagement

What is required to open a dialogue on the web? How may social and human sciences support competencies? Which kind of social model is proposed? What is ‘value for engagement’ (VfE)? How may VfE help in opening a dialogue?

Chapter 7 – Value Creation on the Web: A Vision

What is the future role of distribution and access to information? What does it mean that brands have to become ‘relationship enablers’? How may a relationship enabler fragment the oligopolistic market of search engines? How do relationship enablers build value?

Part III – How to Generate Engagement Via Building Trust – offers the reader the tools for the measurement of engagement as well as performance indicators.

Chapter 8 – The Value-for-Engagement Model

What is a Value-for-Engagement model? What is its aim? How does it work? How does it explain the creation of value? How is social capital built? How are ‘relational or common goods’ generated? How does the VfE model explain the following points: how to build trust; whether there’s a positive relation between trust and engagement; how to convey a trust strategy to build engagement; finally, how to verify if trust is effectively building VfE?

Chapter 9 – Value for Engagement Mapping: A Case Study

How does value-for-engagement mapping work as a performance indicator? How does it provide strategic indications? How is it built? Which case study will explain all these dynamics? Under a methodological perspective, what are the challenges of a possible interaction between sociology and the web?

Each chapter opens with a whole picture of its contents in the form of an executive summary.

I hope you enjoy your reading and build on these ideas. Developing a shared body of knowledge in the field of social relations in the Internet Age will bring a deeper understanding of the complex social realm in which we live and help to indicate the ways and modalities to improve the value of the person, in the sense that the person, that is the individual in relation with others, will be put at the centre of the process of building value in terms of engagement.

DONATELLA PADUA
donatella.padua@valueforengagement.com

Part I

The Internet Age

1

Society in the Internet Age

Executive summary

The Internet Age has brought with it a deep discontinuity of modern control balances in many fields of human expression – not only society generally but also sectors such as the economy, politics, art and the sciences. The web-conversational environment has disoriented many institutions and organizations in their perception of change as either a threat or an opportunity.

Social science studies on globalization and the classics of sociology may provide a relevant background to the understanding of the many-sided opportunities of the Internet Age: global social paradigms such as the dissolution of community, complexity, diversity, individualization, multiple identities and the global society itself may be transformed into positive leads of value creation via trust, social capital, relationships and dialogue, ‘creative disorder’, ‘responsible freedom’, embedment, exchange and development.

Eric Schmidt, the CEO of Google, has said: ‘The internet is the first thing that humanity has built that humanity doesn’t understand, the largest experiment in anarchy that we have ever had.’ This experiment deals substantially with the resource of ‘information’, its control and its power.

We are living in an age of renaissance and humanism. The renaissance paradigm is mathematics. There can be no doubt that logic, arithmetic and geometric progressions are part of the global web texture. Opposed to this quantitative dimension, the paradigm of humanism is

qualitative, placing the individual at the centre as a unique and creative entity, opposing homologation and aiming to communicate to other individuals. This is the basic assumption of the internet: the *individual*, their *relationships* and the multiplication at exponential rate of their *interactions* in an interconnected web.

The internet is a system: information is accessible to anyone and its source is neither governed nor governable. Many examples in the web literature confirm this view, from Wikileaks to the revolutions of the Mahgreb populations. However, in the institutional realm, this concept of web anarchy tends rather to assume the characteristics of a shift from bureaucracy to democracy.¹

There are three key assumptions behind this transition:

1. the existence of a relationship between institutions and stakeholders;
2. a shift in the ownership of information; and
3. the opening of the decision-making processes to innovative ideas generated from below.

Although, over time, institutions and organizations have focused their missions on satisfying their stakeholders' needs, information and decision-making power have still been kept tightly within their clutches (Fontana and Sacco, 2011). Today, within the interaction between institutions and stakeholders, we are witnessing an unprecedented reversal of positions, where those who in the past played exclusively the passive role of receiving entities are today able to freely produce content, impacting on the organization's reputation.

The power that 'people' have today to govern information, the quintessence of the democratic model, on the internet is expressed by a potential of creativity, through a richness of communicational modalities and the possibility of voicing ideas never experimented before in human history (Padua, 2011a).

Public and private sectors are looking at these new possibilities with mixed feelings and interests, yet not grasping the revolutionary power behind them. It appears rather that often the propensity towards involvement on the web is greatly affected by the institutional or business scope of activities: the typical 'old economy' sectors have found it difficult to understand the relevance of a presence on the internet, limiting their action on the web to sites of the 'shop window' kind. Indeed, the evolution of the internet into a conversational environment has disoriented not only the 'old economy' organizations. While some of them have made a philosophy out of the internet,

others still feel distant. Among these diverse approaches there are governments running innovative forms of web engagement, leveraging bottom-up drivers of change: 'Appsfordemocracy', 'Petitiononline', 'Fixmytransport' and 'OpenParlamento'² are all evocative websites adopted by institutions to engage crowds. We will tackle these showcases in detail in Chapter 3.

Can we say these are visionary governments? No – more probably it's a mix of tight budgets and a strong need to introduce new strategies of consensus which are driving some enlightened regimes to engage with crowds. Then, it's just a matter of virality: already many other governments are replicating the same patterns.

They call it 'open Government' or wikicracy, that is, a democracy empowered by the web collaborative tools (wikis). From Tom Steinberg, the founder of Mysociety, the first project of e-democracy launched in September 2003, to President Obama as the first historical example of wikicracy, governments are putting this strategy at the centre of their political credo: the British government is a case in point, becoming a model of institutional transparency to reach social innovation via technology (Padua, 2011b).

These are examples of a deep-seated institutional and organizational evolution generated by digital technology. As a matter of fact, these institutions were able to understand the change and determine a win-win solution between them and their people. Interestingly, they were able to 'connect the dots'³ among different needs which could be reciprocally met: on the one hand, the need of people to improve their lives and, on the other, the need of efficiency to meet their institutional mandates. Not only this, institutions have also met the need of individuals to express their opinions freely, to become protagonists by exerting a 'control' over the government, and have empowered people with access to data, becoming transparent and benevolent and showing integrity: in a word, they have become *trustworthy* and have succeeded in *engaging* people.

But this is only one aspect of the many which have to be taken into consideration. It is a fact that the Internet Age has determined a deep disruption of control balances in many fields of human expression and society, in particular the economy, politics, art and science. In the face of the huge amount of social sciences literature (Appadurai, 1997; Castells, 2002; Bauman, 2007), divided as it is between criticism and praise of the impact of global technology, the key question is *how* to manage this change. A change may bring a threat or an opportunity. It depends on the way it is perceived and faced.

Table 1.1 Globalization: effects, threats and opportunities

Globalization effects	Threats	Opportunities
Dissolution of community	High risk perception	Trust, social capital, relational goods
Complexity	Inability of comprehension	Division of labour, speed, quality, costs efficiencies
Diversity	Fear of the other, of foreigners	Relationship and dialogue
Individualization	'Global disorder', loss of predictability	Creative disorder, connecting dots, freedom of expression
Multiple identities	Crisis of identity	Responsible freedom
One Global Society	Disembedment	Re-embedment, exchange and development

E-government solutions are an enlightened example of how institutions are transforming a threat into an opportunity. On the other side, organizations are showing innovative ways to engage with people, effectively building positive relations. Barilla's 'Il Mulino che vorrei' and the Dell Community⁴ are cases in point. Moreover, the ability to find new models of value-building or the adoption of new strategies of resilient transformation (see Chapter 3) are further signals of a keen understanding of the Internet Age's new opportunities. We will deepen all these aspects throughout the book, explaining their meaning and providing some reflections.

In this chapter we tackle how, in the Internet Age, a threat may also be seen as an opportunity and may inspire a change of strategy. To face this challenge, we refer to the social-science studies of globalization and the classics of sociology, which provide a robust theoretical background to the understanding of the many faces of the changed times. Although it may be particularly difficult for institutions and organizations to undergo a change, the evolving competitive scenario of the new era has made it an urgent matter. Table 1.1 synthesizes globalization effects and the threats and opportunities which may arise:

Dissolution of community

In the global society trust has a greater role than confidence.

The unpredictability generated by the loss of order brings a loss of confidence, which means that the traditional decision patterns, based

on rationality and an adequate – or ‘perfect’ – set of information, are not viable in most cases. This conception comes from the definition of trust and confidence that will emerge later in the book. Indeed, as we will see when considering the difference between the two concepts, trust derives more from an irrational decision process, while confidence, on the other hand, comes from rationality based on information. Relevantly, a reduction of the rational assumptions that inform decisions impacts on the feeling of confidence in expected results. Every action implies an ‘X’ factor which is dependent not on the subject’s will but on a set of variables not controllable by the subject. The higher the number of unknowns, the higher is the risk, whether generated ‘actively’ – that is, in relation to actions – or ‘passively’ – that is, with regard to facts that do not depend on our action.

As global society usually connects subjects who don’t know each other, an investment in *trust* becomes of utmost relevance. In pre-industrial communities, all members knew each other. Therefore, confidence was enabled by a continuous validation of interpersonal information: reciprocal recognition was based on a self-sufficient society. In the Internet Age society, on the contrary, the individual has a ‘strong psychological need to trust others’ (Giddens, 1994). In truth, the open-network character of the digital society doesn’t facilitate the satisfaction of this requirement, and a feeling of *risk* thus becomes pervasive. From this perspective, Giddens explains how low levels of trust towards persons, groups, societies or institutions become an indicator of the growing perception of risk and a defence tool against threat, which most of the time is unknown.

Christopher Lasch (Lasch, 1977) argues that the more threatening the world becomes, the more people’s attempts to escape risk show up in different ways: for instance, it can transform into a desperate search for physical and mental wellbeing.⁵ What is common to all subjects is that this feeling of risk affects anyone, even in cases of the adoption of a ‘prudent’ rationality.⁶

Individual ‘risk management’ has different strategies. These may vary from passively suffering from a diffused feeling of threat to rejecting such a feeling on the ground that the risk is unquantifiable by humans. An example here is the refusal of the idea of a possibility of an imminent catastrophe, and offsetting it by distracting oneself with everyday problems (Giddens, 1994, pp. 42–4); or by accepting it via a ‘sustained optimism’ – that is, trusting human rationality in its ability to save humanity from threats; or, again, by adopting a ‘cynical pessimism’ as a total acceptance of threats; or, finally, by adopting

a 'radical commitment' to pragmatically and systematically contrast acknowledged sources of risk (Giddens, 1994). The recent series of catastrophic, apocalyptic or doomsday films⁷ is a reflection of people's fear of imminent threats.

The father of 'the theory of risk', Ulrich Beck, maintains that society is founded on risk. In pre-modern societies conflict arose from the redistribution of *resources*; in the Internet Age, conflict aims at a redistribution of *risk*, which is pervasive and systemic, that is, provoked by society and its development, as well as by existing natural threats (Beck, 2007). Nowadays society is based on and lives on risk: every day we are confronted by catastrophic news and we always want to know more about it. Examples of how risk is part of the lifeblood of modern society are constantly provided by the media, and social networks allow true and false news to reach virtually everyone. Social networks have even pervasively given news that has increased people's level of fear, recent examples being the 'cucumber killer bug', 'crazy cow syndrome' and 'H1N1 flu'.

Indeed, the opportunity to face the pervasive feeling of uncertainty and threat to find new chances of life seems to be provided by Giddens's theory of trust. Giddens makes a distinction between confidence and trust.⁸ Confidence is related to the outcome of decisions with regard to the trustor's scope of actions – so that, say, a person confident that the economic crisis will end soon bases his or her decision on objective elements; here the responsibility is clearly attributed to others. Trust, in just the opposite way, relates to the trustor's personal decision regarding the trustworthiness of one or more others, making the trustor responsible for the matching of expectations – so that someone trusting another person or persons bases their decision on subjective evaluations or on instinct. This view explains how trust is a special kind of confidence, related to a specific contingency. On this perspective, within society, confidence and trust build over time on the basis of repeated 'tests' providing a 'series of results or outcomes' (Giddens, 1994, p. 214). In this way, trust and confidence work as a sort of stabilizer of social relations, reducing uncertainty.

Luhmann, on the other hand, interprets trust as a 'reducer of social complexity' or as a phase following awareness of and reaction to the risk: having to face multiple threats, the subject trusts other individuals, sharing responsibilities on the achievement of objectives. Techcrunch⁹ is one of the blogs most read about digital topics: postings are trusted according to the number of visits, positive comments, links and rankings provided from other peers.

Trust management, which enables individuals to face 'high social risks', represents a useful tool for dealing with an increasingly complex and unstable society.

From the above, we can see how for institutions the web offers an opportunity of building extensively on relations and so producing a win-win result: on the one hand, relationships help banish stakeholders' feelings of uncertainty such as derive from lack of information about the institution and the environment to which it is related; while on the other they help institutions to build 'social capital' and 'common goods' (or 'relational goods'). In the Internet Age, sociology and economy indicate how the role of these two notions is of primary importance. As these two concepts are later discussed extensively in the context of trust and engagement, we provide below the general framework within which they grow by answering the question: how may social capital and relational goods represent an opportunity to investigate the Internet Age society?

But first we need a brief explanation of social capital and common or relational goods. Social capital allows an understanding of the new meaning of *value* within the digital society – the relationship upon which relational goods are founded. It is important that we focus less on Coleman's utilitarian position, instead giving more attention to the collectivist positions of Fukuyama and Putnam and, most of all, to the relational-dialogic approach of Donati and Markova, from which the concept of relational goods stems (Donati, 1989a, 1989b; Craven Nussbaum, 1986).

According to Coleman's utilitarian approach, an example of the building of social capital could be an entrepreneur aiming to create relations with other industries so as to achieve his own (but at the same time common) objectives in order to cooperate in a project. The entrepreneur is acting rationally, to reach individual objectives and to maximize his benefits. To get the required results he has to relate to others, taking into account the norms of the social structure – including obtaining the necessary authorizations from government institutions, remaining within the law and so on.

In contrast, the creation of a web community to inform participants on a disease, say, or to improve the viability of a city, could be an example of the Putnam-Fukuyama model: here, the push behind the initiative is mainly collectivity-oriented, with social capital the outcome of a reciprocal exchange of relations, rather than based on the utility for the individual. In fact, each subject also has its own cultural and experiential background (personal capital), which may be joined

to others' experience through relationships, reaching much wider objectives than the single individual could achieve. For Putnam, social capital is the 'set of socio-organizational elements – as trust, shared norms, social networks – which may improve the efficiency of society itself, facilitating the coordinated activity of individuals' (Putnam *et al.*, 1993).

An example of how social capital should be designated within the relational paradigm of Donati (Donati, 2011) might be provided by a free adaptation to a relation-oriented community, ParentsPlace:¹⁰ it could be the instance of a conversation involving an exchange of information on a child education problem between two parents in San Francisco within a ParentsPlace forum; this could lead to contacting the appropriate counsellor for advice, opening a discussion with the community located in Sonoma County, reporting the outcome during a discussion with a paediatrician and opening a dialogue with a child teacher. In this case, social capital is

not owned by the individual nor by the collectivity, as it consists of dynamic relations, mediating relationships between the individual and the collectivity. Social capital may be internal or external to the community, depending on the standpoint: in general it is both, even though under different aspects and in various instances or functions. (Donati, 2011, pp. 144–7)

Personal interests and gains valuable to actors must be seen as an expression of the shared good or *common good* of which social capital is made.

What is common to the three examples (Coleman, Putnam–Fukuyama, Donati), but mostly to the second and third (in the first, the entrepreneur rationally calculates the trustworthiness) is trust: an essential element in the building of the social networks, through connecting people, that are vital to nurture and meet expectations and the preservation of social shared norms.

This shows how the wide social perception of a high risk generated by the dissolution of community may bring opportunities to foster relationships – building trust, social capital and relational goods.

Complexity

The theories of social structure and social action are major themes of the social sciences, which may be discussed from different perspectives.

The area of studies called structural functionalism, initiated by Parsons, gives an interpretation to society through the 'organism analogy' paradigm: society functions as a living organism which selects, creates and evolves to satisfy specific needs. Growing social evolution towards complexity brings differentiation and structural specialization. In a recent article, Thomas W. Malone (Malone *et al.*, 2011)¹¹ maintains that the growth in technologies and communication knowledge is accelerating the process of differentiation in organizations. Knowledge being an intangible good, the possibility of segmenting it indicates how the specialization process could greatly accelerate in the future. This is exactly what Adam Smith maintained in his *Wealth of Nations*, which was actually written in another historical period of socio-economic transformation: the Industrial Revolution.

Undoubtedly, specialization requires coordination and control. Parsons talks about a 'cybernetic hierarchy of control' – that is, a central system, comparable to the human brain, controlling all the other parts via communication that is not imposed. We may try to give an application of this sociological perspective to the case of the TopCoder¹² software start-up located in Connecticut which has made labour division its core strategy. TopCoder splits IT projects into several small portions to feed its international community of freelance developers, with contests to identify a winner who will become a 'Top Coder'. In this way, TopCoder has a network of almost 300,000 developers from over 200 countries. Coordination works via communication and the integration of single contributions into the different phases of each project. A forum enables developers to communicate to receive feedback and answers from the company; this pattern shows a structural similarity with Parsons's theory.

However, looked at from the process perspective, the TopCoder model diverges from structural functionalism, and is closer to the 'theory of systems' of Luhmann (Luhmann, 1995). This sociologist maintains that society is a complex system composed of interrelated parts; it exists within an environment with which it exchanges information or energy under different forms; it is a dynamic system, that is, it implies feedback and feed-forward processes with the external environment; it is intelligent at different levels based on its ability to act and reach for a balance with the outside. While structural functionalism is concentrated on structures, the specificity of Luhmann's thought is its focus on processes. The TopCoder system organizes itself via a bottom-up process based on 'contest crowdsourcing': each time a project has to be developed, an open web-contest is launched to select the best 'top

coders'. The system adjusts dynamically to the environment, drawing its boundaries which contain the core of the company and the specialized workers and exclude those not selected. In this way, the system 'reduces risks' – that is, as the theory maintains, the system protects itself from the contingencies of the external environment. In this process, reciprocal communication provides a crucial tool in defining the boundaries.

The TopCoder model enables the system to select the best resources or the talented software developers; importantly, it simplifies the risks of low quality caused by the difficulty in selecting adequate levels of competencies; of long lead-times due to the long supply-chain and process bottlenecks; of high costs due to an inefficient use of resources. Indeed, the specialized, labour-divided TopCoder model quickly delivers high-quality products at competitive prices.

The essence of the social system lies in the 'sense' which the system attributes to itself: each time TopCoder hires a new developer for a project, it dynamically creates a new configuration according to the need of that specific competence. In this way it may be considered an 'autopoietic' system, that is, it self-generates.

Importantly, Luhmann stresses the fact that the division of labour, that is, specialization, 'makes the individual indifferent to the roles of others': in TopCoder, software developers may not even get into contact once. This reflects on the complexity of the Internet Age, where it is not possible to find a unique set of values, cultures and identities. Society is a wide network connecting actors one to the other, in a process of self-balancing evolution.

Luhmann, building on a core Weberian concept,¹³ sees human action as social, that is, always related to other individuals to mediate and interact. As we will see, relation and interaction open the doors to the concept of trust: with no relation there can be no possibility of deciding whether a person, a group or an institution is trustworthy or not.

A final point on the application of sociology to this case is that the complexity of the Internet Age requires the integrated use of various theoretical models since no single perspective exhausts the combined richness of all aspects.

From the above, we may say that if in a complex social environment there's an absence of 'comprehension' (in the Latin meaning of *cum-prehendere*, that is, to embrace all aspects for a full understanding), on the other side there are opportunities in the division of labour, speed, quality and cost efficiencies.

Diversity

The dissolution of distances within the globalization process has raised the matter of cultural differences. The frequency of contacts between societies, the lowering of cultural, logistic and linguistic barriers, the phenomenon of human mobility, of migrations – these are just some of the reasons for the deep cultural interchange characterizing our age.

However, if globalization has generated a push towards homologation (Wieviorka, 2002, p. 41), the crisis of values brought by a feeling of loss of identity has generated a reactive process called ‘ethnic revival’, driving an opposing push towards fragmentation.

As these separate and opposing forces are the essence of post-modernity (Appadurai, 1997, p. 32), managing diversity has become a must, not an option. Diversity is perceived today as both a threat and an opportunity. Aggressive behaviours towards dissimilar persons or groups are just an expression of a threat against a contact or a fear of a relationship, a dialogue with the unknown. The tendency is to eliminate the source of the threat: the word ‘xenophobia’ has never been so meaningful, Bauman argues (Bauman, 2009).

The issue of the management of differences in their full range of cultural, ethnic, ideological and gender expressions is related to the dynamics of identity and social relationships: on one side, integration among single parts implies the elimination of differences, acknowledging one society only and its norms: monoculturalism and some models of conflictual pluralism have as their aim a single, dominant culture that assimilates other cultural expressions and identities; on the other, maintaining differences leads to a fragmentation of social relations: multiculturalism has shown how giving the same weight to every cultural identity has led to a deep fragmentation.

In modernity, the confidence provided by science and technology allowed a monistic and organized comprehension of the world. Today, these certainties are dissolved because differences appear to exist within society, not among societies (Wieviorka, 2002, pp. 97–101). As a result, postmodern society has to be interpreted according to a dynamic vision of differences that are changing and diversifying its social patterns.¹⁴

For those reasons, there is a need for a new way of understanding differences that considers both aspects – complexity and dynamics. The sociology of relation represents a way out, interpreting society under the paradigm of relation. This concept of relation, anticipating the

notion of the 'relational or common good', which we deal with later on in the book, is tied to the idea of an 'emerging effect of interactions between action (free intentionality of the subject) and social system (the society), which are entities characterized by own properties and powers' (Donati and Colozzi, 2006).

Indeed, relationship affects identity as, in this concept, identity is not defined by contrast or exclusion, but by a relation between the two parties. Behind this idea, diversity enriches identities through an exchange of relationships and interactions (Simmel, 1908). In fact, from the relational perspective, diversity management is based on the concept of reciprocity in a network of relationships (Cavalli, 1989). Reciprocity entails dialogue, and this is the most concrete element we can find within all engagement processes on the web, between institutions, organizations and persons, groups or crowds.

Forums, blogs, microblogging, communities and social media in general – all are tools of integration through the establishment of relationships and dialogue. Conversations, if driven by reciprocity, may represent an opportunity to reach a positive diversity management, and hence, in fact, build trust.

In Part II of the book we will explain the implications of this process.

Individualization

Postmodern global society is characterized by processes of fragmentation and individualization leading to a disruption of established powers. This has produced a 'new global disorder' (Bauman, 2010, p. 49); as a matter of fact, order is a consequence of power.

Following this assumption, the mainstream sociological question is: what holds society together and what divides it? Hobbes solves the problem with the well-known 'Leviathan', a symbol of the coercive power of the government to control ego-centred and violent human nature, in the absence of which society would be split apart. Adam Smith identifies the 'invisible hand' regulating market trades and controlling individualistic human actions. But state and market don't offer any answer to many other manifestations of mankind.

In pre-modernity, order entails the idea of predictability: persons are able to safely predict the consequences of their actions. In the end, every culture has always tried to 'order things', in the sense of somehow influencing the probabilities of things happening the expected way. This is what culture tends to do through the activity of differentiation

(Bauman, 2010, p. 46) – helping by various efforts to design a desirable reality.

The essence of most organizational modern cultures, in fact, is founded on the ability to control via predicting expected results and operating to achieve them. Also, the marketing culture that has been developed since the 1960s and continues to evolve today follows prescriptions for risk-minimization using accurate market analysis to predict the success of a product launch, with estimates of results being made to regulate trade-offs between costs and revenues.

From a different perspective, Crozier (1964) argues that in a case of lack of order people may take advantage of it in order to follow their self-interests. Thus taking advantage of chaos as an opportunity offered by the lack of order to break out of predicted patterns of action has conferred advantages in the individual fight for power: globalization has brought returns to many people. In this way, the concept of order has gained strength as an idea of control.

On the other hand, it is true that order also brings consequences in terms of restrictions on creativity: new strategies for reacting positively to this loss of order, on one side, and for creativity, on the other, lie within the ability to quickly adjust projects and directions to combat the precariousness and instability of life: the lack of ties with material goods and places becomes a chance to reinvent the future at any new opportunity. This is ‘creative disorder’, where chaos is no longer the enemy to be fought and becomes instead an opportunity for growth, freedom of subjective expression and possibility of ‘connecting dots’.

However, in the Internet Age, creative disorder brings some other consequences: in this chaos, the individuals feel they have to defend themselves and to be responsible for their own actions. In fact, they are neither protected nor controlled any longer by the traditional model of community of the Pre-Industrial Age (Tönnies, 2011): pre-established social relational patterns (traceable to the integrated model of a Durkheimian social structure) have dissolved, shifting to an Industrial-Age model of society, characterized by more freedom, less control, but more responsibility. Indeed, we will see how the innate human sense of community will arise in different forms as virtual communities and groups and the care of the common good will be fostered through shared interests, values and ideas.

In conclusion, ‘creative disorder’, ‘connecting the dots’ and freedom of expression have now become positive and challenging opportunities.

Multiple identities

In sociology, identity stands for the way the individual considers or represents himself as a member of social groups (nation, social class, cultural level, ethnic origin and so on); this concept of the self stems from comparing and separating one's self from the others, from which the concept of otherness derives.

Identity builds up through a process of 'identification' and 'individuation'. The first is a crucial course for the self-recognition as a member of a specific group and the development of the sense of belonging to a collective entity (which is the 'us'); the second implies the recognition of the distinctive characters of the self in comparison with the others or with the members of other groups. The concept of social identity is well described by the 'social identity theory' (SIT) of Tajfel and Turner (Turner, 2010). According to the theory, identity builds up through relation with others via three phases:

1. categorization or mental building of categories or groups of belonging, making it possible to individuate the differences among groups;
2. identification with or self-recognition in one or the other of these groups;
3. social comparison or the continuous process of comparing one's group with the others.

According to this definition, belonging to a community may build an identity; for example, for a member of the Eminem Fan Club¹⁵ taking the three steps to identity implies: operating a categorization process which differentiates the enthusiasm for one singer rather than another; an identification process with Eminem (values, attitudes, culture, passions and so on); comparing with 'the other' society; taking distances from the values of 'others'. This is apparently what builds an Eminem fan's identity.

Bauman enriches this concept, arguing that identity is a social product developed via a two-way process: identity depends on society, but socialization builds up with one's identity creation. This process has important consequences: as social reality constantly changes, at a high speed, individuals strive constantly to find new identity balances.

Also, the richness of diversity exposes subjects to shifting from one identity to another and to a possible 'crisis of identity', by 'wearing and discarding it as a dress', as Lasch suggests (Lasch, 2004, p. 187). This leads to the definition of 'multiple identity' as the phenomenon

of building a different, separate identity in relation to whatever social context a subject is related to at a particular moment.

This dynamic is taken to an extreme in virtual reality. For example, *Second Life*¹⁶ offers the possibility of creating an 'avatar', which is in effect an alter ego – that is, another identity interacting in different social situations and contexts that reproduce real life. Social networks, forums, newsletters and blogs all allow one to hide one's real identity behind false personal data. In the virtual world, identity may multiply as each individual may build several identities, sometimes for reasons of privacy, sometimes to escape reality and experiment with aspects of one's personality that are inhibited in real social contexts (Reid, 1995).

Increasingly, however, the criss-crossing of relations and growing awareness of behaviour on the web are enabling such false identities to be unveiled. Also, in the Internet Age, creating an identity is the responsibility of the individual and all the consequences redound upon him or her. This is not surprising when we consider that the internet is formed by persons and not by individuals: that is, subjects within a mutual relation (Ricoeur, 2005) and creative entities opposed to homologation. In this intentional acting, the person performs with a certain degree of freedom, which is different in every single situation. But freedom brings choice, and, as we have seen above, choice entails risks and thus responsibility. Web dialogue, content – every form of interaction – determines a choice, a risk and a responsibility.

Nevertheless, internet freedom has brought other consequences: the complexity of the Internet Age has shown how technology, connectivity, a free-market model and human greed have together become a poisonous cocktail for the credibility of the whole financial, economic and political system, leading to a global crisis of trust. It would be correct to say that if the internet has been responsible for this situation then it must provide a solution as well.

For sure, encouraging scenarios emerge as the internet allows someone to be actor and author of their own life, open to relations with others, within a collectivity: in a horizontal dimension, a new sense of responsibility would come from the relationships with others, with a new civic-mindedness or care for 'the common good' becoming its norm. Peers in relations with other peers, all committed to a long-term project, oriented towards giving by a common attitude of sympathy – these are the makings of a new, positive profile for a '*Homo civicus*' (Cesareo and Vaccarini, 2006).

Sociologists explain that the social power of such a figure as a '*Homo civicus*' may exist alongside the concept of the horizontal distribution of

power generated by the weakening of the vertical governmental powers of modern nations – more precisely, under the conditions of a transnational (Watson, 1992) ‘global’ civil society. This ‘*Homo civicus*’ social profile represents a starting-point for our reflection on trust, social relations and engagement, based on a ‘responsible freedom’.

One global society

The utopian idea of a zero-distance world has come to reality with the internet. The synchronous dialectic–symbolic exchange between persons and communities physically far away one from the other at any given time presents a condition of which many practical consequences are still to be discovered.

If, as Paul Virilio maintains, we are living in an era of the ‘end of geography’ (quoted in Bauman, 2002, p. 52), then a question arises: since we are living in a ‘global village’ (McLuhan and Powers, 1992), does it then make any sense to talk about geographical differences, boundaries or places? As we will see, with the coming of the Internet Age the dimensions of space and time have changed profoundly, upsetting the relationship between space and mobility (Secundulfo, 2001). Giddens argues that globalization has eliminated distances and created connections so that points physically far away from one another have suddenly become close: technology makes this possible via connection devices available to virtually everybody not suffering from digital divide. This pervasive net of influences involving nations and individuals (Giddens, 1994, pp. 75–82) shows we are in a single global society: an opportunity on one side, a risk on the other.

From this perspective, society, although it appears to be characterized by a general individualism, nevertheless continues to exist: it has not disappeared. On the contrary, it has enlarged, differentiated, fragmented, individualized.

This *disembedding* results in a *new embedment*: instead of the old habit of relating to members of our original society and considering all others as foreigners, today it is usual on the web to relate to ‘foreigners’, people we don’t know, and with whom we attach no importance to their society of origin. Goffman defines this as ‘social inattention’, which resembles the same lack of attention we give to someone we meet in the street, which implies having only a superficial care for the other. Such social inattention aims only at ‘monitoring’ someone who belongs to the enlarged society in which we all live (Goffman, 1972).

In this scenario, trust relationships among subjects, but most of all between subjects and strangers, are submitted to a reset. The diffused awareness that we know only a minimal portion of the persons we encounter and have contacts with on a daily basis leads us to trust on a different basis from that which applies when we belong to the same community: other strategies for trusting and gaining trustworthiness are needed.

As Bauman says, 'the need of community' is always inside the person, and the multitude of communities born on the web are clear evidence of a process of embedding.

2

Social Networks and Communities

Executive summary

Social networks and communities are expressions of people's need for close relationships, for a sense of belonging and of sharing the same interests, values, experiences. While communities' connectivity generates a viral environment which is difficult for institutions to control, sharing between institutions and communities helps in personalizing relationships, to produce loyalty and to source information useful to understand stakeholders' needs, tastes and behaviours. These new possibilities clear the way for new models of brand-stakeholder value creation.

Sociology offers ten key learnings on different aspects of the relations between social networks and communities, their structures and dynamics, engagement, trust, online-offline interactions and other strategic approaches.

In recent years the development of connectivity and the number of interactions on the web have dramatically increased. Sociologists, anthropologists and psychologists are studying the various implications of this exponential growth of information-sharing and the increasing number of people's opinions on the web. This chapter goes deeper into the sociological concepts discussed in the previous chapter on the Internet Age society, applying them in the specific context of web communities. The intent here is to offer the reader the elements necessary for tackling the organizational aspects related to trust, social relations, and engagement which are the subject of the discussions that follow next.

This chapter is divided into two parts: the first is an overview of the definition of a web community and its structure; the second is an analysis of the dynamics of communities and social networks as an opportunity for institutions and organization to engage with. The format of this second part of the chapter is based on *key learnings* to provide institutions and organizations with an integrated view of the critical issues of social aggregations on the web.

An overview of online communities

Imagine a small medieval town in the countryside of the Umbria region, in Italy. Now think of Dell IdeaStorm, the online community created by Dell to upgrade or shape new products and services.¹ It is difficult to believe that these two realities, so dramatically distant in time and context, can have much in common.

In 1887, Ferdinand Tönnies formulated the first concept of community, comparing it to the small pre-industrial communities: integrated, founded on parental relationships, friendship and neighbourhood, where social relationships are intimate, close and long-term. It was then the Age of the Industrial Revolution.

In 1994, Howard Rheingold coined the term 'virtual community', defining it as a social nucleus developing on the net 'when some people constantly take part in public discussions and develop interpersonal relationships' (Rheingold, 1994). It was now the Internet Age Revolution.

Both cases refer to a radical revolution of our relationships and of the pre-existing social order. But if we analyse the elements at the basis of the two realities, we find that virtual communities may be somehow comparable to physical communities: indeed, they are communities of people which, more or less, keep the same or similar online and offline functioning.

Undoubtedly, from the nineteenth century up to the digital postmodern society, the social and identitarian profile of individuals has evolved towards different patterns represented by a tendency to protagonism, individualization, and fragmented and fluid relationships. At the same time, it is true, as Bauman says, that this 'risk or threat society' (Bauman, 1998) generates a very strong *need for relation*, pushing people to find new forms of aggregation founded on shared elements so as to feel closer and more tied – in substance, less alone: the community meets this need to which in its deep implications institutions must pay careful attention.

Both in the medieval town and in the Dell community, we can definitely see a closeness enabling persons to communicate how and when they decide; in both contexts interpersonal exchanges repeat

frequently and last over time; in both cases interactions are integrated to positions: in the small medieval town each inhabitant has a specific role to contribute adequately to the course of the community life; in the Dell community, each member has a distinct role in proposing original ideas, building on those of other participants. In the physical community, space boundaries are drawn by the town walls protecting the village. In cyberspace, the virtual space is defined by the members' interactions within the community.²

In both forms of community, Howard Rheingold identifies three typologies of common goods as the basis of the social assets represented by the communities: social capital, knowledge capital, and social sharing. All three are present in the typologies of both physical and virtual communities:

- *Social capital* is generated out of the building of the network of layered relationships, filling the space with history, communitarian culture and the general sociability of its members.
- *Knowledge capital* is the wealth of competencies, abilities and knowledge owned and shared by the members.
- *Social sharing* is the sense of closeness, proximity and sharing experienced in digital spaces and characterizing virtual communities.

Each community's cohesiveness emerges not from within its structure but through the feeling of belonging to a community and the intention to play the role of a protagonist in it. This sense of belonging defines the members' identity as they share and collaborate towards the common goal. The community is cohesive, founded on relationships integrating rational components with a vital emotional element.

The community functions according to the mechanisms of the social group, but the communitarian pattern stresses the quality of relations that are warm, close and empathic. A case in point is the Procter & Gamble Italy Branded Community *desiderimagazine*³ dealing with health and wellness, beauty, and leisure and home topics. On a daily basis, 60,000 members are in contact with one another to share information, suggestions and experiences, with community life and chats among friends taking place on the Facebook fan page.

The sharing paradigm

On the web, the 'users' are people sharing experiences and knowledge with other people. Notably, the technological features of the

web communities allow the development of sharing beyond any dimensions of time and space, instead being regulated as they are in the offline realm.

From a normative point of view, reciprocity is a key characteristic of a community, deriving from its underlying 'social contract' (Rheingold, 1994). The exchange determines a reciprocal influence entailing a personal growth in knowledge and experience which appears to be helpful to the whole group. The sociological paradigm explaining the concept of reciprocity is offered by Simmel through interaction dynamics (Simmel, 1908). When reciprocity is established it implies an expectation of feedback from an action, stimulates free expression, without inhibitions or legacies which may obstruct the communication within the group.

This aspect may be of great relevance for institutions and organizations, as judgement about a product, a brand or a service is determined by the community members' practice of sharing information or opinions. In turn, the group may influence other linked groups, thus deeply affecting a brand's reputation. This devolves from the fact that web users may belong to several communities at a time, influencing one group by transmitting the information from another. The process is dynamic because members may freely decide to enter new groups or to exit them at any moment according simply to need or will (Shuman *et al.*, 2001). The proliferation of social media empowers the web in transmitting opinions from peer to peer, spurring the virality of the message and creating an environment increasingly more difficult for institutions to control. For example, word of mouth and buzz marketing leverage the sharing phenomenon. YouTube is also an interesting example: the campaigns 'get a Mac' by Apple and 'I'm a PC – I'm not alone' by Microsoft have spurred an intensive buzz to interact with consumers. Given this picture, the new challenge for institutions and organizations is to generate 'engagement': that is, to produce an 'action' on the web that is able to produce a 'reaction' – in substance to establish, as Simmel would have said, an 'interaction' to be captured, tracked and analysed by web-analytics tools. In this way, a bidirectional relationship is established and a communication channel is opened to dialogue and to receiving information at any moment.

Sharing between institutions and customers, clients and citizens helps in personalizing the one-to-one relationship and in producing loyalty. This interactive communication is a precious source of information in understanding needs, tastes and behaviours in a

much deeper way than through traditional offline market research. Indeed, communication may become many-to-many: this happens in conversation platforms where many users interact, dialoguing with the institution as well: blogs, forums, brand communities and social media are all examples.

Based on these assumptions, in the digital realm, the concept of 'market' evolves, transforming itself into *a social environment composed of persons, institutions, organizations and products relating one to another and sharing information and experiences.*

This easy peer-to-peer interaction generated by the sharing process produces the phenomenon of a 'horizontal' society: in the eyes of the institution, the public becomes a social group sharing the same interests. In this 'flat' society, all participants in conversations are on the same level: so it is a brand–customer, a government–citizen or an organization–user relationship.

These conversations exclude any hierarchical subordination, are generated by a disinterested attitude and are projected into a sort of utopian 'society of origins' (Rheingold, 1994). The horizontality involves the brand–customer relationship as well, the company accepting implicitly that all its ideas and initiatives are discussed and judged by participants, in total transparency. As anyone can express their own opinion, the information shared is rich and diversified and may influence the thought of other peers, impacting more heavily on the company's reputation. This is the ground on which democracy builds to become a paradigm of the Internet Age.

Dynamics of social networks and communities

As anticipated earlier, this section highlights ten brief *key learnings* which may be of use to institutions for a sociological and holistic introduction to the core issues of the forms of aggregation on the digital realm.

1. A social network has to be interpreted as a set of connected communities. This has deep implications in terms of virality and reputation.

Technology enlarges the boundaries of the socio-technological context, widening interactions up to the creation of real social networks (Wellman, 1999) that embed connected communities.

The social network is considered to be an evolved version of the online community.⁴ However, some differences are apparent: the community is a place where new relations may be built, whereas the social

network allows the same thing, but starting from a network base of already acquired friendships or acquaintances, often coinciding with life offline. As a result, if in social networks the relationships may appear more real and have a central role, in virtual communities, especially in brand-sponsored communities, the width of the user base granted by the brand, and the elements of cohesion such as aims, interests, passions, age and contingencies, are key.

Since communities connect one to the other and so generate social networks, engaging a single community may give a company the opportunity to engage on a wide scale; the down side of course is that a bad comment that damages a reputation may transform a raindrop into a typhoon.

2. Communities may become targets.

A web or virtual community may represent a target for stakeholders, perhaps replacing the concept of a market segment or cluster. Virtual communities meet the human need of re-embedding around a shared element, making their members feel closer and linked: institutions have to pay attention to their deepest dynamics in order to find opportunities for engagement. This implies that new competencies have to be established in different fields of human sciences such as sociology, psychology and anthropology.

A shared identity becomes the unifying element throughout the group: web communities may be interpreted as expressions of a need for identification in the wide and dispersed virtual world. Identities inside communities build up as the membership of the group builds up, with all the members interacting towards the aim of the whole group. With this shared aim, the group attracts and gathers people who share the same aims, interests and passions. Notably, online identities may differ from offline ones as 'digital identities' allow the subject to become recognizable to the group and enable long-lasting relations within the community (Granelli, 2006), not necessarily outside the group.

Communities meet the need for re-embedding typical of the digital society; they give back, on one side, rational responses as information and knowledge, and, on the other, irrational warm, close, empathic relations. In communities a need to belong and a tendency to play a role of protagonist, which are features of the Internet Age, may be satisfied.

3. Inside communities all are involved, but at different levels.

Based on what was said in the previous key learning, within communities members experiment with their self and possible self; the

community is thus relevant in building identities and being able to actively involve its members (Benjamin, 1999). In other cases, the feeling of distance from one's identity explains the search for alternative communities to get one's sense of identity back (Bressler and Grantham, 2000). Experiencing different identities brings into play specific roles inside the community, each with a different identity (Bishop, 2007).

Below is a list of the main roles inside a web community:

- *Lurkers*: those who don't identify themselves permanently in the community.
- *Novices*: new members who have to learn how to engage the group.
- *Regulars*: permanent users positively participating.
- *Leaders*: volunteers, collaborators and members of the staff, taking on the responsibility of running the community.
- *Elders*: regular participants and long-time leaders sharing their knowledge, transmitting the local culture to the others.

A consistent community aims to reach a specific objective in the participants' lives. Therefore, each participant will be satisfied when the underlying objective is established. Once the initial objectives have been defined, along with the growth and development of the community, each member may and should play a progressively wider role in maintaining the group culture.

4. Different media require differing engagements.

If it is true that technology is the ground on which a virtual community shapes up, it is also true that the community influences technology through its capacity for interaction, the choice of media or the creation of new applications. For this reason, communities will in the future play a progressively relevant role: a study by Hagel and Armstrong has indicated that the more consumers become sophisticated in acquiring and managing information and the more they look for other peers, the more important will virtual communities become (Hagel and Armstrong, 1997).

Conversational Web (Web 2.0), enormously increasing exchanges and the influence of technology on the community, enables the development of interaction up to creating real social networks inside of which other connected communities are positioned. A social network, characterized by temporary links, follows amoeba-like patterns, dynamically changing shape and splitting into different new community groups, each pushed by cohesive forces reciprocally attracting particular clusters of members.⁵

The scenario becomes even more complex and systematic as different alternatives and technological choices also influence the selection of *media channels* (social media), further expanding connectedness. It goes without saying that a simple list of *mail addresses* offers a determined realm of interaction, while a Facebook platform allows much wider and diverse possibilities in exchanges and personal expression.

Among the many alternatives, there are simple mailing lists from newsgroups (for example Googlegroups); forums of discussion (such as Alfemminile), blogs, chat rooms, news and contents management (like My Family Travel); and MUDs or multi-user dimensions (such as Ancient Anguish).

Each channel entails a particular relationship with technology, context of usage, connection with peers, and information required. This creates different patterns of development for communities.

5. *Different forms of engagement represent different needs.*

Another variable differentiating communities is the various kinds of social needs that their members share and seek to fulfil through them – to form relationships, to share a specific interest, to make transactions (De Souza and Preece, 2004, pp. 579–610). This distinction provides a general indication to institutions aiming to engage with them.

If *spontaneous communities* are engaged only with difficulty by organizations, because they often use closed mailing lists, there are nevertheless other interesting opportunities (Spaulding, 2010):

- *Relationship-oriented communities* represent a specific target. In fact, they gather persons sharing common experiences in their life, such as age concerns, professions, pathologies, addictions and so on. SeniorNet⁶ is a virtual community for aged persons, with over 20,000 members.
- *Interest-oriented communities* gather people with common interests such as a passion for a sports team or a music group, or dealing with job activities (MSDN) or specific market segments, for example small businesses, as for instance OPEN Forum American Express.⁷ Within this last group the relevant co-production communities often build with the sponsorship of the organization. An example is Fiesta Movement, stimulating the public to 'build and price your car'.⁸
- *Transaction-oriented communities*, on the other hand, like eBay and Craigslist, facilitate the meeting of the demand for and offer of goods, providing useful information for transactions.⁹

Among interest-oriented communities are specific *brand communities*, which aim to create new products or upgrade existing ones; the emotional and cultural tie with a brand becomes the element of social cohesion within the community.

As we will see when we discuss the concept of ‘value for engagement’, and later on in Chapter 7, a positive strategy could be to satisfy the need for relationship, shifting it from peer-to-peer to peer-to-brand, where the brand has to become a ‘relationship enabler’, easing contacts and relationships in the areas of customer interest. This intermediary role allows the brand to express the value for engagement, that is, that value of exchange on which the transaction between the organization and the stakeholder is founded, satisfying the stakeholders’ needs of protagonism, relationship and individuality (Padua, 2011d).

This approach links community strategies to brand strategies; whereas community strategies support the stakeholders’ relationships, helping them to share their own interests and to feel part of the group, brand strategies build brand identity, awareness and reputation. This may lead to the generation of emotional ties being converted into purchases and/or activate processes of brand evangelism, generating viral fluxes, which are strategic elements within web marketing.

Kraft have activated a community where experts dialogue with consumers and provide advice. This generates a feeling of warm closeness and leads to the brand being perceived as a grandma’s recipe book.¹⁰

6. The community may become a way to develop a project.

A community of practice, as defined by Etienne Wenger, comes into being by aggregating persons around interests, problems, passions and projects on a subject, with the members sharing information and creating new knowledge. Abilities and experience are built up through a ‘friendship of learning’, founded on peer-to-peer relationships.

An example of a successful community of practice is LinkedIn,¹¹ the well-known organization whose members create a professional network. The main aim of the network is to enable registered users to create a list of known and reliable persons in the professional sector.

There are three main elements of a community of practice:

- *The domain or subject* The Barilla community ‘Il Mulino che vorrei’¹² is a participative innovation platform that allows its members to communicate to the brand to contribute to its improvement and its growth. The subject or domain is something more than a generic interest: it is a tie of trust and identity with the brand.

- *Practice* Participants to the community share a practice of life. Cml Earth¹³ is a global community created by Novartis to generate awareness of chronic myeloid leukaemia. It groups patients, caregivers, doctors and supporters from all over the world. All groups participate in the community, exchange experiences and build an awareness of everyday living with the disease, sharing information and suggestions.
- *Community* The community emerges from sharing a common problem, an interest, a value and a story. The forum alFemminile,¹⁴ which aims to support mothers-to-be, aggregates women strongly motivated by the sharing of similar emotional experiences.

The domain and the practice are the peer-to-peer engines, creating aggregation, socialization and a strong feeling of trustworthiness among members. Learning together depends upon the quality of relationships of trust and on commitment among members, through the productive management of the boundaries of identity and, often, by the decision of someone to acquire the leadership and play different roles.

7. Small groups and big groups have different dynamics.

In the digital realm, a group is a plurality of individuals connected one to the other, sharing something relevant to themselves and regulated by specific sociological dynamics and norms.¹⁵ To build a group, there is no need for either a physical proximity or a common interest: the essential feature is the sharing of ideas among its members and the real value of what they believe in.

The group builds to satisfy an established underlying human lack of satisfaction. External communication represents a way to give continuity to life and, being tied to the interior emotions and values of life, enables an integral development of the subject: the group is a nucleus inside which the subject grows, orients himself, and develops the relations and ties necessary to his existence. Indeed, a group is able to satisfy a certain number of individual and collective objectives, but it can't meet all the different needs.¹⁶ For this reason, we each belong to different groups, aiming to satisfy some part of our needs in each one.

Social dynamics is the life of humanity: as the group forms out of a set of forces that reach their internal balance through opposition one to another, each change in the internal structure of the group entails a modification of the whole. The group influences not only the rational side of the individual subject but also their feelings and expressions: *every group has emotions and sensitivities shared among its members.* The

more the personality of the group is defined, the stronger is the tie between the group's aims and its participants' objectives.

From all the above, we see that the digital 'social fabric' is composed of small networks of human relationships, where opinions, values, norms and behaviours are in continuous transformation. Indeed, the larger the group, the more evident is the level of diversity among its members, and, consequently, the looser the relationships between the group and its components. Importantly, this enables links among members of different groups.

A large membership lowers the level of personality – that is, it gives less room for individuality and produces a higher level of formality, tighter rules and more detailed norms. On the other hand, within a small group of people, mutual adaptation and a lower level of formalities is possible. In large groups contacts are less frequent and less close. This lack of 'intimacy' as Tönnies would put it (Tönnies, 2011), creates barriers to the emotion and free expression of participants. From this point of view, communication appears less valuable to group members. As the number of participants increases, more and more individualization is lost: for this reason, quantitative difference becomes qualitative both for the group and for individuals, which impacts on members' behaviour.

Network analysis, a social sciences methodology, has shown how density, which is the level of efficiency of the relational interchange among the elements of a network, indicates the potential utility for each of its members. Small and dense networks are sometimes more useful than wider networks with loose ties. Indeed, the latter are more useful in the exchange of new ideas and opportunities, thus also favouring innovation. Relations, in fact, are the building blocks of the network that allow information to circulate.

8. Trust may be lost very quickly and virally throughout the whole community.

Of peculiar importance in this context is the concept of trust developing among active members within virtual communities. As we will deepen this concept in the following chapters, we may say, for the moment, that trust is the positive expectation that a person has towards another person, institution, organization, tool or process, based on a projection of past experience (Jahnke, 2010).

Social relationships within a virtual community are often based and built on the concept of reciprocal trust or even a pre-trust, encouraging users to become members. A betrayal of trust may have a negative impact on the community and may limit collaboration among

members. Indeed, the awareness of such an event may spread inside the community by influence.

Social dynamics that may in the offline world take months or years to evolve can on the internet occur in just two days.

9. The adoption of online communities inside organizations may foster offline collaboration.

Virtual communities are social spaces where intentional collaboration among individuals aims to create something superior to the sum of individual contributions.

The online community transforms itself into a specific entity generating identity, knowledge capital, emotional competencies and possibilities of expression but also building and experiencing personality. It stimulates its members to become proactive, to sympathize with others and to create a social system.

Traditional offline communities and online communities have some elements in common, including:

- Shared interests.
- Shared values.
- Attention and interpersonal relationship skills.
- Discussion skills.
- The existence of an ethic.

Online and offline existences are therefore in some ways integrated. When we connect to the web, pre-existent real communities don't fade, but rather help in understanding new contexts where computer-mediated interactions take place (Baym, 2002). Often, online sociability represents an incentive for real sociability: members of virtual communities tend to travel more and to have more friends and acquaintances. As offline community members group together based on their multiple interests, the online activity reflects the same pattern. Castells calls such specialized and diversified relationships 'portfolios of sociability' (Castells, 1996), while Wellman uses the expression 'personal portfolios' (Wellman and Giulia, 1999). These concepts reflect a multidimensional online presence.

10. The community has to be managed in a holistic way.

'Holistic' here refers to the ability to capture the totality of the system, treating it as a unique whole, where the totality is something more than the sum of its elements. The conversational relationship between

organizations and online consumers brings with it opportunities and risks. The main threat perceived by organizations is the loss of control both of their reputation and of an active role in the sales process, of risks related to intellectual property and network safety.

Indeed, there is another element threatening the effectiveness of web marketing: low awareness by companies and organizations that have to make the most out of the web of the need for a holistic approach within the social network, which is an ecosystem in continuous mutation – connections and interactions constantly altering identity and the feeling of belonging; personal reference systems; communicational fluxes; collaborative production; and transactional processes among the community members.

It's the skilled job of the community manager to establish engagement, to activate a dialogue and to build value for engagement. The community manager has to know where to find clients or users, how to participate in the dialogue in an adequate way, how to reach conversations, how to react and answer promptly, and, in the end, how to measure the results in terms of brand awareness, brand image and brand reputation.

This has been the strategy of Intelligent Positioning, a British company leader in web consultancy, which succeeded in bringing their client Voicenet Solutions, a provider of hosted telephony, to market leadership (voicenet-solutions.com). Crucially, behind this achievement has been the creation of a community of 200 resellers through an integrated campaign of PR, events, advertising and online marketing. To this extent a highly relevant role has been played by the richness of information on behaviours, relational attitudes, and socio-psycho-geo-demographic data gathered from conversations inside the community – a richness of insights that a marketer could once not even have imagined.

3

New Models of Social Intelligence

Executive summary

The Internet Age introduces new models of value creation, disrupting the traditional linear rational patterns and leveraging the power of new, democratic, bottom-up forces. 'Connecting the dots' and 'crowdsourcing' become two new paradigms of the high-speed connected web environment. Social sciences provide different approaches to the understanding of this new realm via different models of thought: from 'collective' to 'connective', from 'emotional' to 'cultural' intelligence. This change requires a new mindset to be developed by institutions and organizations. To this extent, three challenges are provided:

1. 'Organizations have to become more Eastern than Western.'
2. 'Organizations have to become more woman and less man.'
3. 'Organizations have to become more gift-oriented than sell-oriented.'

The complexity of the internet pushes institutions towards a necessary cultural shift to cope with the new social, technological, economic and business patterns arising from the digital system. In this chapter we reflect on the changes in cultural mindsets within institutions. (The strictly organizational side of the analysis will be tackled in Chapters 4 to 7.) This change in frame of mind will lead to the establishing of relationships with stakeholders based on values different from traditional make-or-buy patterns – introducing trust, listening and collaboration as new paradigms of development and innovation.

To try to understand the key drivers of change within the complexity of the web system, we have identified two main dimensions: the first is horizontally oriented, the other vertically. They will represent the two basic assumptions of our reflection on the change of institutional mindsets.

Connecting dots

The world is flat,¹ society horizontal: to put it simply, we live in a globally connected reality where knowledge grows on the surface rather than in depth, intertwined among an immeasurable number of connections and interactions. The entire development of our actions appears to take place on the surface, without achieving the depth so praised within the traditional cultural mainstream. Indeed, 'on the surface' doesn't mean superficially: it's just another direction of knowledge-building, leading to consequences different from those brought about in the past (Baricco, 2010).

In this context of a richness of accessible resources, if institutions are to generate knowledge and innovation then they will have to develop new competencies based on the ability to 'connect the dots'. In contrast to the linear models of classic rationality, the Paretian 'instinct of combination' (Federici, 2006), requires not logical and sequential competences but abilities to generate facts and new nexuses from known elements, leveraging a mix of rationality (web analytics) and irrationality (imagination and serendipity). The process of connecting existing facts or information sourced in different locations of the globe, or from culturally diverse persons, will give a significant role to the management of cultural diversity. This is something which institutions will have to deal with, and those able to develop these abilities will enjoy a definite competitive advantage.

Change happens horizontally, driven by connections and speed of connectivity; Joshua Cooper Ramo (Ramo, 2009, p. 25) argues that leaders today are not aware of the amazing speed at which change occurs, but the consequences are before the eyes of all: one bank collapses, then other fifty follow; one nation builds a nuclear weapon and another ten countries try to replicate. The vastness of the challenges we have in front of us, the failures we will have to face, and our lack of ability to manage new problems effectively using old patterns of thinking will lead us to question many fundamental values of our society. If we want to manage the new we have to radically change our models of thought, as facts are unpredictable and moreover will become more and more so. The unexpected is the key to change, says N. Nassim Taleb: only what

is unpredictable has value along the path of history. The speed of the virality of 'toxic assets' from the USA housing market to global finance has been an unpredicted reality. Some banks seemingly enjoying full reliability have collapsed and both American and European financial reliability rankings have been cut.

In modern and postmodern societies, events haven't been instant surprises: the computer has impacted society over time. In the Internet Age, Web 2.0 is dramatically accelerating the pace of change following viral patterns: connection is at the basis of pandemic contagions.

Epidemiology explains the three agents of virality (Gladwell, 2000, p. 7):

- First, *contagiousness*: A contagious behaviour transmits to other persons in similar contexts. The web space is made of interactions, so contacts are possible among a huge number of persons and contagious behaviour spreads.
- Second, *little changes have big effects*: Contagion starts from a small amount of infected units.
- Third, *speed*: Change happens not gradually but suddenly.

These three aspects, particularly the third, offer great insight into how change takes place. The whole idea of change on the web is tied to the concept of contagion. The intense and pervasive branching of networks of all kinds, from internet to transport and markets, generates extraordinarily fast virality. Just some examples are: health virus alerts, the dangerous virality of financial breakdown, the 'Arab Spring' involving several North African populations, bugs potentially infecting all the web. Goleman maintains that even our brains, programmed to connect to other individuals, interact in a surprisingly easy way, diffusing emotions as though they were viruses (Goleman, 2006). These emotions, expressing sociability, are transmitted via the web even though people express them in ways different from those of the past or in different contexts of sociability.

In chaos theory, early weak signals, almost indistinguishable, may become suddenly uncontrollable tsunamis at global level:

In science as in life, it is well known that a chain of events can have a point of crisis that could magnify small changes. But chaos meant that such points were everywhere. They were pervasive. In systems like the weather, sensitive dependence on initial conditions was an inescapable consequence of the way small scales intertwined with large. (Gleick, 1997)

This is the reality of the web and of globalization: it appears that all of us share the same destiny. Connecting the dots may be a process of synthesis enabling us to understand and innovate in a complex and high-speed connected environment.

Crowdsourcing

In the scenario of the current global crisis, where the paradigm of nation-states has apparently collapsed (Habermas, 1991; Bauman, 2005), and governments are showing a growing lack of control over the economic, political and social processes, there are some signals of a shift taking place from traditional government-centred models to people-centred ones: the need for innovation and fresh ideas to understand and meet people's needs; the striving to lower welfare costs; people's call for involvement and participation; the pervasive use of handy and easy-to-use technology and information at no cost – these are just some of the various reasons behind the growth of the bottom-up social forces now disrupting institutional power relationships.

This scenario entails deregulatory processes and changes of traditional frameworks pushing actors to take new positions, roles and powers. For these reasons new models of bottom-up 'subsidiarity government' are being introduced that are able to activate popular empowerment based on information-sharing, peer-to-peer counselling and social participation.

In both assumptions, connecting dots and crowdsourcing, the attempts by eminent scientists to comprehend the evolution of society as a result of human interactions are of the utmost relevance to institutions. The progressive fragmentation and individualization of society has, through a network of interaction, changed patterns in virtually every field, so that any new interpretation of an interacting collectivity enhances the general understanding of different areas, including technology, politics, the arts, economics and science among others:

- *Collective intelligence* offers a first form of comprehension of human interaction (Lévy, 1999); it is conceived as the result of collective memory and imagination, giving origin to a projectile force.
- *Connective intelligence*, on the other hand, is the multiplication of related intelligences one by the other within the time of a real experience (De Kerckhove, 1998). The occurrence of a real interaction results in an outcome superior to the sum of the single contributions. Connective intelligence is an application of collective intelligence

and explains many collaborative social behaviours such as wikis – websites that allow the creation and editing of any number of inter-linked web pages via a web browser. De Kerckhove maintains that these instruments offer the possibility of creating more democratic new dimensions in politics and the economy.

- *Emotional intelligence* is a behavioural model based on intrinsically human characteristics: the ability to manage our emotions and the potential to improve relationships with others (Goleman, 2006).
- *Social intelligence* enlarges the scope of analysis beyond individual psychology, to reach a bi-personal psychology – that is, what emerges when we are in contact with another person (ibid.).
- *Cultural intelligence* is the ability to bridge cultural diversity throughout different nationalities, work areas and organizational cultures (Christopher and Ang, 2003).

These different approaches have something in common: a substantial push towards the comprehension of the power of people as an entity able to self-organize and act as a unique body. This super-individual entity is an extraordinarily powerful tool to be leveraged; alternatively it may transform into a formidable enemy if a conflict arises.

The presence of public institutions on the web shows the relevance attributed to a collective and connective intelligence via websites dedicated to crowdsourcing. Challenge.gov is a platform where ‘the public and government can solve problems together’.² With all the difficult challenges today – public budgets shrinking, loss of central powers, a fragmented and diversified society, global movements, and so on – it is much harder than yesterday for governments to solve all the issues. That’s why collaboration with the public may become of the utmost relevance, and why increasingly people are invited help solve government problems, whether of personal or general relevance, with creative and innovative solutions.

SeeClickfix.com is an opportunity for the government to hear citizens’ ideas about the perfect system to receive feedback and service requests. Through blog posts, email surveys, video testimonials, voice call-in captures, and Twitter update submissions, the people of Washington, DC are engaged to provide their input into what they’d like to see as a DC Community Platform.³

MySociety⁴ builds websites which benefit the civic and community aspects of people’s lives. The objective is to help people become more powerful in these areas: reporting transport issues and street problems, receiving answers from public bodies and contacting public

representatives are just some of the ways to exert civic rights and contribute to the improvement of civic society.

The relevant features of these two assumptions, connecting dots and crowdsourcing – one dealing with methodology, the other with human interaction – lie in their contribution to the building of value. In the Internet Age, value appears to build up through an evolution of traditional patterns and the acknowledgement of new methodologies, processes and different power relationships between institutions and people. Connecting dots implies the disruption of traditional linear rational thought; crowdsourcing shows all the power of new democratic, bottom-up forces. Behind both lies the power of the individual having the same possibility of expression as all their peers and the certainty of being heard. A trustworthy relationship between institutions and stakeholders may be the only way to exert any influence within what may otherwise become uncontrollable.

The three paradoxes of change

The deep-going evolution of society, economy, politics and technology driven by the Internet Age means that institutions and organizations face a cultural change to their mindsets and business approaches. I'll try to synthesize the change in three challenges:

1. *Organizations have to become more Eastern than Western.*
2. *Organizations have to become more woman and less man.*
3. *Organizations have to become more gift-oriented than sell-oriented.*

Let's start from challenge number 1.

1. *Organizations have to become more Eastern than Western.*

We're not anymore architects of the world, we're gardeners. For hundreds of years we've been architects of a system we thought to be able to control. Now we are gardeners of an ecosystem always alive and variable. (von Hayek, 1988)

It is not possible to manage crowds and overcome their strength: following the time-honoured maxim 'if you can't fight it, join it', we may argue that joining is not enough: we have also to adjust to it. Coca-Cola is a brand which has understood this. Coke's Facebook presence was started by an actor and a screenwriter in Los Angeles, gathering a

few hundred thousand fans on their page. Coke, instead of opposing them, smartly decided to join them, building on the existing audience (Sviokla, 2011). Today Coke has the eleventh most popular page on Facebook. Coca-Cola has understood the value of adopting a *resilient* model rather than a *resistance* one.

In the Internet Age, the democratic process leading to the upsetting of the balance of forces between organizations and stakeholders has enabled the public to gain huge power: in many cases, opposing it may be either impossible or else would require a huge and unaffordable amount of resources. The Chinese philosophical approach, suggesting a progressive and constant adaptation, the opposite to the Western costs–benefits relationship maintained by rational choice theory, indicates a new strategy. As argued in the classic *The Art of War* by Sun Tzu, the exploitation of ‘propensity’ means to help, without forcing, the process of natural transformation.

Adopting ‘resilience’ rather than ‘resistance’ means to attempt to be prepared for any possible event, which requires one to have a constantly reactive attitude while waiting to be attacked. Poorly adaptive systems lead to failure, as they are unable to change or adjust quickly to the unexpected (Ramo, 2009, pp. 217–19). In substance, this stance transforms dangers into opportunities.

Thus, just as in Chinese culture, F. Jullien argues that ‘the main worry of the Chinese strategist consists of not stopping the flow of facts, to let transformation operate to one’s advantage’ (François, 2008, p. 67).

This implies assigning a different value to *time* – being able to wait, not relentlessly battling conditions, but instead transforming them over time and in an imperceptible way. Action is momentary, local, subjective; transformation is global, extended in duration, progressive and continued (ibid.). The two mindsets are dramatically different, as the Eastern approach is based on the paradigm of ‘advantage’ while the Western economic method is based on ‘utility’. In the first, the focus is on the process, in the second, on the goal. The message for organizations is clear: focus on conversation rather than on sales.

This concept has become the new paradigm of the Internet Age. We’ll see in the next chapters how this idea interestingly copes with the concept of a relational good – a good produced among persons, as a result of ‘reciprocal knowledge, sharing of experiences, attitude to collaboration’ (Donati and Solci, 2011; Uhlaner, 1989) where the relation itself *is* the value. Indeed, a relational good builds up *in time* and may become a tool or a resource allowing a flexible adaptation to changes in context. Its

value lies not in the absolute reaching of a specific goal, but in the use of it to control, to generate new networks, to build primary networks of sympathy, to generate profit. As we will see in Chapter 8, this doesn't mean that organizations don't have to make profits, but that their competencies do have to focus on the management of relational goods. This means, first, managing different lead-times in conversions (people may require different lead-times to turn a conversation into a purchase), and, second, managing different uses of the relational goods (some may be effectively used to control, for example via influencers). As we will see, relational goods work as bridges built up through dialogue and conversations that communicate the trustworthiness of the organization. It is clear how this is a gardener's rather than an architect's job.

Time has a crucial role: the organization has to be able to wait, respecting the human dimension of time – which proceeds more slowly than profit lead-times, innovation lead-times, or production or market lead-times and engaging in a positive and trustworthy dialogue, which means showing integrity, transparency, benevolence, competence and value congruence.⁵

Managing conversations means managing time, being able to wait for results and to adapt, step by step, to small results as they are achieved, all in a different frame of mind, which could be the engagement mindset.

Obviously, on the web this process leads to a different business pattern: not engaging with a market segment or a single individual, but instead working to obtain an influence that is widespread. This entails another relevant competence: understanding the transformation that is happening around us and being able to capture the elements of the competitive scenario. According to Eastern philosophy, institutions must catch the 'favourable time' and not the 'event', that is, the sudden occurrence which changes history. According to Jullien, an effective competitive approach aims to deconstruct the enemy rather than to destroy it, eroding the potential of its position.

How would this be possible? It appears that on the web the potential of a competitive position is determined by the quantitative and qualitative possibility of engaging. As we will see, finding new creative and effective ways to positively engage with persons, groups and crowds means being able to adopt a trust strategy and also a value-for-engagement mindset.

2. Organizations have to become more woman and less man.

It may appear awkward, or bound by traditional clichés, but this challenge clearly states how organizations have to become more able to

attract rather than conquer. This means following *pull* rather than *push* strategies, involving one-to-one interaction abilities, time management, intuition and perception.

1. Interaction abilities: scientific research shows that males tend to control the discipline of the members of a group (developing a strong controlling attitude), while females tend more to develop one-to-one or small-group relations (developing interactional abilities). The reason for this seems to lie in the need to lead the team in the first case and to search for help in child-rearing in the second. One-to-one interactional abilities have proved to be an effective web approach.

Other, less deterministic theories show that females behave in this way only in front of males: in this case this would suggest a more subtle female behaviour, probably corresponding to a precise strategy of complying in a subtle way with the role of the male leadership. This would also correspond to an interesting pull strategy.

2. Time management: in the ritual of courtship, females of most species favour taking time while males prefer action (not big news!). A woman manages time while a man acts directly. The female approach to courtship is more personal and intimate. It is generally characterized as 'taking time, waiting and listening'. Conversely, men are said to prefer 'acting, doing and saying'.

Indeed, women tend to describe courtship in a nuanced way, one that is indirect and is usually oriented towards emotional and mental connotations.

Building a relationship on the web takes *time*: conversations help a lot in this.

3. Research reveals that women's brains have developed more on the creative-intuitive side: they reach a higher score than men in tests for a perceptive ability that requires a higher component of intuition than of logic. Creativity is key in generating experiences for consumers.

On the web, institutions have an approach different from that of individuals. Their ability to manage complexity relates to instruments of control such as legal contracts or quantitative analysis, information and knowledge. All this is aimed at minimizing risk. Individuals, on the contrary, being tied for lack of tools (economies of scale to absorb the costs of high levels of information, statistical analysis) to a bounded rationality (Simon, 1972), are unable to reach such an informed level: people are used to taking decisions in conditions of great uncertainty; they rely therefore more on trust than on confidence, that is, on intuition

and ‘leaps of faith’ rather than on calculations and sophisticated knowledge.

Interestingly, in such a complex system as the web, institutions too often find themselves working in a context of ‘bounded information’, and therefore under conditions of ‘bounded knowledge’ (ibid.). This is something new and hence may generate uncertainty and a feeling of risk. It is an important reason why many institutions do not judge themselves ready to enter the web.

It is not possible to become ‘expert’ on the web. It is not possible to know everything, as the rhythm of growth of information on the internet goes beyond any human or technological size. Every 60 seconds, over 1500 blogs are posted, 500,000 comments are posted on Facebook, 1600 readings are made on Scribd, over 70 domain registrations are made, over 600 videos are published on YouTube, 98,000 tweets are tweeted, over 320 new Twitter accounts are registered.⁶

Institutions must therefore develop, besides the rational-analytical approach, an irrational, intuitive component as well. In many web analytics tools, the mix of human and technical competence forms the foundation of success. Also, intuition plays a key role in the definition of some aspects of the customer journey, for example. Creativity and inventiveness appear to be key in achieving an integrated approach to the complexity of the web.

3. Organizations have to become more gift-oriented than sell-oriented.

Only sharing and giving, with a non-self-interested attitude, allows empathy with community members.

Bigheartedness among peers in sharing information is a fact: file-sharing, participation in communities, contribution to wikis, posting information in social networks – all are examples of actions not driven by a direct and definite individual self-interest. These acts are performed for the pleasure of sharing, interacting, making new friends, talking, and in response to many other ‘human’ needs.

To engage in conversations, organizations have to become empathic with this attitude, demonstrating a similar feeling. We will tackle the subject of generosity when discussing trust beliefs. For the moment we may say that:

- Bigheartedness may become an opening to a sincere relationship, since it is a constituent element of trust beliefs, under the definition of benevolence. (Benevolence is one of the four trust beliefs we will tackle in Chapter 5 and Chapter 8; they are benevolence, competence, transparency, integrity and value congruence.)

- Organizations and industries often suffer from a negative image: profit-oriented behaviour has too often led to a negative impact on the environment, on society or on the economy. A non-profit-led approach, though, is perceived as a *sustainable* attitude, one much appreciated by stakeholders.
- Giving is one of the strongest bases of reciprocity. Building as it does primary social capital, such as close peer-to-peer relationships, it involves a sense of civility in the form of regard for others, politeness, sense of cooperation and reciprocal solidarity – all leading to an interpersonal reciprocity based on giving.

For organizations, being giving-oriented means engaging effectively in conversations. Indeed, for such bodies, there is another, advantageous side to the matter. Sharing knowledge and personal data brings a positive payoff: both parties win. László Mérő, in game theory (Mérő, 1998), argues that whether a game is or isn't competitive (or, conversely, cooperative) is often determined by circumstances and not by the rules of the game. This is true when community managers create circumstances to help positive feedback, that is, create environments where highly valuable information is available. This makes the members feel that participating in itself is valuable.

Indeed, cooperation is a first step, the evolution of which is *collaboration*. If cooperation focuses on result, collaboration focuses on relation: this is the most valuable aim of social media. This subject is discussed in greater depth in various places in the following chapters.

Experiment and errors

Finally, we ought to ask ourselves: how can the culture be changed inside an institution? It might seem easy, but in reality it is not at all so, because change implies being able to experiment and having the courage to make mistakes.

There must be someone inside the organization to help processes to evolve within complex systems. I would create a new position with the title of 'facilitator'. A facilitator creates links in order to solve problems and offer opportunities to the institution in which he or she works; there has to be someone taking risks so as to make new things happen, facilitating the exchange with the outside.

Organizations willing to be open to change need an adequate culture to sustain experiment. Within experimentation, errors are implicit variables. Organizations don't have to be afraid of them, but rather have to understand the background opportunities needed to improve, grow

and achieve a solid position in the market; when an error occurs, it is not enough to consider it simply a negative element, an accident to be removed forthwith while concentrating on its causes to restore the system.

Thomas Kuhn, in the 1960s, offered an interesting interpretation of error, considering it as an engine for the evolution of scientific paradigms. Science, according to Kuhn, proceeds on the basis of discrete evolutionary steps and not by a continuous progression. When something unexpected happens, the current paradigm, the set of rules and values shared within the scientific community, breaks down and is overtaken by a new paradigm (Kuhn, 1996). Indeed, James Joyce called mistakes 'the portals of discovery', a designation that applies to the business world as well as the literary one.

In 2010 People Metrics's Most Engaged Customers (MEC) study⁷ analysed more than 15,000 customer ratings of 67 different brands, to understand the rules of engagement. The report concluded: 'Consistently excellent service delivery is an essential ingredient to create high levels of Customer Engagement.' However, results show that a positive recovery from a product failure is an excellent opportunity to build trust. Customers having the highest engagement levels are often those who have experienced a problem with a brand which had been appropriately solved by the company. When good problem-handling is in place, 48 per cent of customers are engaged with the brand compared with just 31 per cent of customers when poor handling is a problem (Feather, 2011).

In the organizational realm, quality certification systems (ISO 9000) have made a strong contribution to using customer complaints as a tool for improvement. Complaints worked to push ahead changes in productive processes and in the organization.

A customer complaint is an error inside a process. Indeed, restoring the good functioning of the process is not enough. This approach is a 'resistance' one, not a 'resilient' one. A resilient approach implies a rethinking of the process, not just fixing it. It might imply a product improvement.

Web 2.0 increases exponentially the contacts between an organization and its stakeholders, reporting comments on product quality, on failures of products or on customer needs. This helps the organization to improve.

Errors have a relevant role within the process of building value because they reinforce valued features like transparency, promotion of dialogue, improvement, benevolence, integrity, competence, and congruence of values; this all builds trust and, through trust, engagement.

Organizations have to build a culture of experiment which institutionalizes the management of error in order to signal the acceptance of errors as part of the experiment – in a responsible way, naturally.

Developing social intelligence means experimenting with models, tools and actions. It requires connecting dots, crowdsourcing, and the adoption of a resilient, perceptive and benevolent attitude so that an institution becomes trustworthy and engaging.

4

The Internet Organizational Realm

Executive summary

Internet democracy means freedom of expression and action, shared production processes, and respect for diversity. The shift of communication from media to individuals, and people empowerment due to open access to information, generate a need for a brand–customer dialogue never experienced in the past. The ability to interact effectively with customers is becoming strategic in building long-lasting relationships.

In the internet’s systemic environment, organizations are undergoing a complex process of change, causing issues in adaptation. Organizational structures need to evolve into network-relational models, adopting open communications patterns and global human-resources-development strategies. Business strategies require new competencies in managing technology, sales models, distribution patterns and dialogue to engage the customer in conversation and driving them to an attractive website.

The aim of this chapter is to prepare the ground for the discussion on trust and engagement that follows, building on previous reflections about the Internet Age scenario. As trust is the building block of relation, in this chapter we investigate how the organizational realm is moving towards a ‘relational system’, characterized by constant interactions among constituents. In an age when internet democracy empowers consumers while at the same time it is being challenged by the growing influence of search engine companies, organizations must face a deep change to be successful. *Sharing* and *engagement* will be the new

paradigms of network-structured organizations, of strategies of human resources development and of customized marketing approaches.

The Internet Age scenario: how the landscape changes

Some facts:

The average knowledge worker accesses their email more than 50 times in a working day, uses instant messaging 77 times and visits more than 40 sites a day. – *Tony Wright: 'Information overload: Show Me the Data', The RescueTime Blog, 14 June 2008.*

A typical American worker spends a quarter of their time searching for information. – *Jeff Dance: 'Enterprise Technology Delivers More Efficiency', Freshconsulting.com, 9 December 2009.*

16 per cent of the content within typical businesses is posted to locations where other workers can access it. – *Accenture, accenture.com, 4 January 2007.*

The democratization of information has led to a new renaissance in learning, providing access to information otherwise unobtainable other than in the very best seats of learning and finest libraries in the world. It has led to freedom of information that is essential to innovative economic activity and growth. It has empowered repressed peoples around the world to give voice to injustice. It has enabled knowledge exchange and stimulated creativity. The masters of the Renaissance would be in their element. The web-interconnected economy, characterized by global reach, its pervasiveness, its powerful, accessible and user-generated technology, and its lack of barriers at the entry, where multichannel information flows potentially without limits, has become a democratic environment (Titterton, 2011d).

Driven by the same revolutionary impulse, in the communications realm this evolution has coincided with the shift of focus from media to individuals, erasing traditional monodirectional processes to create a new environment where a dialogue between the brand and the client and among clients takes place. It is no longer a monodirectional communication, nor a simple relation, but is rather the establishment of a real interaction, where the bottom-up role of the protagonist becomes pre-eminent, thanks to the power of the highest freedom of expression, and requires, as a prize, personalized attention.

This condition of democracy places people in a position to choose: the market has become global, information and technology make comparisons extraordinarily accessible, and, in this scenario, companies

have to become competitive at a global level. The bad news for Western companies is that the new competition entering the global market is able to deliver high quality at low cost, particularly when the competition comes from developing countries or the BRICs.

Democracy implies participation.

In the ancient Athenian polis, the democratic concept was based on the assumption that the populace generally would participate in governance, but in the evolution of history public affairs were progressively conducted by a group that was limited to representatives elected by the population. This social pattern is replicated on the web: all people living in countries where the internet is not subject to censorship, access information and are free to express their own opinion, but, inside communities and groups, which are the most diffused social model of aggregation, interaction such as that with companies is limited spontaneously to a small group of influencers. In fact, within communities (see Chapter 2) there occurs a segmentation of people according to the various levels of proactiveness.

However, the functionality of the democratic paradigm appears to be compromised by the growing role of search engines in managing information and technology and using increasingly sophisticated algorithms. As we have seen, organizations need more and more data and information so as to develop their analytics and intelligence in order to customize their offers to customers. Information delivers each customer's history of habits, tastes, behaviours and choices – in a word, of 'clicks'. This allows the creation of one-to-one tailored products for a more effective engagement in conversation. The issue arises with regard to the 'behaviour market' which is developing out of our web search actions (Pariser, 2011, pp. 1–20). It seems that individuals and their behaviours have become a market in itself, where every 'click signal', an exercise of freedom and choice, is transformed into a commodity to be sold. The underlying business model is that the more personally relevant the extracted information is, the more one-to-one ads can be sold, offering a very highly focused meeting of consumer needs.

Apart from the deep ethical implications already mentioned, complex security issues arise around the customization process because the handling of personal information by several parties must lower any guarantee of security. An issue of company–consumer trust may also arise, because of possible phishing attacks. For example, an attack on the databanks of a company may translate into a leak of customer personal data, breaking relations of trust. We look at security issues later, in Chapter 5, discussing the relationship between trust and security.

Notwithstanding these complexities, it is irrefutable that the internet allows freedom of expression, of action, of interaction up to a

brand–customer sharing of productive processes and encourages exchange among diversities. Four main principles of web democracy are discussed below, and some examples of actions are given to indicate how strategic brand guidelines may stem from this new environment.¹

Democracy principle number 1: Freedom of expression

Today, dialogue with consumers is key in developing brand marketing strategies. The dialogue has not only to be activated, but also to be kept alive so as progressively to consolidate a trustworthy and emotional tie that gives substance to the Customer Life Value, the key variable in the measurement of profitability built on the single consumer.

Through encouraging dialogue and free expression, offering information on products and improving online services, the relation with the client is cemented. This open approach will translate into:

- Offering significant information and relevant products and services to each targeted customer: improving online services, solving problems, and providing information requested on products.
- Generating empathic, involving and attractive communication.
- Making the consumer search process effective in reaching your website via search engine optimization (SEO).
- Integrating SEO with a strategy of social media optimization (SMO).

Freedom of expression involves several other issues. There are countries, victims of the digital divide or restrictions on liberty, where freedom of expression is not encouraged, where it is feared that nonconformist ideas and expressions can erode the status quo. Is there a link between democracy, free expression, economic growth and social development? The West has developed in ways different from those of, say, China. The West focuses on innovation while China's success is based upon low-cost production. The West produces brands while China produces products, though at rising levels of quality; open debate and constructive challenge can provide a sharp shift in perception, leading to a more diverse view of problems that may lead to better solutions and richer opportunities.

James Surowiecki in his book *The Wisdom of Crowds* (Surowiecki, 2004) argues that according to most diffused diversity management theories (Tajfel, 1978; Cox and Blake, 1993; Wilson, 1996), groups' collective decisions are consistently better than individual decisions made by any single member of the group however expert. This is a vote for diversity of opinion, education, and culture. It suggests that groups which contain people from disparate backgrounds are more innovative

and bold in their views and ideas than those groups made up of like-minded people.

This is a further vote of confidence for the collaborative nature of web forums. Here there is an important message for marketers: don't research people, let them research your brand. By controlling debate you can often restrict it. Fiat's approach to the creation of the new Fiat 500 is a great case in point: it was brand democracy in action (Titterton, 2011d).

Democracy principle number 2: Freedom of action

Advertising has been going on for thousands of years. It started as conversations about products or services, then word-of-mouth communication was succeeded by newspaper and magazine advertising in the seventeenth-century of England. It spread to America in the early eighteenth century. Advertisements began to be broadcast to large audiences over the radio in the early 1920s, and from the mid 1940s on television.

Although social change since the 1950s has been dramatic, the mass media and advertising remained much the same before the creation of the internet. Until then brand companies utilized a marketing model that controlled the message, in one-way communication: television, print, and radio ads create no customer-brand dialogue.

The internet however has now effectively recreated the original form of advertising: word of mouth. The difference between the past and the present is the connectivity of the web – that is, the ability to connect, engage in dialogue, transmit and share information with people in large numbers once neither imaginable nor reachable. It has empowered consumers to demand better products and services, sharing best and worst brand practices in forums that have great coverage and speed, and in some cases great depth. Dialogue with the consumer is now the key to brand development.

Marketing professionals need to adjust to this new customer empowerment. A process of some complexity, this is a brand journey where the marketer can win friends and just as easily lose them. In many cases the marketing effort must change, from placing less focus on brand advertising at the initial consideration phase to developing internet properties that help customers gain a better understanding of the brand when they actively evaluate it. This may mean that a change in process is necessary, from pushing a brand message onto customers to providing information, support and experience of the brand (even if only a virtual one) that engages the customer in a dialogue so that they can make their own decisions.

To this extent, some examples of action may be:

- Creating external and internal links to the key social media networks.
- Originating forum, chat, blog and other community-building contexts.
- Developing customized topics.

Moreover, in the multitasking world of today, where time is a scarce resource, social media allow response to the needs of people who are looking for real-time communication, deciding their own timing autonomously, and trying to get away from rhythms imposed by others. This property of 'time fruition' allows, for example, a busy mother or a businessman, through Facebook or LinkedIn, to chose the right moment to interact with a friend or a colleague, or to contact them directly. The depth of dialogue depends on the mood, the time available or the need.

Human beings are social creatures. As individuals, we enjoy discussion, sharing information. We love to share our experiences and not just about the brands we buy or the car we drive or the hotel we stay at. We also enjoy publishing our thoughts through Facebook, Twitter and lots more social media sites. Those private thoughts made public can then be seen around the world not just on the social media website but through the 'long tail' (Anderson, 2008) of media recognition of what you have to say.

But why do we share? Research by Share This Survey reports that 81 per cent of persons share online to help someone who will benefit; 42 per cent share to exchange something, like photographs, stories and information – the last on products and services in particular. Sharing is the current social currency that the company has to distribute, activating a viral mechanism for the transmission of positive information to build a relevant and engaging brand image, creating environments, helping community relations, and offering contents rich with topics tailored to the tastes and interests of individual consumers and clients.

People go to a website for a reason, not by accident. It is an envelope with an address on it. This can be a great advantage to the marketer. It can also be a nightmare if marketers fail to create a dialogue with their target audience and are unable to convince their customer or potential customer ('prospect') through poor attitude, inadequate product and poor service.

Social media are fast becoming a significant part of the fabric of society. The way to make them work for your brand is to have

something meaningful to say and something relevant to offer. Being trustworthy, peer-to-peer conversations are of the highest value, and companies have to monitor them to understand how to engage with clients (Titterton, 2011b).

According to Cogent Research:

[O]nline communities of like-minded investors are educating each other, and generating and sharing content on specific funds, products, and investment firms. This information is fast becoming a trusted resource for investors . . . For example, more than half of high-net-worth investors have questioned the accuracy of information received from 'official' sources due to social media, including more than a third of investors who question information from their advisors due to social media.²

Democracy principle number 3: The brand belongs to the consumer

With the democratization of media we are able to create a dialogue, shifting the emphasis from seeing the customer as a target to viewing them as a partner and collaborator in the marketing process. Understanding that the consumer owns the brand is a necessary prerequisite for sales success.

Take, for example, Fiat. When they launched the new Fiat 500 they created a website that allowed potential customers to gather round their common interest, cars. In the initial stages of the brand creation, Fiat embarked on creating applications and functions on the website that enabled the potential customer to create their own car, allowing them to customize different elements. In addition, the potential customers were invited to join a creative laboratory where they could enter their own design contributions as well as create their own jingle for the website. Mothers and mothers-to-be were also invited to make their own contributions and were encouraged to share photographs of their family and newborn babies as well as enter a lottery to win one of the new cars.

By building a sense of involvement and personalization into the website and the whole creative process, Fiat strengthened the potential customer's sense of co-authorship among both males and females. This underpinned making the Fiat 500 'the customer's brand' (Titterton, 2011b).

Two principles to be activated in respect of these guidelines are:

- Let consumers take part in the process of creation of the brand, reinforcing the sense of co-paternity.

- Generate involvement and personalization, giving value, acknowledging every single contribution to the process and allowing the consumer to become protagonist in the process.

Democracy principle number 4: Respect for diversity

Democracy means understanding and respecting any form of expression, particularly in contexts of social, cultural, economic and linguistic diversity. Today the relevant process of media shifting, from general to specific, from mass to individual, favoured by cloud computing represents an 'accelerator of diversity'. This relates to geo-localization phenomena, according to which the company, via dialogue with customer or client, can trace back to the geographic localization of the other party, gathering rich insights and opinions on products, as well as extremely specific information on consumption habits and different product needs.

This allows the development of clusters, and hence the opportunity to design and offer products or services based on the sociocultural and economic specificities of that geographical area. In this process, web-marketing strategies have to follow the three above-mentioned pillar-concepts of: *speed*, *depth* and *dialogue*.³ Now that speed of research and easy access to the web, as provided by mobile phone, can for example lead you to a focused tourism offer or direct you to a shop where you can find the product you were searching for, the possibility of developing a localized dialogue generates new opportunities for companies. Launching a new brand in discrete geographic areas, or 'just' improving a service that has problems related to the territory, allows brand companies to meet target needs hitherto unrecognized, and, in doing so enhance their brands' reputation. This phenomenon is having and will continue to have a significant impact on marketing strategies and on the way companies will communicate their own brands. These will become local and global at the same time, adopting languages and communication patterns to become richer and more 'significant' (Mead, 2005) from a cultural viewpoint.

The need to respect diversity doesn't apply only within sociocultural contexts. It is key to consider the instinct of the person, of the consumer, bearing a unique identity, to want not to be clustered or grouped in statistical units. He or she has to be considered someone with unique tastes and preferences.

In this new process of dialogue, social media such as social networks, the blogosphere, syndicated news and video-sharing have potentially a

considerable role to play in customization management. Here is a new logic in web marketing: inserting democratic principles within people's web interaction patterns.

From this perspective, we may summarize some examples of action:

- Develop a rich dialogue with the customer in order to gain insight; analyse its relevance in terms of geographical localization.
- Adapt the contents and structure of the website to allow search engines to generate answers focused on the geographical area from which a request originates.
- Customize communication in relation to geographical localization via dedicated hosting (a website for each country, with language and contents developed ad hoc for the specific cultural background).
- Build one-to-one marketing strategies.

The Internet Age scenario: how organizations are reacting

After analysing the main features of social and business interaction in internet democracy, it is worth exploring the new structural configuration that organizations are adopting at global level.

In terms of organizational structure

Adapting to the environment

In the worldwide interconnected environment people are globally interlinked via telecommunication, technology and trade and are experiencing high levels of mobility. The convergence of economic, political, social, demographic, legal and technological forces generates a single marketplace where global organizations striving for success develop marketing strategies and manage human resources. In this global scenario, in order to measure up to the strategic goals of business, companies need to have a forward-looking global vision.

The processes of change are traceable to both external and internal forces.

Externally, competitive pressure has risen and successful organizations have to adapt to the rhythm and individually specific needs of a global market:

- Governance models have extended the reach of stakeholders involved in the organizational processes. The social context which companies are responsible for is expanding into wider regions of the globe.
- In the business–market relation, the need for personalized relations is growing.

- At production level, flexibility and interaction with the environment have become key challenges.
- The deep need of real-time informational fluxes, in line with the competitive context, impacts business models at offline and online levels:
 - In the *offline* environment, companies have extended their presence both upstream and downstream in the overall productive process, multiplying the ‘ownership’ or direct management of touchpoints with the consumers. An example is the shift from licensing to franchising to proprietary shops.
 - In the *online* realm, easy and low-cost access to content and data has developed technology and competences in data storage, archiving and mining. The openness of Application Programming Interfaces (APIs) and data portability make data accessible to both consumers and employees, allowing the analysis and optimization of external- and internal-relations data and extending the reach of knowledge and stakeholder interaction.
- The need for innovation, spurred by competitive pressure, generates new patterns of communication able to stimulate the generation of new ideas, in line with the concept of the knowledge society (see Chapter 1).

Internally, the employee puts the organization under pressure to meet his new needs:

- With the ever faster consumption of technology, people expect to find at work the same level of technology and communication as they currently use for personal computing.
- Work has been challenged by new tools and technology, with individual processes evolving into cooperative patterns within a hyper-connected, mobile and ‘always on’ workforce.
- The *idea* of work is changing. The work environment is conceived by employees to be just like a society and the requirements from an organization are ‘social’: personalized relationships, protagonism, motivation, relation, information, peer-to-peer collaboration, dialogue and experience.
- The *way* people work is changing. As Generation Y (born-digital) workers have entered the workforce, a new concept of work/life balance is going to be introduced in the organization. An ‘always on’ worker won’t relate to the traditional ‘work time’; they will not ‘switch off’ when out of the office, neither will they be completely task-focused during work time.

At General Electric, iPhone is used to enable its workforce with fast, mobile data access via an easy-to-use interface. GE Mobile Center of Excellence is an internal group that develops tools and strategies to maximize mobility capabilities, building GE applications for in-house use on iPhone and iPad and translating creative ideas into the technology itself. This adds value to the business.⁴ Because of these forces, the morphologies of organizations evolve, shifting their configuration from vertical and horizontal to network structures. The network configuration allows organizations to interact deeply with the external environment, moulding their structure to flexible, mobile, fragmented and fast patterns of society. Each node is a social system, expressed by a group of 'stabilized relational nexuses' (Donati and Colozzi, 2006).

Key internal–external connections are generated by the direct contact of employees to the public, allowing an immediate problem-solving approach that is able to meet consumers' needs. Flexibility is strongly supported by technology, as cloud computing allows fast and relevant deployments of IT solutions at less cost. In this scenario, any concept of an 'organizational boundary' loses its meaning (Invernizzi, 2000).

Difficulties in adaptation

1. *Information overload.* In the internet age, the sheer volume of content limits the individual's ability to synthesize and understand it. To harness the amount of information produced over time on the web, companies need new competencies to manage technology. Web analytics appear to be a key tool in developing the intelligence to reuse the content in a meaningful way. This becomes an urgent issue, as user-generated content and social media data are particularly difficult to manage. Moreover, organizations produce a huge amount of data, coming from sales and shipments, deliveries and pickups, employees' conversations, travel and financial data regarding customers and clients.

The accountability of social media is key to measuring and defining meaning and value. But unless the measurement is focused on a clear business goal, business won't be able to understand its real value immediately.

2. *Information silos.* Network-structured organizations require sharing and managing knowledge systems in line with the no-boundary configuration. This contrasts internal silos, which fragment information versus a growing and dynamic business.

Key problems in information-sharing may occur as follows:

- Absence of integration between information systems: often customer relationship management (CRM) tools are not integrated with knowledge management tools.
- In the Internet Age, feedback from brand–consumer conversations are essential to brand development. If feedback information from a customer service, for example, is not shared among all departments involved in the change process, then the lack of interconnection makes interaction simply useless.
- Information silos create inefficiencies by information and process repetition. A lack of insight often means that attempts to optimize processes overlook the need for profound change in the process as a whole. In the absence of an effective knowledge-sharing system, people will work in segments rather than in collaborative patterns.

3. *Resistance to innovation.* Change brings the upsetting of balances and is often perceived by managers as a threat to their power to control. There are many other limitations on the willingness to innovate and experiment, including cultural elements, legacy systems and governance restrictions. This resistance to innovation clashes with what seems to be the basic requirement for a flexible organization, open to fast adaptation to new business models. The advantages are clear:

- Information-sharing and open communication can empower employees, creating a cultural environment receptive to change.
- The interconnection between the IT and marketing departments is key in leveraging information for strategic business development. As the first controls technology for information management and the latter manages information output, competition for resources often leads to a clash of control when it should lead to cooperation.
- A new model of social intelligence, as discussed in Chapter 3, should bring with it innovation in business mindset, opening up new approaches to stakeholders: a collaborative frame of mind fits well within the complex systemic environment in which organizations live and may add value to the business. In an ecosystem of collaborative relations, customers, competitors and suppliers should be seen as potential allies rather than enemies.

Value chains always change. Value chains change constantly. They are subject to the dynamics of economics, customer demand, distribution,

product innovation and a whole host of additional influences. The thing with value chains is that one that creates power in one market becomes, over time, tired and open to challenge, as some societal, technological change or a new leadership causes a shift in focus.

Revolutions and evolutions are difficult to forecast and often take a different course to the one expected. We cannot predict with any certainty what change will bring, especially when we are in the middle of the change. Only after the event is everything easy to see.

Social media have radically changed the game. Because of the internet, it is clear that we are in the midst of a fundamental value chain shift. It is clear that value is no longer being created exclusively by those who work in their own silos.

The concept of value itself is definitely far away from any theory of work value, as maintained by Adam Smith and David Ricardo, according to which the value of a product depends on costs met in its creation. Nor does it relate to the theory of utility of John Stuart Mill, according to which the differing values of products are explained by differences in utility. Nor is Simmel's theory sufficient any longer. According to Simmel, value is created by 'exchange': value is not a quality of the item in question but expresses only reciprocal relationships present in the interaction. The social meaning of exchange is contained in the concept of relationship.

We may say that in the Internet Age, the meaning of value is a step ahead of Simmel's (Simmel, 1908) thought: value is based on *sharing*.

Companies that are working together, sharing ideas and creating innovative concepts, products and services, are companies whose leaders focus on creating joint ventures or loose collaborations. The objective of these is to build upon each other's ideas and specializations. This means not that the innovation and creation of a product or service is the responsibility of any one company but rather that each firm is a participating partner in building specific parts to solve a particular need. Such collaborations are to be found in many industries, from those such as the automotive industry through to the technology sector. The ability of the internet to enable speedy and deep discussion in virtual communities both enables and enhances this creative exchange. When cooperation or creation of value happens with competitors, it is called 'co-opetition' (Brandeburger and Nalebuff, 1996) a neologism born on the basis of the theory of games, within the conceptual area of non-cooperative games.

Co-opetition occurs when companies work together for parts of their businesses where they do not believe they have competitive advantage

and where they believe they can share common costs. For instance, the arrangement between PSA Peugeot Citroën and Toyota to share components for a new city car – sold simultaneously as the Peugeot 107, the Toyota Aygo and the Citroën C1 – qualifies as co-opetition. In this case, companies save money on shared costs while remaining fiercely competitive in other areas.⁵

The network-relational structure: a conversational model

The above-mentioned need of a deep and constant exchange with the external systemic environment forces companies to transform their models into relational systems characterized by connections, collaboration and open organizations. The key elements of these structures are:

Ecosystem patterns. The ‘organic’ social model effectively embodies the self-regulating system and hyperconnected fabric of organizations dynamically related to the external environment. Key features are as follows:

- The organizational structure may be conceived as an integrated network of nodes and interconnections where customer segments, internal departments and all stakeholders are independent nodes at the micro level. Business functions may be thought of as an aggregation of smaller ecosystems. Each person takes part in more than one network at the same time, becoming a node among departments in dialogue. Competencies are empowered and specialized in a more fluid organization, leveraging different competencies as needed.
- Technology integrates proprietary and open tools (social media, intranet, iPhones, and so on), interconnecting them in a system.
- All stakeholders (customers, employees, suppliers, distributors, shareholders, communities and others) are interconnected in a network.
- The ecosystem is monitored in two dimensions: structure and functionality. The first is related to its shape, size and density (that is, its level of cohesiveness), type, node positions, roles and number of connections; the second relates to the flux of information flowing, as emails and social media content, via interconnected nodes within a quantitative and qualitative perspective.

A collective social system. As employees enter organizations that are already used to collaboration and socially engaged, the adoption of social media within organizations is growing. New models of collaboration are taking the place of old cooperative operational patterns.

Technology and communication help social intercourse in many ways. Information such as location updates and status messages interconnects workers in an effective way, supporting the decision process with fresh data.

These patterns bring with them a distribution of power and control through a new model of a 'democratic' distributed governance.

In collaborative models accountability implies the measurement of collective awareness, engagement and participation. People have to perceive an added value in this new way of working, rather than possible conflicts and issues of trust.

As we have seen in the previous chapter, the need for new models of social intelligence are key to finding original ways of creating accountability within collaborative models.

A democratic information system. In an ecosystem organizational structure, social business is fuelled by information. In such a democratic environment, all information sources and related documents, knowledge management activities and user-generated contents have equal importance, and all are processed in manageable sets. Filtering, tagging and measuring data can produce opportunities to uncover insights that are useful in social business.

Conversational model issues. Conversational models have to be introduced with a planned process of 'change management', as the course of action could be easily transformed into a nightmare.

- Initially, it is necessary to create a control room. If a control room is missing, a 'Tower of Babel' effect could be triggered: as previously mentioned, democracy doesn't mean lack of order. A centre of operations is always needed, to orchestrate the process to filter information and orient the collectivity to a shared and unique goal. This is particularly important in crisis situations.
- The related increase of complexity has to be harnessed. Carefully planned internal communication strategies help facilitate the management of organizational complexity.
- Finally, research shows that organizational silos may be generated if informal information fluxes are not managed at all.⁶

Given the picture delineated above, it is clear how organizational silos, fragmentation of digital channels and information fluxes, and lack of competencies in digital technology are at the base of issues in change.

These issues could lead to a restructuring of the traditional role of marketing manager. Bhalla *et al.* (2010, pp. 16–31) argue that the marketing manager should become a chief customer officer, in charge of client and customer service, CRM, integrating web-analytics evaluation systems, market research and R&D. This implies a shift in the whole marketing focus from a perspective of return on investment (ROI) to one of Customer Lifetime Value (CLV) and customer equity (CE) evaluation standards.

We will talk more deeply about this aspect in Chapter 9.

Communication in conversational models

The democratic logic of the conversational model with a bottom-up communication pattern reproduces key characters of social networks: relation and dialogue.

As an expression of the network society, social media such as blogs, social networks (for example Facebook), collaborative projects (for example Wikipedia), content communities (for example YouTube) and virtual social networks (for example Second Life) represent a way to create and stimulate relations among people.

There are two key dimensions of social media:

- *Access*: This is either limited to internal personnel (intra-organizational networks) or open to the outside (Facebook or LinkedIn).
- *Content*: This may be *educational*, as in the case of collaborative tools; *informative*, as with multimedia interactive information portals; or *dialogue-oriented*, as for instance an ad hoc forum for the development of a new project or product.

The company determines which internal group may have access to sales, ICT, HR, logistics and finance, to informal groups (for example women or the newly hired), or may decide to give access to external stakeholders – suppliers, financiers, public institutions, shareholders – offering transparency and dialogue.

Social media reflect the Wengerian model of a ‘community of practice’ where a group shares an interest, and knowledge and experience are developed via continual interactions.

The financial industry is also paying attention to how individual investors of all ages are using social networks online. A 2008 study of US consumers by Cogent Research, *Social Media’s Impact on Personal Finance and Investing*,⁷ shows that social media influence individual investors’ financial decision-making. The research firm reports that one in every

four US adults online engages in social media that deals specifically with personal finance and investing. It also found that investors are

highly engaged in social media, peer opinion influences a majority of investment decisions, and social media leads investors to question the accuracy of information delivered by official sources (advisers and investment firms). (Kaye, 1994)

Social media match bottom-up dynamics. An example is the wiki, a website that allows the creation and editing of any number of interlinked web pages via a web browser (Figure 4.1). It is often used collaboratively by multiple users, modifying any web page. Examples include community websites, corporate intranets, knowledge management systems and note services (Castells, 2004).

The focus is not on the result, as in cooperative models, but on interaction, which is a property of collaborative models (Figure 4.2). This determines a higher density of the net, and a higher level of cohesiveness. The empathic closeness which eliminates diversity gets strengthened, not least in its cultural and geographical dimensions, thanks to the relational context of the sharing of knowledge, thoughts and experiences. Moreover, relation networks among persons, based on trust, expectations and social norms, favour the building of social capital.

Wikis are a clear step ahead of the ‘knowledge management’ model, overcoming its rigid tools, the hierarchy of contents and organizational processes.

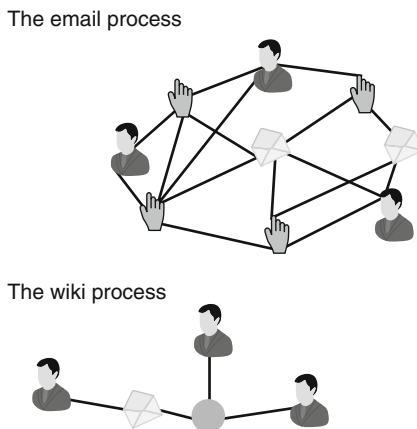


Figure 4.1 Email process and wiki process

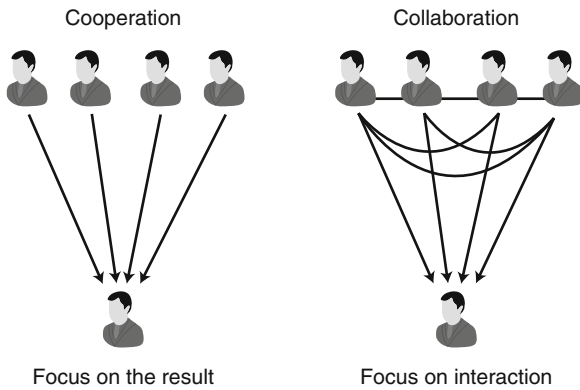


Figure 4.2 From cooperation to collaboration

A collaborative community is characterized by a common drive to build shared sense (in the meaning attributed by Weber (Weber, 1978 [1921–2])) and by the will to have the community itself building new meanings. This may generate a ‘collective intelligence’,⁸ originating from a synergistic process of exchange among complementary parts. The collective intelligence governs itself autonomously, solving problems in an efficient way.

Consequently, people feel they belong more to open networks than to a single organization,⁹ and the ‘relational identity’ (Donati, 2002) of each develops inside the network. It is an emotional engagement, tied to the value-identity system of the individual. Via this process, the individual becomes a protagonist both of the emerging organization and also of the creation of the company.

A collaborative community helps:

- to make processes efficient, as it eliminates duplications;
- people to reach their performance objectives, providing them with information rich in qualitative and quantitative data;
- to create trustworthy information as ‘certified’ by the authors of information;
- with writing the ‘history’ of the company, as all facts and contents stay on the net;
- in the generation of content, which is useful for content-marketing aimed at customer engagement and ‘branding’ strategies by which talented employees are attracted and induced to become loyal to the company;

- to survey, to gather ideas and opinions, to carry out sentiment analysis, to identify leaders and talents, and to know and evaluate persons.

Companies have to leave dialogue open and be ready to accept, within it, critical appraisal by the final consumer.

In terms of human resources

In 1992 a bestseller of managerial literature titled *Liberation Management* (Peters, 1992) was published by Tom Peters, the joint author of another cultural milestone, *In Search of Excellence*, of 1982 (Peters and Waterman, 1982), written during his service at the Pentagon and after two deployments to Vietnam while in the US Navy.

Liberation Management rapidly became a manifesto of management revolution based on destructuring powers of control and encouraging people to develop personal attitudes and creativity. Today, in an age of crisis or post-crisis, people must be liberated in their intellectual potential, creativity and passion, and social relations must be liberated to favour the generation of ideas. This process needs an attractive organizational environment and appropriate one-to-one channels of dialogue. The key to developing effective engagement and employer branding strategies is to understand aspirations and motivations.

In this age of change, human resource development (HRD) has a big opportunity to define a new role and strategy through radical organizational development, starting with internal segmentation models. The above-mentioned differentiation of identities and memberships is not manageable with traditional tools such as education, development, incentives and evaluation. Processes and organizational units have to be rebuilt, starting with organizational structures in a global environment.

Globalization deeply affects HRD, as it creates a convergence of economic and social forces, values and tastes, challenges and opportunities. In a global single marketplace HRD impacts heavily on company success. Organizations operating globally today compete for the most important resource of all: talent (Lévy, 1999). The most valuable assets in a global organization are continuous learning and the development of intellectual capital. The difference between global success and global failure depends on an organization's ability to select, train and manage their employees.

HRD, as distinct from human resource management (HRM), which deals more with personnel-related issues (job design, human resources

planning and the like), focuses on dynamic models, emphasizing processes and enhancing participation. It leverages technology, active learning, economics, system thinking and social sciences. Global HRD enhances leaders' ability to: develop business opportunities; strategically link human resources to company goals; improve the general work climate; improve job satisfaction and retention of global staff; and improve the quality of goods and services produced (Bartlett and Ghoshal, 1998).

The challenges to HRD

There are six major challenges to global HRD (Berger *et al.*, 2004, pp. 8–15):

1. *Cultural diversity and conflicts.* Cultures are different and have different ways of thinking. Mistrust, miscommunication and lack of cohesion may stem from such differences between groups. The challenge of HRD is to balance healthy conflict between ideas and controlling cultural differences.

2. *Styles of leadership and decision-making.* Different cultural backgrounds affect styles of leadership and decision-making, creating obstacles to straightforward processes of the latter. Western managers have a participative, democratic style of leadership and power is more decentralized. Eastern leaders follow more hierarchical leadership styles, with centralized power and authority. Interpersonal relations are reduced in number and quality. In Arab cultures, leaders do consult others seek advice but then make the decision themselves, respectful of the role of Allah in making decisions. African managerial style encourages people to be more imitative than creative; information is not shared and there is little participation.

3. *Cultural diversity in teamwork.* A major issue in global team working is building trust among team members coming from different countries and sometimes different organizations. Culture clash inhibits motivation, collaboration and timely action. Diversity management implies that some of these different values and behaviours may need to be transformed, while others may offer effective team synergies.

4. *Geographical distances.* Although technology nowadays offers devices allowing virtual interaction that is almost real, geographical distances emerge when people have face-to-face contact involving all the features of communication. Some cultures need personal contact for important

transactions and to progress partnership. In these cases distance is an impediment to building relationships of trust: 'Trust needs touch' (Handy, 1995).

5. *Coordination and control.* Coordination is the integration of tasks and organizational units so as to have the whole team contributing to overall objectives; control is the process of adhering to goals, policies and standards, which is particularly important in global teams. Either may involve cultural, linguistic and technological issues (Carmel, 1999). A key aspect is keeping duplication and inefficiencies low while maintaining autonomy among team members. Autonomy is at the base of personal choice, and so enhances the trust relationship.

6. *Communication richness over distances.* While technological tools, such as social media and collaborative platforms, may nowadays represent effective communication channels, some cultures may have less technological knowledge than others, and technological divide may become an obstacle to effective exchanges. Thus communication may lose richness through being asynchronous.

In conclusion, in the Internet Age, HRD is progressively becoming a management tool that contributes significantly to internal and external marketing strategies.

In terms of business strategies

Managing customer power on the web

Marketing is not about saying hello and making an offer as it was at the turn of the Twentieth Century. It's about enabling customers to never have to say goodbye. Now companies can always be connected, your interface with customers can always be on. (Gerald M. O'Connell, Co-Founder, Modern Media)

Companies nowadays are called upon to manage consumer empowerment through innovative marketing strategies. The key reason behind this growing power is the fact that the web is an interconnected net.

In history, people have always been connected through different channels and touchpoints. Without doubt, the internet has hyper-powered connections via multichannel opportunities: social media, communities, social networks of all typologies.

Connected clients are often more informed than companies as they spend more time on the web picking up selected information with growing competencies or exchanging comments or ideas about

a product. The client's or consumer's strength is not only in his information empowerment but in the connectivity itself that multiplies any comment, idea or judgement on a brand in a geometrical progression based on the number of people connected and on the interest aroused by the single thought. The speed at which the sharing process takes place is exponentially fast, based on viral progression patterns. The awareness that on the web information flows freely and with no limits, plus its speed of diffusion and the creation of a sort of replication of the single consumer into a multiplicity, combine to give marketing managers sleepless nights.

The customer has changed definitively and it is not possible to manage him or her in the old way. Managers have to develop integrated strategies and tactics, using different approaches, gaining a positive reputation which has however to be constantly negotiated.

In an integrated strategy an element of complexity is involved in the effective merging of online and offline strategies, which depends on tracing and understanding the touchpoints between the two realms. This is not an easy job, considering that the intersections change constantly with the continuous variation in consumer behaviour.

Another difficulty faced by companies is the need for speed, as the web is very fast, compelling action to be executed at a pace never even imagined before.

It is also worth saying that great opportunities for increasing business results come from consumers in the form of suggestions, comments and indications which represent a useful source of marketing mix improvements. Often contributions are so radical that they transform interaction into a process amounting to real co-production. Companies, then, must first learn to listen, but must also be proactive on the web, reinforcing a deep interaction with the consumer or client.

Interconnection and interaction stemming from a conversation help the understanding of the consumer as never before imagined, reaching all-time-high levels of effectiveness. This implies the effective meeting of needs, personalization and fast reaction.

Social web mastering

Although Bauman's definition of a 'liquid society' (Bauman, 2005) is already overused and often misused, no other term so evocatively explains the difficulties companies are undergoing in this age. Liquid is something that changes constantly if submitted to external forces – it may assume different shapes, adapt, be strongly resilient, exert a gradual and constant force or a sudden and violent one.

Many talk about the internet in terms of big opportunities in product innovation. However, as confirmed by the ‘filter bubble’ theory, what is neglected is that the real strategic opportunity lies in gaining competencies in what I would call ‘*social web mastering*’, that is, the knowledge and ability to identify channels and manage tools that allow access to data and information from the internet, leveraging them to a company’s own advantage.

Consider this example: before the internet, Company A sold more than Company B, owing to a better product and marketing mix. Lead-times to invert this situation, in the modern age, were related to Company B’s ability to find more effective marketing mixes.

In the Internet Age, interconnectivity, the global reach of actions and the width of segments all contribute to generate a ‘liquid competitive context’ (Bauman, 2000). The competitive ground is no longer stable but is very fluid, as competitive positions are governed by so many variables, many of which are obtainable or lost in real time, tied to abilities in building relationships and managing reputations. This high rate of *mobilization* of positions may mean Company A loses its position in one day because of a crisis of reputation, while Company B gains leadership via a successful social media strategy backed up with a positive viral diffusion of a video or a message.

Embracing the way of social media may be not a choice but a forced situation. Web literature is crowded with case histories of emergencies faced by big companies undergoing reputation crisis. As Garry Titterton, CEO of Intelligent Positioning says, *speed of thought and action, depth of insight* and *constant dialogue with customers, clients and stakeholders* become three strategic imperatives of marketers in real-time communication combined with the need to monitor it to react promptly.

On the web, competencies and abilities change, but technology tools in web research and management are also crucial to mastering the competitive scenario.

The web-marketing scenario in ten points

In the present fast-changing market environment, marketers have to change planning and managing systems because interactive media, digital devices and mobile technology are all impacting the ecosystem with new game rules. As the consumer becomes progressively more digitalized, acquiring a growing ability to manage technology and produce content, engagement is going to be more difficult.

There appears to be an asymmetry of empowerment in digitalization, where consumers exhibit digital abilities superior to those of managers.

This is evident in relations between Generation Y consumers and previous-generation managers (Generation X and Baby Boomers). This has several consequences, which may determine some key points for the future of web marketing:

1. With the cultural growth in technology, people are developing it diffusely along do-it-yourself lines. Twelpforce started as an experimental wiki run by employees called Blue Shirt Nation it was powered by a spare server at the office.¹⁰
2. It is going to be difficult for marketers to reach consumers as they (a) connect via multiple devices, (b) enter password-protected social networks, and (c) increasingly use devices with proprietary applications like the Apple iPhone and Google Android (Stutzman, 2010).
3. Online advertising will become the second-largest advertising segment of spend: PriceWaterhouse recently adjusted its forecast, indicating that in 2014 online advertising spending will rank alongside TV ad spending, exceeding \$100 billion.¹¹
4. Forms of content marketing, from brand-building to brand awareness, will become main strategies to get the attention of the consumer.
5. Web analytics is going to become a key tool in understanding where your customer is, what they say, who they are, and how they want to be interacted with. Quality information from trustworthy sources will be valuable to customers.
6. The ability to build attractive content, with effective visuals and effectively telling the brand's story, will become a crucial competence. The Timberland website is an interesting showcase (www.timberland.com).
7. Push strategies have to turn into pull strategies: interaction and engagement, particularly via mobile media, are going to bring success.
8. Social media ROI will become measurable as analytics tools improve.
9. In an age of crisis or post-crisis, consumers spend money with transparent and trustworthy companies. Content marketing can position the company effectively in both regards.
10. Sales cycles and customer buying decision processes are going to be key to driving customers through the funnel. Provide a unique experience to your customers.¹²

From the one-way process to the creation of a dialogue

One of the most important objectives of marketing is how to gain the attention of relevant customers and where. Traditionally these touchpoints have been through mainstream media such as television, radio, press and posters, and also through direct marketing. Behind this

was a push–pull strategy, pushing a message onto the target audience, in the hope that they would like the message and pull (buy) the product. This created a process of decision-taking that encompassed awareness, familiarity, consideration, purchase, and loyalty. The problem with such a strategy is that it is a one-way process, not a dialogue. Mark Pedowitz, president of ABC Studios, has said: ‘Digital media has levelled the playing field, opening doors to anyone to have immediate and unlimited access to an audience. But content must evolve with the platform.’¹³

With the advent of technology and the use of the internet, not only has a new medium been created but so also has a new process of interaction with the customer. We now have a dialogue that is both immediate and relevant. The content must be engaging and in many instances subtler than the previous broadcast media approach of pushing the message. As the poet Ezra Pound once said to an aspiring writer, ‘Don’t describe the thing, describe the halo of the thing.’ Pound knew that describing the quality of something, rather than its features, will engender greater intrigue and involvement. Describing ‘the thing’ closes down the conversation; describing ‘the halo’ opens it up.

This approach underpins sales and finds support in recent research by McKinsey, which has revealed a new process of engagement and decision-making by the customer. It is a circular process, with four primary phases: initial consideration; active evaluation, which is the process of researching potential purchases; closure, when customers buy brands; and post-purchase, when customers experience them.¹⁴

As experience is a key element of the whole process, it is worthwhile to focus on its dynamics. Experience builds up as a response to a stimulus, in this way making the product memorable, and thus more valuable. As a matter of fact, the consumer gives value to the consumption experience in relation to its memorability over time, but this happens only if the consumption experience is extraordinary. Organizations have to transform ordinary experiences into extraordinary highly impactful emotional ones. It is common knowledge in many fields of science, from sociology to cognitive psychology, that these experiences mould our identity and generate self-consciousness. This creates a *special and valuable tie* between the brand and its consumer. It also represents a building block of the customer life value (CLV).¹⁵

There are three elements to be leveraged by organizations so as to generate a consumer involvement in interaction:

1. *The participative component* As interaction is an action–reaction process, its intensity increases with the raising of the level of participation required of the individual.

2. *The technological factor* This component may contribute importantly to the creation of a valuable experience. It depends upon the push towards interaction generated by technology, which, if not frustrating, may increase the sense of self-esteem and the hedonistic content of the experience.
3. *The sensorial element* The involvement of the four senses represents the achievement of the full emotional experience.

Following what has been said, in the McKinsey model the 'ongoing' *post-purchase experience* relates to the fact that experience doesn't end with the consumption phase, but lives on in the mind and memory of the consumer. The delicate job of organizations is to keep it alive as long as possible, gaining brand and product loyalty, extending the positive consequences in time. In this process, brand managers have to consider that memories change as time passes by and may even produce new experiences.

Based on these assumptions, the difficulty for brand managers is to design an experience to produce emotions and memories coherent over time. Also, during the post-purchase phase customers are increasingly likely to discuss their satisfaction or dissatisfaction online, and the dialogue will trigger other customers' future purchasing decisions. In this perspective, what is essential for the brand manager is to have a proactive online reputation management system in place, to qualitatively monitor online discussions about the brand.

Understanding customer interaction

We have now viewed the concept of interaction from the sociological and cognitive perspective. As interaction is the heart of the engagement and conversational process, this section offers an application of these concepts to the producer–consumer relationship. We will also discuss this further in other, later parts of the book. The relationship between a producer and a consumer or between consumers is a social process and communication plays a key role in it. As Mead argues (Mead, 1934), our self and our mind are in constant evolution, according to the social interactions we experience. The act of communication has two elements, called 'gestures': an unconscious element and a conscious one, or language. A gesture is an action that generates a reaction.

The theory of mind (Mead, 1934) goes deeply into the mechanism of sharing, interpreting it as a process of reflection of another person or persons' attitudes toward one's own gesture. Specifically, real, effective communication lies in the 'significant gesture' – that

is, in a linguistic behaviour based on dialogue. Language plays a key role in sharing, and companies should be aware of how to manage it carefully.

Building on the cognitive effects of language, the sociological analysis of its evolution out of conversations provides good indications of effective interactional dynamics. These patterns ought to give us a broader idea of the power of language, its control in the producer–consumer relationship and in the effective management of conversation.

In the light of this concept, a company objective should be to reach a ‘shared leadership’ of interaction, as I would define it, through the ability to lead a conversation by means of a careful monitoring of language before, during and after dialogue. Here ‘shared leadership’ doesn’t mean a leadership divided into balanced parts, but one that is agreed, based on the following:

1. The acknowledgement by the customer of the company’s role of expert, possessed of the highest level of knowledge, exclusive competence and empathy with customer needs.
2. The greater ability of the company to lead conversation from a neuropsychological and sociolinguistic perspective. This implies:
 - The competence to profile the customer with whom the dialogue is taking place, through an analysis of their language and its cultural, educational, social, psychological and demographic levels and components. The analysis should be achieved, if possible, before the conversation.
 - Reaching a competent level of ‘reflection’ or ‘significant gesture’, adopting the same language and engaging empathetically.
 - Consolidating the process through repeated dialogues.
 - Reaching a ‘shared leadership’ of the conversation to show the company’s expertise and receiving acknowledgement by customers.
 - Continuing to monitor conversations over time.

In the ‘communication of significant gestures’, as in a conversation within a forum, there is a relevant aspect to take into account that is different from any face-to-face or vocal conversation, namely the possibility of consciously structuring and controlling the act of communication. When a forum moderator or a web customer manager interacts repeatedly with a customer he must be aware of the fact he is impacting on the client’s self, and that this will be changed.

How is it possible to verify that an effective sharing is taking place? There are various signs of it: first, any reaction from the customer; second, any 'empathic reflection', that is, the customer uses the same words as the moderator, is fine-tuned in terms of mood, approves content, is aligned in sentiment with the moderator, or accompanies the moderator in a process of building on each another's ideas, in the 'sharing of conversation'.

One example of the sharing of conversation regarding some disfunctionalities of a mobile device went as follows:¹⁶

CUSTOMER 1:

I have a pay monthly handset and since 10pm this evening my email and BBM do not work. I cannot receive or send any bbms, they have the sending signal sign for a while and then changes to a tick without the D or R sign. I ran a diagnostic on the device and when it got to blackberry registration it says the following:

Blackberry Registration: No

Connected to Blackberry: Abort

Blackberry Pin-Pin: Abort

I cannot access the internet either unless I have my wifi on. Battery Pull has not helped.

Any help would be much appreciated!

Thanks,

Sunny.

CUSTOMER 2:

Hi! I am having the same issue . . .

Brand New Bold 9900 and internet doesn't work. Nor does the BBM Messaging Service . . . Help please vodafone?! As my mates BB is sending.

MODERATOR:

Hi SunnyV and cestephen and welcome to the two of you, to the eForum ☺

I'm sorry to hear that you are both having problems with this. I appreciate how frustrating this must be for you.

Don't worry though, help is at hand! It would appear as though you are not correctly provisioned for all the BlackBerry services. I'm going

to send you an email over to the email address that you registered with. All you need to do is hit reply and fill in all of the information it asks for. We'll then get back to you as soon as possible to get this fixed.

Thanks Wayne

eForum Team

If you have a spare minute could you please take the time to fill out a short feedback form about me?

You can do *so here*

Successful companies gain authoritative, not authoritarian, roles in web conversations. From the above, we may say in summary that:

1. Organizations should be aware that any form of interaction on the web, either producer–consumer or consumer–consumer, or indeed any interaction between at least two individuals, affects the self and self-consciousness.
2. Repeated interactions mould the consumer's self, affecting it in a deeper and deeper way. This may influence the relation with the brand.
3. Understanding the evolutionary pattern of language in a producer–consumer conversation (for example analysing conversation threads within communities) brings to the comprehension of the specific level of the social interaction other levels of understanding such as empathy.
4. There is a clear advantage in managing a web conversation in comparison with a vocal one, such as for example a call centre conversation – namely, the conscious structure and control of the written act of communication.
5. Companies' web moderators should gain psychological, sociolinguistic and sociological competencies to be able to understand the meaning behind each 'gesture'. This confers the ability to drive the conversation towards the discovery of the real meaning that may be hidden behind dialogue and to respond significantly. This can fully fine-tune the effective interaction – that is, reveal its every meaning.
6. In a producer–consumer web conversation, to reach a 'shared leadership' of interaction the steps would be as follows:
 - (a) Profiling the customer on the basis of language.
 - (b) Reaching 'significant-gesture' level, fine-tuning the conversation language, progressively starting to 'feel' how much drive you can give the conversation.
 - (c) Consolidating reflection.

- (d) Establishing 'shared leadership'.
- (e) Monitoring.

The revolution in sales models and distribution

The Industrial Revolution of the late eighteenth century was a precursor of the Internet Age.¹⁷ Mass production and mass distribution, thanks in part to the creation of railways, made possible retailing and the catalogue, offering more choice and the ability to browse at any time you wished in the comfort of your own home. This brought transactions closer to the online ones available today thanks to Web 2.0. However, the catalogue was still a mass-marketing tool that determined choice by shortening the supply chain.

What the internet does now is to make a customer's choice broader and deeper. It has moved from push-pull marketing to dialogue and long-tail choice. 'Long-tail' refers to the strategy of selling a large number of unique items in relatively small quantities while also selling fewer items in large quantities. This is never more evident than in the case of Apple's iTunes, who sell at least one of their 2-million-plus tracks at least once. Additionally, Netflix calculated that 95 per cent of its 90,000 DVDs rent out at least once a month. As Chris Anderson, editor of *Wired* magazine, wrote, 'Increasingly, the mass market is turning into a mass of niches.' Interestingly, these niches are profitable. The old 80/20 rule, that 20 per cent of products produce 80 per cent of the revenue, is no longer true on the internet. Thanks to the long tail, a company such as Amazon works on the basis that 98 per cent of the products they sell produce 80 per cent of the revenue.

In retailing terms, space costs money. However, if your space is free, as in iTunes's case where songs are stored on a server, you can introduce niche products into your product mix and benefit from selling them infrequently. Amazon understood earlier than most that the old retail model only worked on picking winning products where volume was paramount and choice limited. Amazon embraced the old model and spliced onto it the new one of infinite choice. This new model demonstrates that you can have your volume winners as well as the idiosyncratic products that sell occasionally, sitting side-by-side in your product mix. The new internet model is about aggregating small numbers.

What is of further interest is that aggregating small numbers to meet customer needs, and profiting from it, can also apply to manufacturing. An article in *The Economist* (2011), under the title of 'Print Me a Stradivarius', stated that a new manufacturing technology will change the world. This new technology is three-dimensional

printing, which enables someone with a computer and a room to make a single item as cost-effectively as thousands of them, whether that item is a bicycle frame, a panel for a car body or even an aircraft part. This is the democratization of manufacturing and marketing combined. We are indeed in a brave new world of customer choice and the winners will be those with the most courage and imagination.

The internet has also had an empowering effect upon retailing. The ability to turn books or music CDs into bits from atoms (the long-tail offer of small quantities of different items) has revolutionized distribution. Amazon and Apple iTunes no longer need giant warehouses to store products. Now they can be converted into infinite series of zeros and ones and stored in a server the size of a desktop computer. The cost reduction is immense. It also allows the manufacturer and retailer to shorten lead-times and produce products on demand.

There is a three-step process to infinite variety and choice: first there are the physical retailers who profit from physical stores; second there are hybrid retailers who profit from stores with no retail overheads, such as Amazon; third we have pure digital retailers who profit from no stores and no physical good, such as iTunes or Rhapsody, who provide downloads of music, lyrics, videos, and photographs, etc.

There is also a rapidly increasing trend to take physical products and find ways to turn them into data and stream them into your home. Turning physical products into pieces of code through the new technology has enabled the smallest-selling item in any inventory to cost the company zero. Amazon's print-on-demand book service is yet another example of the power of the web to bring together infinite choice for the consumer with healthy profitability to the manufacturer and retailer.

[O]btaining attention is obtaining a kind of enduring wealth, a form of wealth that puts you in a preferred position to get anything this new economy offers . . . since it is hard to get attention by repeating exactly what you or someone else has done before, this new economy is based upon endless originality, or at least attempts at originality. By contrast, the old industrial economy worked on the basis of interchangeable objects in huge numbers. (Golhaber, 1997)

Part II

Trust and Engagement

5

The Digital Society and Trust

Executive summary

As trust is a key ingredient of social relationships, sociology, the science dedicated to the study of social relations, provides the theoretical background for understanding engagement dynamics. The scientific constructs of trust and confidence may shed light on the rational and irrational sides of the brand–customer relationship, explaining customer behaviour and providing the bases for a trust strategy.

Trust is based on reciprocity and it is a ‘bond between past and future’, leveraging past experience to anticipate the future. That’s why it is so important for brands to engage customers on the trust side: trust gives the customer a feeling of security, reducing risk and providing stability over time. Key in building trust is the management of information, expectations, reputation and security: any lack of information, any negativity in reputation or any breach in a security system may lead to a break in the whole loyal relationship followed by the viral diffusion of the negative perception.

A trust strategy becomes a planned way to approach the trust issue: it is part of the brand strategy, contributing to the enlargement of the user base (customers currently using the product/brand) and building loyalty on existing customers.

Never has trust been at such low levels. Social fragmentation and individualization, financial collapse and economic downturn, government crisis, technology often frustrating people – these are some of the main reasons.

Never has trust become so essential to business success. In a world where the new paradigm is based on connection, collaboration and innovation, marketing is shifting from a measure of success based on return on investment to value measured in relationships and trustworthiness.

This change is at the base of the urgent need for brands to create long-lasting relations with stakeholders and explains how customer lifetime value (CLV) and customer equity (CE) are increasing their strategic roles in brand strategies. To understand how this is a prior objective it is worth reminding ourselves that costs related to the acquisition of a new customer are five to six times greater than costs of building the same sales volumes with an active client and that a 2 per cent increase in customer retention can bring profits comparable to a cost reduction of 10 per cent.¹

As trust is the essence of relationships, building a trust strategy will become one of the most challenging tasks for organizations, some of which are already paying it considerable attention, in the form of transparency politics, product withdrawals, corporate social responsibility and customer retention programmes, to give just some examples.

Designing a trust strategy, however, is a highly complex matter: trust is multidimensional and the approach to the trust strategy requires the establishment of a one-to-one, personalized relationship between the brand and the customers to allow an effective meeting of the customer's need; customers are increasingly distrustful, particularly of certain kinds of organization; companies can't influence some aspects of building trust, which are deeply embedded in the identity of the subject.

Sociology and other human sciences, by studying the genesis, extension and reproduction of trust in social life, can help provide marketers with some insights useful in the deep understanding of behavioural dynamics that relate to the nature of trust and its ability to build engagement.

Let's explore first the concepts of trust and confidence.

Trust and confidence

The discussion that follows shows how the scientific constructs of trust and confidence may shed light on the brand–customer relationship, explaining customer behaviour and providing bases for a trust strategy. The building blocks of this reflection are the concepts of free choice, expectation, trustworthiness, interaction, uncertainty, risk, dependency, reciprocity and loyalty. All these elements will be separately reassessed later on, within the value-for-engagement model in Chapter 8.

The constructs of trust and confidence are extremely complex, each with several separate definitions. Sociology, cognitive sociology, social

psychology, economics and philosophy, each with its own interpretation, all provide a number of versions of each concept.

For the purposes of this discussion, a synthesis of the various interpretations has been made, based upon which trust and confidence are considered two sides of the same coin: on the trust side, non-rational attributes prevail; on the confidence side, rationality emerges quite clearly.

Both trust and confidence are positive concepts of human interaction, implying a belief: they involve a person who projects his or her expectations into the future believing in a positive outcome, that is, that an action (for example the brand improving the product performance) or a fact (for instance a shopper finding a detergent at the supermarket) will occur. This action or fact appears to be at the base of the consumer–producer relationship.

Trust allows the possibility of an action within a framework of *reciprocity*. Without the offer of trust, reciprocal action would be impossible. Reciprocity starts with a process of acknowledgement of the counterpart: indeed, the first act is to consider that there is someone to be trusted. Then, the trusted one will act compliantly, following the expectations of the trusting one. Trust is the tool that makes our everyday living possible in such a complex reality as our global and systemic society. Luhmann says we couldn't even get out of bed if we couldn't be confident (Luhmann, 2002b).

To visualize at a glance the immediate differences between the construct of trust and the construct of confidence, two tag-clouds have been drawn (Figure 5.1). It is clear how they picture two different realms: trust is based on irrational elements and confidence on rational ones. Trust is an emotional process, stemming from a two-way, reciprocal interaction; confidence is a rational one-way process. Indeed, we will see how confidence has a 'grey area' inside its rational mainframe, containing a particular form of trust, positioned between irrationality and rationality, between emotion and cognition.

Trust is a two-way reciprocal process between agents. The circulatory process of exchange, which is an inside link among persons, a builder of society, is the main framework within which *interaction* takes place. Interaction may be defined as the transmission of facts, concepts, ideas, feelings and values between or among two or more persons, which is repeated bidirectionally in a period of time (Padua, 2011e, p. 48).

Trust is a key ingredient of social relationships. Trust is at the base of this interactive circulatory process, generating reciprocal influence and exchange (Simmel, 1908).² As society is made up of social interactions and exchange is not possible without trust, it is clear how trust

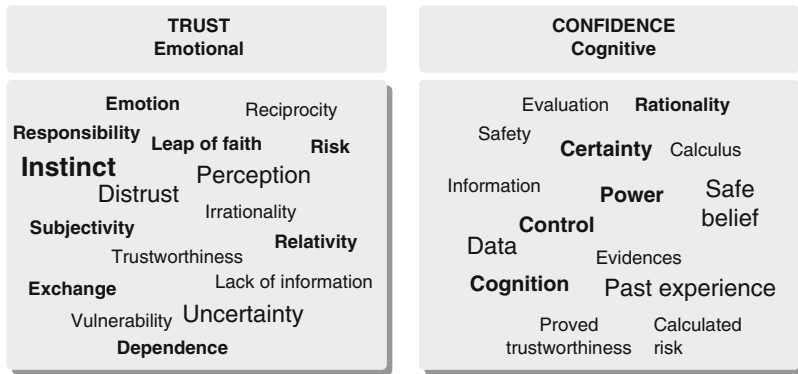


Figure 5.1 Trust and confidence tag-clouds

generates social cohesion and is a very powerful tool of integration, allowing action to take place (Giddens, 1990).

Also, trust is a key element of brand–customer relationships. A brand is a set of relations, aiming at a long-term interaction and generating a reciprocal influence: the brand Apple has modelled itself on the consumer’s need for design and high performance in technology and the consumer shares its values, happy and proud to adhere to its personality, in a reciprocal exchange of identities. The projection of the interaction into the future, constantly fuelled by innovation and surprise, experience and up-to-dateness, generates a strong loyalty. At the base there is the ability of the Apple brand to make the ‘exchange’ tight and compelling, generating a consistent feeling of engagement and belonging, kept alive by a promise of an exciting future. Behind Apple, the powerful personality of Steve Jobs has represented and probably will always represent a strong trustworthy testimonial, reinforcing the brand identity from within and underpinning the trust relationship.

In this context, what are the elements defining a trust interaction? To answer this, we start from the brand–customer relation side of the coin, the irrational one, namely the one called trust (see Figure 5.2). Nonetheless, as above anticipated, to reach a full understanding of the concept of a brand–customer trust relationship, we will illustrate how this irrational and emotional side copes with the rational one.

In general, key elements of trust are as shown as follows (Lacohée *et al.*, 2008, p. 17; Cotesta, 1998, p. 113):

- The trustor believes that the trustee will behave in the future in a manner that will allow them, the trustor, to reach his goal (the

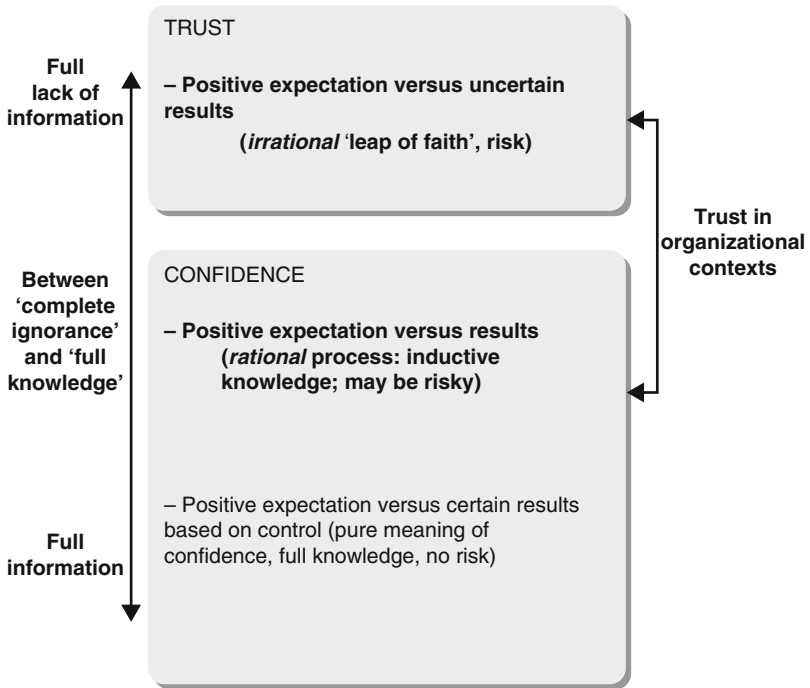


Figure 5.2 Trust interaction: trust as a ‘leap of faith’; trust within the construct of confidence; pure confidence

trustor has a positive *expectation* based on information which could also stem from positive past experiences).

- The trustor accepts that the trustee may not respond to expectation. (The trustor is vulnerable and takes this *risk* in a condition of *uncertainty*. This is an irrational component.)
- The trustor can’t control the trustee’s behaviour. (The trustor has no power. Trust is beyond any relation of power and control.)
- *Distrust* may occur if there is no reciprocity (trust is misplaced, as the trustee doesn’t meet the trustor’s belief), or there is too much trust (the trustor goes over any reasonable vulnerability).
- *Trustworthiness* is the outcome of the freely willed intention of the trustee to support the trustor in the future.

(Figure 5.2 shows: 1. Trust in its irrational form, as a ‘leap of faith’. 2. Trust in its mixed irrational–rational form within the construct of confidence. 3. Pure confidence.)

Trust as a ‘leap of faith’

Trust in its purest form is a dimension, like trustworthiness, that is deeply related to *time* and *knowledge*. As a matter of fact, it builds up over time, in a framework of uncertainty. Indeed, within a social interaction (Simmel, 1908), the response to a proposal takes place at a later time and the initial proposal is made without knowing how the partner will respond. In a situation of full lack of information, trust becomes a leap of faith: faith may be given to a deity, to the family, to a nation or to a flag, for example. All those feelings of emotion, instinct and pure perception are at the base of strong values, rather than being based on a rational elaboration of information.

This pure form of irrational trust would be found in the theoretical case of a new brand launching a new product on the market without having put out any communication, hence without allowing the customer to acquire any knowledge on which to base a decision to purchase, which would depend on a pure act of trust towards the brand. In fact, however, believing in a brand’s promise is never a leap of faith, but a rational process that can’t happen unless the company gives the customer information.³

Trust is based on a free personal decision to rely on a trustworthy person and on the freedom of the other person to reciprocate with reliability. Although trust is created within the decision to rely on someone, in this irrational side of trust, the trustor is aware that no certainty is provided about the future meeting of expectations (in other words, reciprocity). While this extreme form of trust couldn’t be applied to the example of Apple above, as no customer would be happy to see his expectations betrayed, it could occur in a different world, such as the voluntary sector, where relations between a donor and a non-profit organization are established according to exchange patterns governed by differing values. For example, a customer may make a donation to a charity organization without any rational basis (that is, for instance, without any certainty about what group of indigents will enjoy support and in what proportion). This action would be justified only by the donor’s own values and the internal reward coming from the donation (Bruni, 2006).

Based on what has been said, the reason why this form of totally irrational trust doesn’t exhaust the explanation of the brand–customer relationship is that for the trustor to be in such a vulnerable position is not realistic in the web context, where often their purchase decisions are

supported by a richness of extremely detailed and valuable information. Trust, in its pure, irrational form implies a positive expectation as against uncertain results: the irrational leap of faith may imply a risk, which the trustor is aware of.

At all events, trust as a leap of faith is an extraordinary social tie, which makes social bonds closer. Indeed, being such a risky matter, if the trustor is betrayed then *distrust* occurs (Mutti, 1994). Trust is a very complex social construct. Even if it is misplaced just once, the trust bond is broken: it being a sequence of interrelated acts, a sort of chain, if a single ring is broken, the whole chain splits and the interaction stops. Rebuilding it involves considerable effort to mend the whole chain, as it is not a single link that has to be rebuilt: the whole sequence of past interactions has to be revised. There is more than one strategy to mend broken trust relations, but not all are simple.

Confidence

After this illustration of the irrational side of trust, we may move to the construct of confidence, which includes a rationally and irrationally based form of trust and a cognitive and rational act. Therefore, confidence has two forms:

- In the first, the trustor believes that in the future their goals will be met by the trustee (a positive outcome of the trust relation). This expectation is based on the trustee's trustworthiness and on the use of *information*. However, the trustor has no total control, so they are vulnerable. For this reason, even when talking about the confidence construct, we may say that this is a form of trust – in particular, a 'rational trust'.
- In the second form of confidence, the 'confident person' can exert control to achieve a successful conclusion of the relationship (this illustrates confidence in its pure sense).

The above shows that the first form of confidence is something in between rationality and irrationality, control and vulnerability, exhibiting characteristics of both sides. We will examine below these two forms of 'rational trust'.

Trust within the construct of confidence

Rationality is based on *information*. The theory of rational choice explains how information allows effective and efficient choices to

control resources and their allocations. To try to explain this concept we may consider the following proposition, behind which is the role of access to information: 'Rationality is to power as irrationality is to vulnerability.' The more information the customer receives, the more they may elaborate rational logic, be empowered and exert control, and also decide to trust . . . or not to trust. The opposite is also true; without the support of information, the action is irrational because it doesn't follow any logic and the customer becomes vulnerable to negative outcomes of their expectation.

Within this simple concept lies the full relevance of the strategic role of information and reputation management by organizations. Information is key in building the rational side of trust and, after all we have said, *relationships*. We will see in Chapter 6 on engagement how a solid marketing and communication strategy, addressing in an integrated way every media touchpoint so as to contact and inform the customer along their customer journey, will allow the brand to reach positive results.

In the construct of confidence, the rational side of trust is founded on a degree of certainty, on an acknowledged trustworthiness and on a rational base of information about the brand (the trustee), for example, its benevolence or competence. This form of confidence, which we will call trust since it lacks full control, results from the freedom to believe in someone based on an awareness of information possessed (Hart, 1989).

Also, within the rational side of trust the *relation with time* is definitely meaningful. We may say that trust is 'a bond between past and future': the past is represented by experience, the future by expectations. Trust leverages past experience to anticipate the future. That's why it is so important for brands to engage customers on the trust side: it gives the customer a feeling of security, reducing risk and providing stability over time.

To explain the role of *experience*, we might say that the rational side of trust addresses the need for information in the calculation of the odds against supporting a risk. Some researches in the e-commerce sector have demonstrated how a previous experience with a brand in the offline market has influenced the purchase of utilities: past experience is a strong basis for a calculation of probabilities. According to another finding, when people aren't familiar with a specific website or service, they tend to search for more information to make a risk assessment. Again, by reducing the risk, experience plays a relevant role in forecasting the results of the bet (Lacohée *et al.*, 2008, p. 57).

In some conditions, a rationally based form of trust may build up when an irrational leap of faith is, over time, backed up with a positive

experience of progressively met expectations. Here, information builds up, generating knowledge and thus enhancing confidence and opening the way to power and to various forms of control.

On the *expectations* side, the role of rationality is key within the brand–customer relationship. Apple customers (trustors) may have rationally based expectations towards the Apple brand (trustee), concerning quality, values, reputation, competencies and service. Companies have to be aware that the management of expectations is at the base of the strategic objective of building *loyalty*.

Expectation within a brand–customer relationship bonds the two parties as it is based on trust that both goals will be accomplished. We will go further into this subject below.

Trust rationality also plays an important role in the *relation of dependency* between the brand and the customer. Trust implies an asymmetric *dependency* between the brand and the customer: the moment in which a customer relies on a brand and trusts it, they are in the position to control the course of action of the organization and its positive or negative response to the act of faith. In this way, we may say that the company *depends* upon the customer and is *responsible* for its own actions to meet the customer's expectations (Luhmann, 1989). Where there is mistrust the sanction for the organization is evident: the quitting of the purchasing act, thus betraying loyalty to the brand. At the same time and in an opposite direction, it is true that the customer *depends* upon the brand because they rely on it. Indeed, the circularity of the interaction generates a reciprocal dependency: the trustee (brand) is responsible for being trustworthy and meeting expectations, while the trustor (customer) depends on the brand via the purchasing act. However, the customer hasn't any responsibility towards the brand beyond the above-mentioned dependency relationship, as they may switch from one brand to another without any sanction: this underpins the customer's position of power in a context of high competition. Indeed, when we talk about trust we always mean a two-way process according to which not only the customer controls the brand's trustworthiness but also the brand controls the customer's behaviour.

Marketers have several ways to build on this exchange through exerting forms of control: sentiment analysis, customer journey analysis and web analytics may represent effective tools to get information about the customer's actions, needs and behaviours. Provided, that is, that the brand manager trusts them!

Interestingly, a company's reputation may be a two-way instrument of control: reputation is both conferred and attained. It is true that a

company's reputation may be affected by exogenous variables (a viral attack by an angry consumer, a competition attack or a community reaction to a crisis over a product), but reputation also needs a cautious strategy in proactively building an image. This strategy has to be connected tightly to the trust strategy.

As we've seen, the form of trust contained in the construct of confidence has both a rational and an irrational side, which brings vulnerability. Were things otherwise, we would be in a situation of full confidence. This aspect permits us to talk of trust (irrational, in its purest form) within a confidence construct (rational, in its purest form). Being vulnerable means that there isn't complete information,⁴ and thus irrationality has to cope with this gap. Indeed, in this situation we can say that there is a 'reasonable', 'prudent' and wise level of knowledge. When we use either of the adjectives 'reasonable' and 'prudent' we are in a sphere of a rationality regulated by human wisdom, good sense and the cognition of standard safety levels coming from experience (Mauss, 1998; Latouche, 2000; Sen, 2006).

Sociology provides an interesting explanation of the role of *expectations* in this irrational side of confidence, according to which expectations are born in an intermediate zone somewhere between 'complete ignorance' and 'full knowledge' (Simmel, 1987 [1900]). This makes trust a way to fill a gap caused by a lack of information (Garfinkel, 2004, p. 30) and a compensation for a lack of control over reality. As trust fills this gap in information, it acquires rationality, turning a calculation of probabilities into a reasonable bet: trust is granted only if the effects of the negative outcome of a promise that is not kept (risk) are lower than the positive effects of a promise that is kept (reward) (Deutsch, 1962, pp. 275–319). It is understandable how this concept can be closely linked to that of *risk*, creating a relationship between the probability of success and the costs of a possible loss; the basis of the rational process here is the balance of costs against benefits.⁵

Pure confidence

The other component of the construct represents confidence in its purest form: a one-way course of action. It is an action where power is exerted, in the form of control over the aim of matching results. In the pure confidence construct, due to the control over the trustee, so that he or she (or they) will be bound to help the trustor above and beyond what comes out of their trustworthiness (Lacohee *et al.*, 2008, p. 18), the future is certain as it is based on a rational evaluation, clear data and information, projecting past experience to predict the future. Control empowers confidence, since

it is a way to direct the course of actions to reach our goals, sometimes even against another's will. We may say that the individual is in the zone of 'complete knowledge'. For example, a confident customer arrives at the dealer to buy a car having full information – though it is not 'perfect!' – on performance, technologies, optional extras and market prices. Indeed, the ability to control a brand's quality, reputation and performance is built on evidence based on knowledge, influence and assurance (Lacohée *et al.*, 2008, p. 33). The customer has many instruments available for control: websites, aggregate sites, and forums such as social media chats and tweets. These are extraordinarily effective tools for obtaining peer-to-peer validated information.

Trust in organizational contexts

For the notion of trust to apply fully to general organizational contexts, based on the concepts discussed above, we should start from the standpoint according to which trust shouldn't be considered separate from the concept of confidence, as they are inextricably linked.

The organizational interpretation of trust has to go back to the brand–customer relation as it is explained today in marketing literature: the brand is considered by the customer as a 'person' – possessing competencies and abilities (the rational and tangible core functional benefits), also values and emotions (the set of principles which represent the intangible 'halo' of the product and the emotional features of the brand's personality) – with which the customer creates an interaction based on a congruence of values, emotions and personality. Indeed, this pattern of the brand–customer interaction relates to the concept of interpersonal trust offered by Simmel: trust can't be seen solely as an irrational leap of faith. The irrational component, while being an extraordinary driver of social cohesiveness, doesn't explain all those situations in which the individual has only limited information to justify the other party's trustworthiness. The concept of trust has to comprise both sides (see Figure 5.2): the irrational and the rational, the latter being represented by the concept of 'trust in the construct of confidence' – that is, that part of confidence which makes the trustor vulnerable through a lack of control.⁶

However, there are some cases in which the power of control may still be left spontaneously in the hands of the company for reasons that go beyond any rational or irrational justifications. Such occurs when individuals struggle to cope with environmental complexity, for example on the internet, and turn to organizations to simplify it for them.⁷ This necessary act – of putting oneself in the hands of a company, which

corresponds to an act of simplification of complexity – known as the ‘institutionalization of relationships’, transforms organizations into centres of trust and shared social identity (Lacohée *et al.*, 2008, p. 25). Trust in these complex systems implies a reliance on others, as it is they who have the technical knowledge about the functioning of the system (Giddens, 1990). Nevertheless, at every contact (via access nodes) with an abstract system, trust in the whole system may be deeply either reinforced or else lowered according to the level of competence of the access nodes. This means that the abilities and competencies to manage the customer may modify the customer’s perception of danger and risk.⁸ A negative experience with someone seen as an expert, such as a customer service officer or a community manager, may bring a customer to the decision to abandon the relationship with the whole system, namely the organization or the brand. Continuity, motivation and competence are at the base of institutional trust and are the drivers of positive engagements with customers (Lacohée *et al.*, 2008, p. 32).

To draw overall conclusions from the above illustrated concept of trust, and to open the discussion on ‘trust insights’ that follows, we may say that the brand–customer interaction is based on a both rational and irrational relation; the dependency between the two shows a position of power on the customer side, but also possibilities for the brand to grow in control by the management of expectations, co-creation processes, web analytics and engagement over time: in brief, a trust strategy.

Such a picture, however, doesn’t exhaust all the different sets of relations based on trust that the customer experiences while interacting with the environment. This poses the key question of just what a customer may trust. Below, a synthesis of different forms of trust is provided which will be tackled in further discussion (Sztompka, 1996). Trust may be in:

1. The social system (the general environment, society).
2. The technology (digital technology).
3. Organizations and people working inside (institutional trust).
4. Professional or social roles (roles in communities).
5. Single persons (peer-to-peer or interpersonal trust).

In particular, in social networks and communities, the consumer may develop two typologies of trust:

1. *Focused trust* I trust only a group of persons within specific networks of relations (for example, in Facebook I create my group).

2. *Generalized trust* I trust all members of a society, a community, an organization.

Thus, in our discussion, we won't tackle other subjects such as trust in inanimate objects, like software and hardware.

The trust strategy

In the 1960s, if you introduced a new product to America, 90% of the people who viewed it for the first time believed in the corporate promise. Then, 40 years later, if you performed the same exercise less than 10% of the public believed it was true. The fracturing of trust is based on the fact that the consumer has been let down. (Howard Shultz, CEO of Starbucks)

Trust between organizations and individuals or groups is based not only on present relation-building but, relevantly, on perceptions built over time. This explains why the general opinion of individuals about organizations is more often negative than positive: up to the present, organizations have often been perceived as polluters, exploiters, and consumption-drivers. Moreover, research shows that marketing is often perceived negatively, and hence companies are viewed as intruders in social network conversations.

Indeed, organizations are paying a lot of attention to building trustworthy relations with consumers: transparency policies, product withdrawals and corporate social responsibility (CSR) programmes demonstrate their intent. CSR, in particular, represented a first real move to rebuild a positive image of companies mending broken relationships with customers. However, CSR research shows how difficult it is for organizations to build an image that is positive, trustworthy and transparent.

The pervasive compromised image, reflecting low levels of trust, and indeed reinforced by a general diffidence and scarcity of cohesiveness in society, indicates the need for a more organized strategy to build trust, constituting as it does the basis of the customer–producer relationship.

Let us now examine, within the trust-conceptual framework, the shift of power from companies to consumers that has happened in markets, and try to work out what kind of trust strategy would be needed to reach engagement. A trust strategy, which is an integrated course of actions set in motion to reach a common objective in building and consolidating a trust relationship, should be part of the overall brand

strategy, helping organizations to focus on the brand–consumer relationship and building the base for engagement.

Traditional one-way push strategies have been based on marketing mixes formulated on evidence gathered by research to persuade and push consumers to purchase and repurchase brands, brand flankers and brand extensions. The process leverages a solid informational base and puts the companies in the position to exert control over the consumer. This means that organizations, when building sound strategies and executing them effectively, have been *confident* about meeting objectives (Figure 5.3).

The Internet Age has now changed the scenario: companies have substantially lost that informational power by ceding control to customers who demand more strongly that brands meet their expectations. Many are the factors making the situation even more complex: competition has increased and consumers are more sceptical and difficult to engage, while the economic downturn impacts negatively on sales.

Given this picture, as traditional marketing mixes are not often proving to attain a satisfactory and predictable level of success, companies ought to move to a different strategy, based no longer on *confidence* but on *trust*. This means moving from a one-way belief, based on *control*, to a two-way, *reciprocal* course of interaction. It is a process in which companies aim for reciprocity to fill the informational gap by receiving information directly from the source: the customer. The Internet Age customer, in turn, is empowered by access to a high level of information.

These are the two reasons for the shift in brand strategies, explaining why in the Internet Age companies have to reverse the way they work, abandoning the push strategy to create an effective pull one: *customer trust has to match company trustworthiness*. This means that customers have to trust companies and will act in the desired manner when they decide which brand they consider most trustworthy.

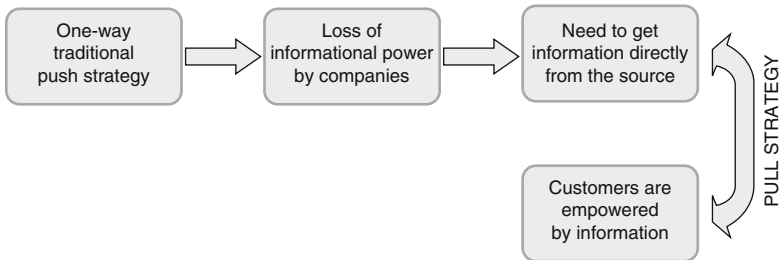


Figure 5.3 From push strategy to pull strategy

Indeed, this shift in focus to a pull strategy will always mean that companies have to play a relevant proactive role on the web so as to identify the right targets such as various kinds of clusters like groups and communities, and it will be key to identify within these the leaders to be engaged. In such a context, the relevant aspect is the rolling out of engagement to instil trust in people.

Customers live in a society in which it is difficult to be confident because of past negative experiences and difficulties in getting transparent and trustworthy information (Simon, 1972). Customers have therefore to decide both on rational (confidence) and irrational (trust) elements, blending information with 'leaps of faith'.

As trustworthiness becomes a key objective for organizations, how are they to become trustworthy? The answer seems to be in a trust strategy endowed with a sound engagement process. Building a trust strategy thus implies that organizations are called upon to create a rational profit-oriented approach combined with an apparently 'no-profit' emotional and 'non-rational' behaviour on the web, aiming to generate conversation rather than to sell. Moreover, at the base of the problem there lies a general gap between the intentions of consumers and those of companies: companies are perceived by individuals as being on the web to make profits, while the members of social networks and most communities (generally interest-oriented or relationship-oriented communities) are connected mainly to ask for advice, to chat, to feel not alone, to find a friend, to share a concern, to ask for help . . . For two parties with different objectives to mutually engage the only way can be by regenerating a new 'transactional' model based on transparent rules of the game, which is offering 'value for engagement'. Value is about tangible assets, dealing with service, functionality and effectiveness – in brief 'intrinsic quality' but also non-tangible elements such as pride, friendship, support and experiences.

It is apparent that what is needed is a complete change in mindset, not by people but by organizations. This appears to be the biggest challenge for organizations, requiring as it does a significant cultural shift – a change in attitudes and competences. We have previously outlined, in Chapter 3, the features of this change and the key reasons behind it and we will deepen the value-for-engagement concept in the next chapter, Chapter 6.

A trust strategy, as stated, is part of a brand strategy and has to be embedded in it, being based on the same target and positioning statements and contributing heavily to the achievement of its objectives. To this extent, specific trust strategy objectives operate in tight conjunction

with the objectives of the brand strategy (Figure 5.4). To explain how, we represent the customer target on an imaginary line where, theoretically, each dot is a customer. We may say that trust operates in both vertical and horizontal ways:

- *Horizontally*, it contributes to the enlargement of the ‘user base’ (the group of customers currently using the product), creating new openings into brand–customer dialogues. Importantly, trust works differently along the evolution of the relationship with individuals: first, it creates conditions for an ‘opening’ – that is, a disposition to listen; following that, it keeps the doors open to dialogue, granting the ‘ear’ to listen, the ‘mind’ to receive the other’s thought, the ‘soul’ to accept the deepest motivations behind their thought. We’ll deepen this concept in the next chapter, showing how engagement provides for the activation of the whole trust process, through a rich set of actions.
- *Vertically*, a trust strategy builds loyalty on existing customers, consolidating the relationship and projecting it to, or confirming it in, the future. This objective operates together with the brand strategy’s objective of building volume on existing customers or stakeholders.

Indeed, a trust strategy correlates to the building blocks of a brand strategy, contributing to the definition of the brand vision, brand promise, brand delivery and brand positioning. In particular, Table 5.1 shows how the trust strategy corresponds to each key assumption of the brand strategy, to strengthen its effectiveness in the complex offline–online environment that is characterized by a highly ‘volatile’ customer, that is, one that is multidimensional, unstable and mutable.

A trust strategy is therefore an ‘addendum’ to the main brand strategy – that is, an additional statement which follows the main brand assumption. It may be either expressed in one single statement or else

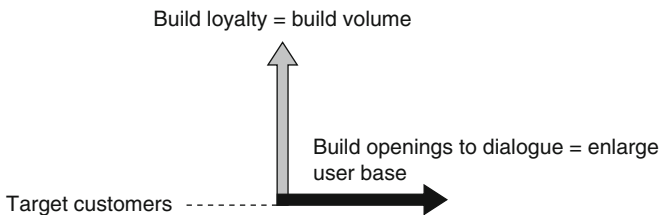


Figure 5.4 Vertical and horizontal operation of trust

split into different points (single addendum) for each statement of the brand strategy, as shown in Table 5.1.⁹

Trust contributes to the definition of a ‘brand vision’, questioning its role within the framework of the company perspective. Pertinently, the vision is an idea projected into the future, and no other concept is so future-oriented as trust. A reflection on the role of trust within a brand strategy will elucidate the real potential of keeping a critical mass of customers.

Too many promises risk failure to gain the customer’s commitment, if they aren’t credible and don’t appear to be trustworthy; it is not enough to build a solid ‘brand promise’ – it must be trusted. Trust enables a concept to transform into reality. A promise of an efficient service is not valuable in the customer’s eyes if they don’t trust it: to trust it they must be engaged. We’ll see how.

The topics of ‘brand positioning’ and ‘brand delivery’, regarding perceptions and actions to fulfil commitments, are addressed conceptually by the trust strategy and pragmatically by the engagement process. This is the process by which trustworthiness is acquired and which defines the kind of perception the customer should have of the brand. Indeed, when we talk about the perception of a positioning and its delivery, it is essential to design a sound ‘reason why’ behind it. The reason for believing in the promise has two sides, as previously mentioned: one rational and one irrational.

- From the rational point of view, there are three main areas in which reputation is managed: competence, benevolence and integrity.

Table 5.1 Trust strategy split into different elements for each statement of the brand strategy

BRAND STRATEGY ELEMENTS	BRAND STRATEGY	TRUST STRATEGY
BRAND VISION	What do we want our brand to become?	Is trust becoming a key element of our brand vision?
BRAND PROMISE	What is our commitment to customers?	Is our commitment trustworthy?
BRAND POSITIONING	How do we want to be perceived and what are our competitive advantages?	How do we want customers to perceive our trust beliefs?
BRAND DELIVERY	How do we intend to fulfil our commitment and what actions will we take?	How will trustworthiness be delivered?

The properties of competence, quality, responsiveness, flawless service and the best customer care against product failures may be some examples.

- On the irrational side lie factors such as ‘unforgettable experiences’, emotions, and positive perceptions.

As we will see in Chapter 6, the role of experience generates an exchange of identities via emotions.

The holistic approach

Since trust is multidimensional and is embedded in a network of relations, a trust strategy has to follow an integrated approach. Every typology of stakeholder, client, customer, supplier, employee or investor may have different levels of trust relationship with the same person: a supplier may be trustworthy because of their integrity, reliability and respecting of deadlines, and each of these dimensions may have different weights; a customer may trust a brand for its effectiveness, reliability and service, valuing each with a different intensity. This reflects a first character of trust complexity: multidimensionality.

A further feature of complexity is determined by the embeddedness of trust within an organizational system of relations: because in a network-structured company (see Chapter 4) stakeholders’ relations are reciprocally linked one to the other, all tied together in a network, a change in the level of trust in any one part affects all the others. For instance, a decision by a financial community not to invest any more in a company, because of a loss of trust in its ability to meet objectives, may affect employees’ salaries; employees will then start to doubt the health of the company, possibly lose motivation and become less productive; consequently, their managers and executives will be under pressure to reach higher sales levels; suppliers will now suffer from the company’s lower purchases and consider the company less trustworthy as payments will be delayed; and a necessary change in the product mix might then mislead customers who may start to lose trust in the company’s reputation. This is just a simple example of how a whole system might be virally affected when trust is lost by just one of its components.

A study conducted on stakeholders’ trust (Pirson and Malhotra, 2008, pp. 43–50) revealed that trust has its own rules and that a lack of

knowledge may lead to huge mistakes. These misunderstandings may occur in the following areas:

- *Transparency* In some cases this may diminish trust, depending on what is disclosed. A manager's high compensation not related to performance is an example.
- *Integrity* To have a trustworthy relationship, even with highly ethically involved companies, stakeholders who are engaged with the organization on a regular basis must also feel that the company cares about them.
- *Competence* Not everyone demands the same kind of competencies. Employees and investors look for managerial competence, while customers and suppliers ask for the technical kind.
- *Building trust* A balance among approaches to stakeholders' trust is essential, as building trust with one group may destroy it with another. Different parties have diverse concerns and interests. When trust by one group is compromised the company should act, but should take into consideration the risk of creating imbalance in the whole stakeholders' group.
- *Value congruence (identification)* This is relevant for all stakeholder categories – not just for employees, suppliers and customers who work closely with the company. The company should be aware that congruence in values is relevant for anyone who has contacts with the organization.

All these outcomes show how the multidimensionality of trust within complex systems implies an integrated approach to its application. As we have seen when discussing the organizational realm, rigid management and models are increasingly less valid, while a wise, human, integrated approach to the application of rules becomes the key to success. It appears that just as in the Internet Age technology is becoming a core tool to govern web complexities, in the organizational realm a human approach seems the only tool with which to govern an even more intricate complexity: the integration between people and organization.

Next, we will tackle the relationships between *trust and technology*; *trust, risk and security*; and *trust and information*. These are three key factors impacting a trust strategy and determining the basis for strategic brand decisions.

Trust and technology

New technologies are part of our life and the social system progressively absorbs them. When technology helps people to reach their objectives in a more effective and efficient way, it is perceived positively, as friendly and supportive. But it is also part of our life that technology fails. Technology itself has an image and a reputation. Its image depends on how pleasant the experience is: if technological platforms, media, accessibility and service all work in a flawless way and allow people to reach their objectives, its reputation may be positive. However, as probably most of us have experienced, reality tells us that the list of problems with technology is very long, from incompatibilities to difficult connections to frustrating automatic call centres. And just one negative experience compromises its whole trustworthiness. The fact is that today we don't believe that technology is perfect – sometimes it just fails.

Technology has a key role in trust and raises questions such as: What can we do at this phase to build trustworthy communication through our technology? Are we trustworthy enough in the consumer's psychology? Is there any technological element affecting our trust relationship? By addressing these questions, marketing managers can double-check their trust-building objectives.

To this extent a model of 'trust in the customer–producer relationship' has been built – to visualize in which phase of the relationship which typology of trust is involved; how it should be applied; and which context is involved. The value of the model lies in that its application to the customer–producer relationship offers an innovative way to interpret the customer–producer bond. The building of the model has merged the most diffused models assessing confidence, trust creation and trust-based decisions. These models are interdisciplinary, originating from sociological, psychological and cognitive-psychological constructs and concepts. The integration of these models has been supported by their structural similarity. Indeed, the resulting customer–producer relationship model is the original outcome of a deconstruction of the above-mentioned models into separate concepts to rebuild them in a new structure. In contrast to their initial purpose, primarily the understanding of the e-commerce sector, in the new model, concepts are used to provide a general understanding of every phase of the customer–producer relationship.

The models taken into consideration are: the interdisciplinary model of trust; the technology trust formation model; the MoTEC model of trust in e-commerce; and Tan's transactional trust model.¹⁰

The new model develops along a theoretical timeline which joins the customer to the producer along various domains involving trust (Figure 5.5).¹¹ It is evident how trust is the result of a process in which both the customers (or stakeholders) and the companies take part: it starts inside the person (left-hand side of the graph), with the customer's beliefs about trust, where marketers can't exert any influence, and ends up in the company domain (right-hand side of the graph), where the organization is responsible for the ultimate phase of the relationship: after-sales. Actually, the key actors in building trust are three: persons, organizations and the external environment. Indeed, we shouldn't forget that trust is a multidimensional construct, operating in a systemic network in which technologies, industries, companies and people interact at different levels. The customer-producer relationship evolves through the process, starting from the 'user psychology', moving to a

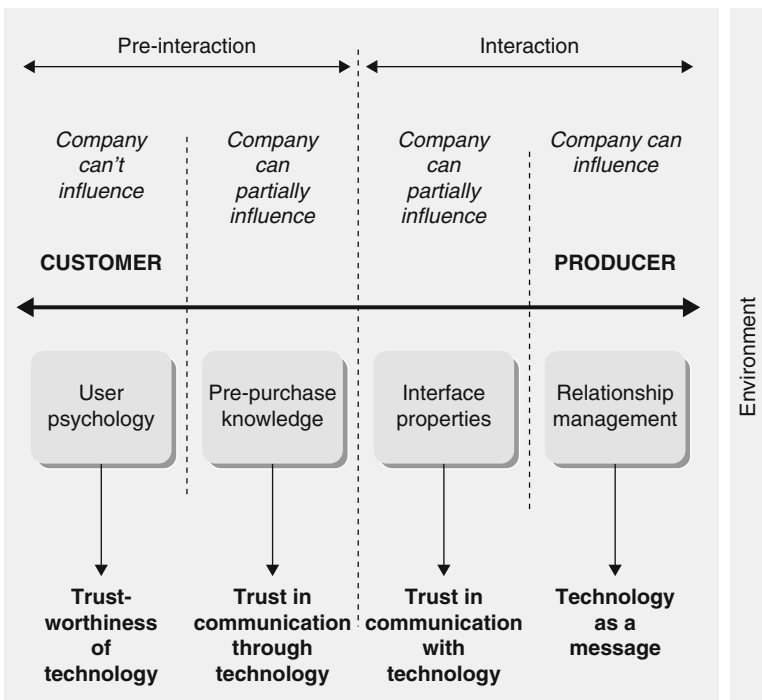


Figure 5.5 Model of trust in the customer-producer relationship

'pre-purchase knowledge' phase and progressing through the 'interface properties' and 'relationship management' steps.

In the model, each phase is correlated to a specific typology of construct contributing to the creation of trust. The line is divided into two main portions: 'pre-interaction', then 'interaction'. This is to separate the two different phases of generating a trust strategy, according to the different levels of influence of the company on trust-building. Starting on the left in the person's realm, trust is influenced by the user psychology via the person's 'general propensity to trust' and 'trust in IT and in the internet' (Egger, 2003). This construct relates to a form of trust called 'trustworthiness of technology', quantified subjectively as a level of the reliability and dependability of technology (Lacohée, 2008).

General propensity towards – and trust in – IT relates strongly to the user's past experience and therefore may be affected by isolated negative encounters with technology. An example is the case of the Danger Sidekick mobile device: as a serious server failure occurred at Danger, a subsidiary of T-Mobile Microsoft, a near catastrophe hit users, since all the data not stored on Sidekick but residing in the 'cloud' were lost (Cashmore, 2009). On the company blog, people's reactions have been harsh. Comments have gone from 'That's what happens when you trust a company with *all* your data,' to 'I'm highly distrustful of this cloud technology.' This is a clear example of how distrust grows irrationally like wildfire to involve the whole system, starting with companies and ending with reflections on related technologies.

As illustrated when discussing trust in organizational contexts, since trust has to be joined to confidence (that is, to couple a rational with an irrational side), the subjectivity of 'user psychology' has to be coupled with a calculational trusting base: in giving trust, people consider positive–negative past outcomes and costs–benefits from violations – which results in an overall balance of costs versus revenues (Cofta, 2007, p. 79). Control lies at the base of a feeling of safety and peace of mind, in contrast to the anxiety and sense of helplessness felt in unsafe situations.

The *pre-purchase knowledge* construct refers to the amount of information the consumer owns before starting the interaction with the company – that is, the purchasing act. It essentially includes 'the reputation of the industry and of the company' (Egger, 2003) and, from a cognitive perspective, it comprises 'stereotyping' and 'second-hand knowledge' (Li, 2004).

Reputation is based on five factors, called 'trusting beliefs', which are generators of trust, namely: competence, benevolence, integrity,

transparency and value congruence. We will analyse this concept more deeply later; for the moment let's underline that:

- Competence relates to *technical ability and performance*.
- Benevolence relates to the positive *quality of relationship*.
- Integrity refers to *values and an ethical approach*.
- Transparency relates to the rule to *communicate*.
- Value congruence is related to *identity*.

These are five areas in which companies have to work, as they heavily impact on trust.

Interestingly, the reputation of a company is affected by the perception the consumer has of the whole industry. A well-known case involving an industry's reputation is the BP oil spill in the Gulf of Mexico. The images diffused worldwide of the oil spill spreading on the sea have left a striking image of an 'oil industry' irredeemably disrupting nature. This irrational transfer of a judgement from a single fact or element to the whole category has the same dynamic as stereotyping, which defines rigid models according to judgements made on the basis of generalizations. It is a clear process of the simplification of complexity, as seen (Chapter 1) with trust.

'Second-hand knowledge', on the other hand, involves the word-of-mouth process through which a company image may be positively or negatively affected in geometric proportions. Here, it has to be pointed out that word of mouth can impact heavily on a company's reputation and may negatively affect the decision to purchase. We will talk more extensively about reputation and word of mouth in Chapter 6. The pre-purchase construct reflects a specific form of trust, namely *trust in communication through technology* (Lacohée *et al.*, 2008, p. 30). It assumes that technology works as a filter between communicating humans. The key question is how technology 'makes the human assessment of trust in another human [or an organization] more accurate' (*ibid.*). Since in technological communication the absence of face-to-face interaction strongly limits trust-building, the deeper the interaction allowed by the medium, the more trust is enhanced. We have already seen how visual communication allows a higher level of interaction, and how it represents an effective way of communication, reinforcing the building of trust. Research also shows that a collective experience in a form of collaboration (Rutter, 2001, pp. 371–85; Lacohée *et al.*, 2008, p. 31) may help fill the communication gap in technology, by allowing people to receive feedback from people's opinions and behaviour. Also, collaborative

filtering (O'Donovan and Smyth, 2005, pp. 167–74) helps prioritize information based on individuals' judgement. This is the case where the influence of social network groups impacts on the person's judgement.

In this domain, companies have the power to influence the consumer only by reputation-building actions, such as an effective content management and an integrated communication strategy involving different touchpoints and virally diffusing positive information. This may influence word-of-mouth and second-hand knowledge.

Moving ahead into the customer–producer process, interaction starts through interfaces. The *interface properties* construct (Egger, 2003, in Cofta, 2007, p. 79) includes 'usability' features. Web usability refers to how well users can learn and use a web product to achieve their goals and how satisfied they are with that process. This means ease of learning, efficiency of use, memorability of usage, reduction of severe errors and a subjective satisfaction.¹² As all these elements contribute to build a positive experience and to build trust, it is clear how a company website's usability impacts positively on trustworthiness. However, customer journeys may be quite long before landing on a brand website, passing sometimes through a whole hierarchy of entrances. It is clear how the usability of all these other web pages affects the journey to the page landed on. No doubt a brand can grant high levels of usability within its website, but the internet is a systemic environment, where your life depends on all the others. Moreover, each customer journey is different, given its subjectivity – so, to make the journey more efficient and effective, marketers should use search engine optimization (SEO), social media optimization (SMO) and web analytics to understand how to impact on it.

Another component of interface properties refers to 'branding', or the brand strategy integrating all touchpoints between a brand and a consumer. The brand is related to the *interface properties* via its ability to use technology to facilitate communication. The development of mobile devices as a new channel of communication has opened up a new context of brand–customer interaction. Apple, Nokia and Siemens are just three examples of brands which have launched lines of mobile devices through which different forms of communication flow, with specific rules and contexts. Hardware, design and software are all elements of interface where technology plays a key role.

These two elements, usability and branding, which, as we've seen, companies may influence deeply when they relate directly to their reach, manifest themselves in a form of trust defined as *trust in communication with technology* (Lacohée *et al.*, 2008, p. 30). Related to human–computer interaction, this questions not whether technology is

trustworthy but 'how to convince the user that it is indeed trustworthy'. Research shows that aesthetics also have a positive impact on trustworthiness, and this is justified by the usability approach. That said, companies have to understand deeply the perception of the trustworthiness of technology within their brand and product, as it may severely affect the brand's image.

The last phase allows the company full *relationship management*. We have already seen how the *pre-purchase interaction* is a delicate phase in which the company leverages the brand communication strategy through all touchpoints. Importantly, it requires high levels of responsiveness, which is a key driver of trust. Quality of help and personal touch are two additional elements of success in trust-building. Dell's online customer service is a case in point, showing how quality and personal touch can build trust between a brand and its customers. Different types of support for any customer need and a simple design are the two elements that make the Dell website a good example in building trust. Also, *post-purchase interactions*, regarding order processing, fulfilment and after-sales, are further areas in which a company may need to improve a trust relationship with consumers.

In this context, the decision of a company to upgrade its product via a technological device represents a situation in which *technology is seen as a message* (ibid.). When technology is deeply embedded in a product, the company is seen through the perspective of technology and it becomes a component of the message the product conveys.

The comparison between the Apple and the IBM corporate brands helps us to understand how they belong to different worlds where technology is a crucial component of the brand image and reputation. Another good example is the mobile sector, where the strategic role of technological platforms (for example Google Android versus Apple iOS) and the creation of new applications are becoming the main competitive ground. We see how technology becomes part of the message, whereas the brand challenge is to build a strategically trustworthy relationship with the customer via a technological device or tool deeply intertwined within a technological system that is outside the brand's control.

A final element in explaining the model refers to the 'environment' in which companies develop their businesses. Organizations have to consider the fact that people's trust is influenced by contingent external factors such as economic downturns and 'ethical or value' social crises. These affect people's trust and structurally undermine their general level of belief in institutions. Trust in a time of crisis or recession tends to shift towards mutually cooperative models based on

peer-to-peer relationships rather than relying on institutions (McKnight and Chervany, 1996, in Cofta, 2007, p. 77). This calls for the deepening of the concept of security and risk.

Trust, risk and security

We live in a risk society and consider *uncertainty* and *risk* (Beck, 1999) to be part of that life (Conte, 2009, p. 85). Indeed, there is a relevant difference between the two concepts: while uncertainty arises among persons and institutions based on the difficulty of matching facts with the ability to solve problems through decisions, risk is related to human action; moreover, whereas uncertainty can't be expressed as a mathematical probability, risk is related to a probabilistic distribution of possible outcomes (Ormerod, 2005). Many sociologists and philosophers have dealt with the conceptual difference between risk and uncertainty, connecting it with trust under different perspectives. This sociological introduction helps organizations to understand the relationship between trust, risk and control, giving some valuable indications for security management.¹³

But, first, we have to take into consideration three ways that technology impacts risk (Lacohée *et al.*, 2008, p. 24):

- Technology increases distance between decision-makers and influences people both physically and socially: distance work (tele-work) and social networks, connecting people worldwide, are a reality.
- The scale of technology is such that a problem diffuses rapidly through vast dimensions, even globally. Because of virality, risk may spread globally in a short time. Global email viruses spamming inboxes are an example.¹⁴
- While technology eases communication on one side, it often reduces quality: fast communications, such as microblogging, facilitate mistakes; word-of-mouth makes the originator untraceable; and search engines alter web searches.

Risks are high in technology communication. As, however, trust is deeply related to the concept of risk, uncertainty and security, let's try to examine the whole context starting from the relation between *trust* and *risk*.

Both concepts are two sides of the same coin: each is made up of rational and irrational elements, and involves a decision, projecting the present into the future through expectations; each involves a perception

(the irrational side) and an evaluation (the rational side) of uncertainty. Evaluation involves a calculus of gains and losses, bringing the decision into a ground of rational choice. But the difference between trust and risk is that trust depends only on subjective decision, while the perception or evaluation of risk depends on a course of action affected by others. To reduce the gap between trust and risk, the only way is *control*.

To define control, we refer to the definition by Lacohee *et al.*:

By assuming that others may be willing to support our desired course of action, we can trust them, thus mentally eliminating those future courses of action where they harm us. Similarly, by seeing that others are constrained in their actions, we can rely on control to restrict the future to the beneficial outcome and eliminate those courses of action that are not allowed by imposed control. (Lacohee *et al.*, 2008, p. 22)

Both trust and control are based on assessments of expectations founded on insufficient information.¹⁵ Therefore, security management should be based first of all on an accurate communication strategy to reinforce expectations and trust.

There is only one, theoretical, way for companies to control successfully: to make a correct assessment of the level of trust and control in relation to the situation that both the brand and the customer are expected to meet. If this happens then the perception of risk will balance the expectation that trust and control may be positive (Lacohee *et al.*, 2008, p. 23).

While a very high level of information is unlikely, there are however other solutions capable of reaching a positive result within a security management strategy. A first, general consideration is that security should be regulated from the inside of the company outwards and vice versa. Outside, as calls for better legislation and regulation for data privacy and data security rise, quick answers are required. Inside, companies can do much to keep clients' and customers' personal and sensitive data secure.

To clarify this concept, there are two possible solutions to the security issue. First, in the fluid digital context, organizations need to offer the customer a sense of safe protection: this implies the creation of a transparent context in which exchanges take place and also collaboration with governments and institutions to develop a culture of exchange regulation. Concretely (Cofta, 2007, p. 134):

- A transparent agreement between the company and the client would be, on the company side, to store data at maximum levels of security

and to secure them for private use only; the client (internal or external) may agree not to access private and sensitive data.

- If the company wants to control data more tightly, then it may adopt a digital rights management plan to prevent data access to non-authorized parties.

Second, it is key to develop trust both in the technological system and in the company: trust may be seen as a force shortening distances among persons and between persons and technology, limiting distrust and favouring reputation. In fact, every business that collects, stores, analyses or sends information on the web is vulnerable to attacks such as phishing. When a breach occurs, one question is how much data is compromised, and who then has access to it. But the bigger issue is not the unauthorized data release but the acute issue of trust and credibility in the minds of consumers. If they trust neither the technological system nor the company, nor both, then they won't allow access to their data in the future.

However, it must be remembered that because security depends on technology, people are aware it may fail. Reaction will be that either they accept the risk as part of their everyday life or else they refuse to provide access to their data. Again, for companies, this may mean more accurately communicating the advantages of transferring personal data and being transparent in all their efforts to secure them. This allows the customer to make an evaluation of the gain–loss balance. The process reduces the irrational side of the 'leap of faith' and enhances the rational side of utility.

In fact every company should have a security plan, not only to mitigate the general risk of breaches but also to actively protect data (Buck, 2011). Specifically, this would mean to:

- Perform an internal or independent third-party audit to identify where you are vulnerable.
- Audit user rights for employees and clients.
- Not send usernames or password combinations via email.
- Not store passwords in publicly accessible areas: wikis, sticky notes, or plain-text files.
- Use encryption whenever transferring data over a public network.
- Make security awareness a critical part of your employee education programme.
- Adopt a consumer education policy that includes a simplified privacy policy.
- Adhere to information security standards such as ISO 27001.

To face a security crisis situation, in which a breach has occurred, a plan should be in place to handle this critical issue. Key indications are to:

- Establish a cross-functional security team that includes key members of the company.
- Define specific roles for management, IT and client services.

Within the definition of digital security it is implicit that there is no hundred-per-cent safe solution to address digital risks. Security aims at minimizing the probability of improper behaviour that may result from a lack of internal security measures or from external attacks, or may be traceable to technical ‘casualties’ due to unexpected issues in the system.

As discussed earlier, security is very often embedded in technology in a way that puts human action in a condition of dependence: this is the case when the system is expected to deliver certain services in precarious circumstances, such as errors or accidents. In security the key elements, in various scenarios, are people and technology: users, clients and customers, programs and files. The issue of confidence in an actor can be addressed by control or trust: control forces actors to behave as they are expected or trusted to behave. We may use assurance to build trust, and control to support trust: a certain problem arises when we are forced to use one tool or the other to gain confidence. For example, using trust may reduce the time available (see *ibid.*).

In this context, we may have two approaches to security: *security through control* and *security through trust*. Security may be addressed through control over trust – trying to contain and minimize trust via dedicated structures. The number of actors may be minimized (to reduce quantitative risk), additional control over procedures may be introduced, and additional trust systems or techniques may be inserted in processes. The problem is that all processes concerning security through control imply trust at certain points. For example, the instruments of control must be trusted, elements of the chain of control should be trusted, and applications themselves have to be trusted (*ibid.*). This explains how, even in most controlled systems and procedures, it is not possible to escape trust. Some models rationalize this scenario via layouts which layer trust and control phases, aiming to assess the dependencies of confidence with security. However, any model shows that trust is always at the very bottom of any process. This is because, ontologically, the first act of creation has to rely upon itself, like the self-existence at birth, of a child (Pearson, 2002, in Cofta, 2007, p. 136).

In the area of security through control, 'trusted computing' (Pearson, 2002; Rankl, 2003; Keeney, 2005) is the effort of increasing confidence in technology via technology (for example a software improvement via designed hardware and improved software). Again, the issue of trusting technology is evident. In this discussion, it is clear that the most delicate issue is confidence in trust, since within a digital process there is always an element that must ultimately be trusted. Yet within the foundations of digital architecture trust is assumed by digital developers without any discussion: platforms, smartcards, cryptography and so on must all be trusted, rational devices.

On the other side, when security is addressed through trust, control opposes trust just as constraint opposes freedom. Constraint is perfect, rational and rigid. Freedom is imperfect, creative and flexible. They are two complete opposites. The first arises from a reductionist philosophy of security management, relying on the designed architecture of security, appearing vulnerable to casualties, undetectable errors and exceptionalities. The second allows no division of responsibility among specific players. Since it is established (Nissenbaum, 1999) that security increases costs and restricts choices, it is accepted that trust reduces costs and distances, and stimulates growth.

As we've seen that control reduces responsibility, and that hundred-per-cent security doesn't exist, an alternative to tight control over trust would be to distribute responsibility over all actors, to the extent of proactively involving them in the process of control, relying for the needed flexibility on human initiative and creativity. This process, which should be monitored, would provide a reasonable level of security, though some issues may arise: measurement is difficult and each party may be uncertain about the others' identities. One solution would be adopting the pattern used on a social network, where identities are disclosed, and allowing interpersonal trust-based relations (Cofta, 2007, pp. 138–41).

Trust and information

The richness of information on the web has helped considerably in gaining transparent information. But if it is true that transparency discloses secrets then at the same time it also furthers falsity and disinformation, which undermines trust and confidence. A superficial transparency may fuel suspicion instead of eliminating it. That's why it is up to us to select the most trustworthy sources. We have to believe only 'validated' facts that are supported by data and referred information, and do not merely reflect the author's opinion.

'We're entering into a new era of the internet, where users are now looking to find validated sources within the mix of information overload that we all experience,' says Steve Rubel, executive vice president of global strategy and insights for Edelman.¹⁶ This shift will change authority on the web and will affect trusted resources.

The Eldeman Trust Barometer, 2011 Annual Global Opinion Leaders Study illustrated an essential shift in trust, with academics, specialists and technical experts within companies rising to become the most trusted sources. Meanwhile, the 2012 survey highlights that trust in 'a person like yourself' has increased weight by +22 per cent from the previous year. This result reflects Nielsen data showing that 92 per cent of consumers around the world trust online consumer opinions (Nielsen Global Online Consumer Survey, 2012). Also, communication appears to be still trusted in all forms of advertiser-led advertising except newspaper ads. This may be traceable to the adjustment of advertisers' copy strategies and executions that are more empathetic to, and focused on consumer-generated content that reflects the consumers' own experiences rather than brand-generated communication. This enables the brand to become more of the consumer's property, rather than that of the manufacturer. Through this process the brand takes on the identity of the consumer and therefore increases trust.

On the internet we're witnessing a progressive inversion of tendency regarding web users' behaviour in selecting sources: if yesterday people were considered winners based on the number of their friends, the tendency today is towards an increase in selective choices: many talk about 'finding signal out of noise'. This phenomenon of filtering persons to interact with on the web is reflected in a general need for more intimacy: people naturally tend to reorganize their lives into more human-reach reality, giving sense to their choice and creating 'filtered communities' where identity stems out of a sense of belonging. Examples are Path, the application for small network groups to share pictures, available on mobiles, and other group-messaging applications such as Groupme and Kik. In the 'validation era', trust is being given a renewed and more authentic meaning through filtered group-building. A sociological explanation of the validation process may be found in the approach discussed in Chapter 1 whereby trust is seen as a 'reducer of social complexity' (Luhmann, 2007): as trust is an expectation of continuity in the other actors' behaviour, these expectations drive decisions; moreover, through trust, an information deficit is addressed and the decision is projected into the future. The validation paradigm may be applied to personal trust (persons trusting

other persons) and to systemic trust (trust in systems). Personal trust represents the general expectation that the other person will act freely but consistently with the behaviour shown during past interactions. This refers to family and everyday-life contexts, but personal trust doesn't apply in a world of web relations, where relations are developed with people who are unknown. Trust doesn't disappear, but is limited to specific groups. This is the deeper sociological sense of 'validation'.

When trust is extended from personal worlds into more impersonal and abstracted realms, such as a medium, a social network or technology itself, then we have systemic trust. Much like 'institutional trust', this operates by synthesizing expectations and motivations versus generalized complex systems or media. But the difference with 'institutional trust' is that agents have to adopt trust in the system independently of which persons are involved. Successful experience with the system's functioning increases trust expectations towards the system in general. When the expected behaviour or result occurs and the medium is established as an institution, then the system becomes immunized, so that if there is an individual nonconformity it is considered the exception rather than the result of a fundamental flaw.

An example of systemic trust may be offered by search engines: for instance, Google is perceived as an organizer of complexity and a provider of easy solutions to search problems. Google is trusted as a search engine able to provide the searcher with focused answers which individuals would not otherwise be able to obtain because of the complexities of the web system. However, as we have seen in Chapter 4, present discussions of search engine methodologies question the trustworthiness of the democratic essence of search results founded on excessively selective criteria.

Based on these assumptions we may agree with Rubel's indication of the opportunity for companies to gain *authority and trust* through engaging institutionalized media, such as traditional (print and television), 'tradigital' (Techcrunch, *The Huffington Post*), owned (mobile), and social (social networks like Twitter and Facebook). In this case, institutionalization is more powerful as it is from below, not top-down. Media, and their convergence onto the same platforms, allow companies to generate communication strategies based on five steps (Rubel, 2009):

- *Bottom-up sourcing* Expert subject-matter employees or customers are engaged in meaningful conversation. Cisco Together¹⁷ is an owned media project from Cisco for the discussion of the deployment of technology in innovative ways to connect people, across various industries.

- *Curation* This is the opportunity to gain authority by providing people with selected information that is filtered, meaningful and trustworthy. YouTube, for example, is finding new ways to curate its content to make it more valuable by an improvement in usability and accessibility.
- *Visualize data* On the internet, people read 20 per cent of a webpage before they move on; 57 percent never come back to that page; and we spend 15 to 20 seconds on a webpage before we move on (Rubel, 2009). Data and information visualization makes a webpage more eye-catching and entertaining. The *New York Times* understands this idea and even employs a team specifically for data visualization.
- *Publish your company's content* Publishing slideshows and white papers on hubs like SlideShare and Scribd allows people to access the company's knowledge and increases authoritative reputation.
- *Questions and answers* A company can be a relevant source of knowledge if it shares it via social media.

Authority and trust are two relevant components of reputation that are critical for engagement. If a company gains authority and trust, it means that:

- It is building a history of positive relations that in the future will project the relation with the stakeholder.
- It is selecting its audience on cultural homogeneity and familiarity. Sharing and contributing to the company's contents means that you are sharing identity and values also.
- A balance of power has been generated among the parties.
- There is an understated ethical agreement within collaboration.

Having examined the relation between trust and technology, risk and security, and information, we can complete our reflection on trust strategy by pointing out some central elements of analysis to take into consideration when formulating the strategy. These 'trust insights' stem from applying different sides of the construct of trust to the strategic organizational approach and analysing the relation between *trust and social capital, time-space dimensions, reputation, loyalty, cooperation and collaboration, interpersonal communication, and peer-to-peer relations.*

Trust insight number 1: trust and social capital

Trust generates social capital and propagates it among persons having the same values, within a framework of dialogue and normative social

relations (Di Nicola *et al.*, 2010). As this social and normative homogeneity implies the same behavioural patterns, often within communities, it may represent a cluster to be targeted within a trust strategy.

Trust is a tool of governance of social relations and contributes to the generation of social capital. It allows interaction and propagates at medium and macro level through social groups and social networks. Besides the various interpretations of the relation between trust and social capital, we believe that the complexity of web social networks asks for an integrated approach, accepting different sides of these various interpretations.

Trust is an 'enabler' of social capital (Conte, 2009, p. 111):

- Trust is *within a person's behaviour* and is a tangible resource as it may be negotiated and manipulated within a brand–customer relation, generating concrete results as a purchasing act. Social capital, instead, is *within relational links* and is an intangible result, being made up of trust, interactions and reciprocities.
- Trust is a relational individual resource, incorporated in the premises and results of the interactions, while social capital is not individual and is incorporated in the structure of the relations.

These attributes of social capital are crucial when considering the value of engaging with a community or a social network: the relational value lies not only in each of the organization–consumer interactions but also in the relation with the community as a whole. The social capital represented by the group, linked by relations, becomes an intangible asset of the brand, which enriches itself and shares the same norms, values and trust. In fact, once an interaction is activated via dialogue and conversation, the whole group achieves a sharing of a 'collective ethos' or 'civicness' (Putnam, 1994, 2002; Peyrefitte, 1995; Fukuyama, 1996), based on which individuals, choosing their behaviour, agree on norms, regulating the social bond based on reciprocal confidence. A web community, for instance, is characterized by implicit ethical norms which allow the participation in the group. This concept of civicness may be interpreted as a sense of civic duty, which may become a powerful motivator to share knowledge or experiences.¹⁸

Social capital is also based on the responsibility generated by trust as, depending on which agents we have decided to trust, we have to be responsible for the foreseen consequences of our own action; the act itself of offering trust makes the other responsible. Commitment is also a way to practise trust and to create social capital.

It is evident how social capital, once generated within a group tightly connected by reciprocal interactions based on trust, stimulates a homogeneous cluster of individuals to engage in conversation. For this reason, it not only represents a potential target but also an invaluable asset through its openness to sharing practices, understandings and information.

Trust insight number 2: trust and time-space dimensions

A trust strategy has to take into account that on the web time and space each have a role different from that in the offline market. They may represent an opportunity or a fear.

Time and space are two key components of the definition of trust. On the web, the spatial dimension doesn't allow a risk assessment based on the same criteria as in the offline realm, since on the web space is not characterized by physical distances. In this context, trust may be seen as a force reducing distances between brands and consumers, limiting mistrust and favouring reputation. This positive aspect may be an opportunity for companies managing trust because trust is viral, which means that it is a diffusive good, tending to expand from one point of a society to many others (Stzompka, 1996). Trust virality leverages the invaluable trustworthiness of those consumers having a leadership in opinions, the so-called 'influencers' or 'trust agents' (Brogan and Smith, 2010) or of a company. In social networks, trust may be inferred by the observation of other agents' behaviour, without the complete, pre-existing set of information.

However, this gradual process is not so easy, since society and the internet have to be considered as a 'multi-layered network of relationships' (Cofta, 2007): whenever the access to information is difficult, one has to rely on opinions and comments provided by others. In these cases, the role of influencers is key in accessing different layers.

Indeed, while the diffusive strength of trust may be an opportunity for companies, it may instead become a fear when the content propagated impacts negatively on a brand's reputation. Marketers should always be prepared to face reputation crisis management, but the best way to solve a distrust crisis is to build, over time, a transparent, trustworthy and solid relationship with the customer, keeping a positive dialogue alive. People tend to forgive if goodwill is coupled with past positive experiences. In the next chapter we'll investigate in more detail the engagement strategies and tools that enable the building of trustworthy relationships.

Time also has a particular sense on the web with regard to reputation management. On the internet what you have done in the past counts more than what you do now (Brogan and Smith, 2010, p. 180). As a matter of fact, the past accounts for the mass of information uploaded onto the web. This means that companies have to put a lot of care and effort into curating the quality of information on the web so as to make sure that a successful present is not negatively influenced by the past.

One peculiar feature of the web is that you produce content and people judge you when you're not there any more: reputation is based on what others think about you when you are not in a position to counteract. Another time-sensitive aspect is that the web is in real time and decision-making timings are extremely reduced there in comparison with the world offline. Apple, in the iPhone 4 crisis, caused by the bad functioning of the antenna, was followed on the web by millions of navigators, waiting minute upon minute for Steve Jobs's decision on its possible withdrawal, while thousands of users and participants in the forum were voting on the best solution.

In summary, managing trust online reduces brand–consumer distances and may be a fast diffuser of a positive reputation, thanks also to the role of influencers or trust agents. Building a trust strategy means managing reputation in time and space.

Trust insight number 3: trust and reputation

Building trust means building reputation. As reputation is tied to a brand's profile and identity, a trust strategy has to leverage contents transmitted through all customer touchpoints to build a significant and single-minded identity profile.

Within a trust strategy, it is relevant to consider the relation between trust and reputation. If the question is whether trust builds reputation or reputation builds trust (Padua, 2011e, p. 48), then, based on the observations we have made above, it would seem to follow naturally that both concepts belong to a circular process, where each reinforces the other. Indeed, between these two concepts there are two crucial elements, namely profile and identity.¹⁹

A profile posted on a social network, on My Account or on My Profile Page, is a first step in entering the network. Friends, applications, groups and events, and widgets all contribute to enrich the profile and build an identity. Identity, which is defined according to the relation with the 'other', on the web emerges in all its multidimensionality, resulting from a multiplicity and variety of interpersonal relations.

In an online, from-below context, the key difficulty for a brand is to generate an identity based on a 'single-minded proposition',²⁰ so as to reinforce a clear-cut brand personality that is able to deliver a distinctive offer. To this extent, through the engagement process, marketers have to leverage all customer touch points, from the website to social networks, building focused contents and messages to attract the 'right' groups and friends. At the same time, they must be effectively proactive on the web to engage strategic targets, being aware that their website visitors and social network 'friends' contribute to generate the brand identity, just like in the popular saying, 'Tell me who your friends are and I'll tell you who you are' (Padua, 2011e, p. 48). As a matter of fact, established relationships are at the base of interactions – those repeated exchanges in time, defining roles, building contents, making evaluations and comments, and creating conversations – that, through emotions, sentiments, tones and information, leave traces on the web and, over a period, will create a reputation.

Thus do profiles, comments and relations contribute to the creation of trust, influencing reputation through the generation of content. This creates the focused connections that define identity. To reach this objective, web analytics may help in isolating clusters and profiles that are those of the target.

Trust insight number 4: trust and loyalty

Loyalty grows on the ground of trust. We may say that trust is the main prerequisite for loyalty, and that both must be cultivated and require time to build. A trust strategy is to create loyal relationships with customers – that is, long-lasting relations able to generate engagement.

In general, loyalty means faithfulness or devotion to a person, a country, a group or a cause. In the customer–producer relationship, it represents the *customer's* commitment to repurchase or otherwise continue using the *brand* and can be demonstrated by repeated purchases of a product or service, or other positive behaviours such as word-of-mouth advocacy. This process presumes trust and generates engagement (ibid.).

According to MEC research (PeopleMetrics Inc., 2010) a distinctive offer and an effective customer care service is needed to build trust, but this is not enough: their level has to be maintained over time. Consistency in time is the ground upon which customer loyalty develops. Indeed, the transition from loyalty to customer engagement can't happen if trust is not created.

The research has individuated two trust typologies:

- Trust resulting from a flawless and consistent service in time.
- Trust emerging from the company's ability to manage the customer problem flawlessly. This is particularly effective in building trust when a customer with a problem experiences a company's positive feedback in solving it. This is due ultimately to empathy and to the humanization of the brand–customer relation – *errare humanum est . . .* – which helps to generate a loyal relationship and to place an emotional value on receiving attention and support from the customer care service.

The research outcome shows that trust builds up when the organization is put 'under test' (PeopleMetrics, 2010). In this perspective, feedback from the customer is essential in evaluating levels of satisfaction and loyalty. Because many studies indicate that most consumers don't complain through customer care services, peer-to-peer conversations become a relevant source of comments from which may be extracted both judgements on the brand and analysis of the general 'sentiment' upon which rests any enduring loyalty. The fact that the contents of social media conversations are integrated in customer relationship management (CRM) systems confirms these findings.

Such reflections provide clear indication that, as within human relations, a loyal engagement between a brand and a customer has to show consistency over time and that if errors occur they present a good opportunity to show the company's goodwill towards keeping the relationship alive.

Trust insight number 5: trust, cooperation and collaboration

Trust is at the base of cooperation, but it plays an even more relevant role in collaboration. A trust strategy has to establish a form of collaboration between the brand and social networks and communities, leveraging its features to generate engagement.

How is cooperation related to trust? Cooperation is a joint action, taking place under conditions of risk. From the motivational perspective, cooperation is established to achieve a purpose or to build or confirm previous personal ties. Cooperation is joined intrinsically to trust, since it can't happen if someone wants to take advantage of our benevolence without our having any possibility of controlling their action or

motivation (Garfinkel, 2004, p. 47). In this perspective, trust represents the original act, after which cooperation may take place.

Importantly, cooperation and conflict, on the other hand, are regulated by the comparison between our own and the other's respective expectations, as indicated by game theory. In a game of strategy,

Two or more players make choices among available alternatives (moves). The totality of choices determines the outcome of the game, and it is assumed that the rank order of preferences for the outcomes is different for different players. (Rapoport and Chammah, 1965)

This indicates how expectations are strictly subjective, rooted as they are in the personal sets of preferences, each tied to identity, culture and psychology.

When trust is embedded in social interactions, *cooperation* may transform into *collaboration*. This has already been discussed in Chapter 4, where we saw how in collaborative models, such as wikis, the focus is not on the result, as in cooperative models, but on interaction. The relationship turns from one-to-many to many-to-many in a democratic environment in which people help each other on a free basis; participants in the group or social network are emotionally engaged as collaboration implies interaction, which is based on rational and irrational elements. This increases the density of the network, and produces a higher level of cohesiveness.

If there is a lack of trust among or within societies then:

1. the density of interpersonal relations falls,
2. relations and comparisons within social circles increase,
3. costs of social regulation increase, and
4. transaction costs among different institutional components increase.

This shows how trust is deeply embedded in collaboration and generates social capital – that is, relational value. This asset is recognizable from an organizational perspective. A wiki generates an ‘emerging’ collaboration that is informal, creative, quick and flexible; it creates social networking – that is, the development of relationships among individuals in an adaptive reconfiguration, a process of fast and flexible adaptation of activities. Further characters are an ‘open belonging’ – that is, people feel that they belong more to a wide network of relationships than to a closed organization, and gain a sense of responsibility

based more on established relationships than on an organization *tout court*.

Finally, wikis are an interesting example of where to find clear confirmation of the relation between trust and collaboration. As a matter of fact, all principles on which wikis are based are deeply intertwined with trust:

1. Openness – that is, freedom, transparency, sincerity, flexibility, engagement; in a word, trust.
2. A trustworthy access to knowledge, even in its more original form.
3. A collaborative, democratic approach, where trust supports peer-to-peer relations.
4. Collaborative learning founded on trustworthy interactions (Wenger, 1998).
5. Collaborative knowledge creation and sharing: co-innovation and co-production, supported by trust, as explained above.

All these principles represent the basis for a loyal engagement founded on trustworthy relations and the creation of a dynamic context that stimulates innovation.

Trust insight number 6: trust and interpersonal communication

I don't want to be just a voice on the phone. I have to get to know these guys face-to-face and develop a sincere relationship. That way, if we run into problems in a deal, it doesn't get adversarial. We trust each other and have the confidence we can work things out. (Wayne Huizenga, founder of Blockbuster Video)

On the internet, establishing trust is more complex than offline, where a direct contact is offered and all communication elements are activated. Emails, LinkedIn and Facebook don't allow us to read body language, facial expressions, voice intonations and prossemics (the way someone uses the space around them), while emotions are not enough to add a mood flavour to the script. Too many misunderstandings take place in communication on the web. It is a truth that people judge trust.

On the web, trust has its own rules. According to psychologists (Ferestein, 2010; Olson, 2010), when judging another's mistakes without adequate information about the context (someone arrived late to the appointment, say, because of traffic, or a problem at work), we tend to

blame their personality (they're unpunctual, or uncaring). For example, because the only information you have when receiving a tweet on Twitter about the sender's identity is based simply on a small, square avatar and 140 characters of text, psychologists say participants judge trustworthiness based on how quickly others respond. In this case, *responsiveness* makes it easier for others to attribute our misdeeds to the situation, rather than our personality.

There are many examples of how responsiveness pays back; in one instance, Veggie Grill, a vegetarian restaurant in Southern California, responded to a customer's request for a particular dish via Twitter and was paid back by an enthusiastic post on the client's blog (Olson, 2010; Ferestein, 2010).

Part of the conversation went as follows:

*@quarrygirl: ok, ok . . . what @quarry girl wants @quarry girl gets: Veggie Grill Mac & Cheese within two wks (we will test it at Plaza el Secundo).*²¹

On the web, the risk of losing trustworthiness, or of not gaining trust, is high. In these cases, which medium is selected for communication impacts deeply, as different ones allow different levels of interaction in communication. A video activates body communication, which would be impossible in an audio. That's why the use of videos is spreading in web business communication and has proven to be more effective than other media. But an audio is better than a chat window. There is a golden rule of communicators: how the idea is conveyed is more valuable than the idea itself. Moreover, because on the web content is mainly written, videos impact more. For instance, when Governor Arnold Schwarzenegger wanted to thank his Twitter followers for sending useful ideas on how to reduce government waste, he went straight to video, with a spontaneous speech and gained great appreciation for his authenticity.

In general, a trust strategy has to take into account that communication on the web has its own rules: social media selection and the identification of adequate communicative patterns is key in establishing a trustworthy relationship.

Trust insight number 7: trust and peer-to-peer relations

The essence of peer-to-peer relationships is trust. Without it no interaction could take place. This horizontal type of relation within social media acts as a trustworthy simplifier of choice processes.

Peer-to-peer relations are an expression of sincere and supportive trust. Research within the Global Attitudes Project using semantic clustering technique has studied the attitudes of people in particular situations such as an economic downturn (Shaughnessy, 2010). Surprisingly, people didn't talk about when the recession would be over, but they talked about people and 'putting their faith in other people'. As opposed to journalists, experts, and institutions, people expressed a feeling of mutualism, demonstrated by websites of community coupon blogs,²² and peer-to-peer advisory initiatives, taking part in such crowd-sourced co-production processes as 'My Starbucks idea' and Dell's 'Ideastorm'. Moreover, other research (Flatters and Willmott, 2010, pp. 104–16) shows that a dominant trend in a recession period is a growing need for advice on simplifying the choice process – from an increased use of social networks through peer-to-peer comments to ranking and testing websites.

In a different crisis situation, during the Tokyo earthquake of 17 March 2011 Japanese people mostly didn't use traditional communication channels to tell their friends and relatives that they were safe, but instead trusted social media, posting messages such as 'I'm okay'. Trust is based on the perceived safety of the technology and on the immediateness of the message-spreading: people didn't have to wait for wired-phone traffic jams, while, at the same time, with a one-to-many message, they could tell everybody their situation. Worldwide, friends connected directly on their friends' pages in their social networks. Such evidence shows that in trustworthy peer-to-peer relations a selective access or a universal acquisition may both support trust.

6

Value for Engagement

Executive summary

In the Internet Age, organizations need to give up their position of absolute control over stakeholders in order to transform themselves into competent dialogue-enablers, having become skilled in applying the social sciences and psychology. Establishing a conversation requires that an organization be able to create a rational profit-oriented approach combined with a non-profit emotional and non-rational behaviour on the web, with the aim of generating conversation rather than selling: the only way for two parties with different objectives to engage is to regenerate a new transactional model based on transparent rules of the game and on relational goods.

I call this new model 'value for engagement' (VfE).

VfE addresses some areas that are key in opening a dialogue with stakeholders and engaging with them:

1. Any gap in aims between web users and the brand.
2. The empowerment of web users.
3. The need for focus on trust and reciprocity.
4. The creation of relational goods.
5. The role of time in building an interaction.

In summary, VfE represents the evolution of the traditional price-for-value model and is focused on the concept of the stakeholder as a *person*, that is, a relational, unique entity.

A key challenge organizations face today is ‘change’ – in global society, in customers, in markets, in processes, in technology, in the economy – change at a pace never before experienced. To gain a competitive advantage and survive in the market, organizations have to adapt to these changes, designing new strategies and executing them with innovative tools. Unfortunately, however, in 70 per cent of instances, companies fail to achieve a successful and sustainable adaptation.¹

Many are the areas involved in the introduction of change in an organization: culture, climate, structures, resources, processes and marketing. To this extent, a critical element in achieving success in all these areas is the understanding of the strategic relation between trust and engagement in an organization characterized by a systemic and relational structure. This leads to the embedding of a trust strategy (see Chapter 5) inside a brand strategy, with the aim of building engagement with stakeholders. A trust strategy has the objective of building long-lasting relations leveraging the innovative concept of ‘value for engagement’ (VfE).

The purpose of this chapter is to illustrate what VfE means and what its role is inside a trust strategy. This involves explaining the evolution from the traditional, offline, marketing-oriented concept of ‘price for value’, which lies at the base of brand value and pricing strategies, to the current, online, conversational marketing concept or as ‘Web 2.0 marketing’ (O’Reilly, 2005). This new approach stems from the inversion of the power relationship between the brand and the customer, framed as it now is within the digital dynamic environment ruled by engagement and trust.

But first let’s try to illustrate the role of the web in the engagement process.

Why engagement on the web?

The web is an extraordinarily dynamic and interactive environment. Each brand–customer touchpoint allows an interaction that offers the possibility of starting a conversation. We have already seen how dialogue is relevant within a trust strategy since it represents the basis for establishing a trustworthy relation that can lead to engagement. In this section we’re going to see in ten points how a web environment supports engagement, meeting web users’ needs.

1. Effective engagement

We live in an age of attention scarcity:

What information consumes is rather obvious: it consumes the attention of its recipients. Hence a wealth of information creates

a poverty of attention, and a need to allocate that attention efficiently among the overabundance of information sources that might consume it. (Herbert Simon, Nobel prize winner in economics)

The web has many virtues, and key among them is its ability to provide an insightful way to anticipate need while satisfying it in a democratic and choice-filled way. This is why you need to engage in it: the opportunities are endless, the rewards specific. The world moves faster, customers are more demanding, more impatient, they have more choice, and delivery is demanded yesterday. As a consequence, the conventional means of connecting with your customer such as paid-for advertising are now being placed under increasing strain. Costs are rising because of an increase in the media available, leading to a diffusion of your target audience and uncertainty as to whether they are paying attention to the message. Do they read, do they listen, do they make a connection with your brand? Are they connecting by accident or by demand? Are they real customers or just perceived ones? Do they stumble upon your message by accident or are they deliberately seeking you out? In the first case there is neither an effective nor an efficient use of time or money; only the latter case provides an efficient return on capital.

You think you know who your customers are, but maybe they are not who you think. The web allows effective engagement: engaging more fully on the web may be the answer to many of your pressing business problems. The web is a tool of revelation, uncovering important evidence that can change your view of a market or a sector and the people within it. It can expose cultural diversity and diverse mindsets. It can create speed of information, depth of insight, and a dialogue so rich that it can move you to destroy business models and build new ones that would have seemed eccentric a short time ago. To make it work you need an open mindset, an ear for listening, and the courage to engage in a constant flow of innovation and originality (Titterton, 2011b).

☞ Engagement is dialogue.

2. New patterns in communication

Conventional means of connecting with your customer are placed under increasing strain as costs rise and margins fall. On the web, business objectives may be reached that generate relation and engagement through unconventional communication models. The web allows horizontal communication to develop, where consumers and brands have the same possibilities of interaction and expression. The 'bottom-up' process allows the consumer to play a proactive role, using the

very communication channels once owned exclusively by companies. Everyone can access contents and produce them. A consumer may write an article for a magazine as a grassroots journalist, may send an audio message via Twitter,² or may post a picture on Flickr or Facebook. Not only this: she or he enjoys a high degree of freedom of expression, with no restrictions or risks.

This phenomenon couples with another interesting fact: consumers are better than companies at communication, engagement and aggregation initiatives; indeed, there are higher levels of sympathy and trust among people than between people and companies. Very often the latter are cut off from the closest conversations, and when they attempt to engage they often appear barely credible and sometimes clumsy: the web is ruled by laws of in-group belonging, that is, inclusion in the group and exclusion from it. Moreover, in communities, subgroup dynamics develop, where charismatic leaders emerge, generating followers. If organizations are not able to engage the leaders, it is not possible to engage the community.

The internet offers effective and low-cost communication: Old Spice bubble bath, thanks to a successful advertising video campaign on YouTube, increased sales by 107 per cent in a month. The video involved was commented on by a huge number of fans via Twitter, virally reaching millions of people in an even shorter time than Barack Obama's presidential inauguration speech.

Online communication lowers costs and offers flexibility of execution, positively impacting on profits.

♣Engagement is unconventional communication.

3. 24/365 global coverage

The tools we use to create digital content are increasingly powerful but decreasingly expensive. And we can show our work to a potentially global audience. There is no analog in human history for this development. (Dan Gillmor, author of *We the Media*; Gillmor, 2004)

To every organization, large or small, the internet offers global coverage 365 days a year, not limited to a specific time slot nor addressing a public limited in space and time. Continuously, the website informs whoever lands on it, provides answers to most-frequent questions, illustrates the brand and its realm, gathers data about visits made by customers, stimulates dialogue and stores such information and links to and is linked to by other websites all over the world. The company doesn't work: it's the customer who makes the effort of evaluating and choosing.

A company's selling capability is open 24 hours a day. In any of the world's time zones profits may be achieved while marketers sleep.

Today, the internet has a global reach enabling access to a potential market never seen before. Outside the US, internet use interestingly corresponds to the growth rates in GDP of the BRIC countries: 46 per cent of users are in Brazil, Russia, India and China.

According to a study by Morgan Stanley, in 2015 internet mobiles (tablets and smartphones) will exceed the number of internet desktops. Dan Gillmor, in his *We the Media*, maintains that

the tools we use to create digital contents are progressively more powerful but increasingly less expensive. And we can show our job to a potentially global audience. There's no other case in human history of such proportions.

☞ Engagement is 24/365 and global (Titterton, 2011a).

4. Understanding your customer

Human beings, viewed as behaving systems, are quite simple. The apparent complexity of our behaviour over time is largely a reflection of the complexity of the environment in which we find ourselves. (Herbert Simon)

To understand an individual it is essential to frame them in the environment in which they act. Every community, group or social network is analysed on the web and many are the tools allowing group or individual studies. Examples are 'horizontal analysis of groups', 'community dynamics studies' or 'customer journey analysis'. In the last, the customer is tracked from the initial phase prior to access to the brand's website up to the final purchase decision, offering once unimaginable insights.

Web analytics such as sentiment, volume, source, author analysis and social network analysis all enable qualitative and quantitative monitoring of the behavioural patterns of social media users. Behavioural targeting makes it possible to identify who is talking about a brand, what has been said, the level of engagement reached and with what emotional involvement.

☞ Engagement is understanding the customer.

5. Getting closer to your customer

The web offers the brand several touchpoints at which to get in contact with the customer. Different *media*, such as social networks, blogs,

emails and videos, and various *channels* such as mobile, PC, laptops, iPads and ipods, working on different *platforms* (Android, iOS), can all cross each other in an interactive way to generate various typologies of touchpoints.

Indeed, throughout all these opportunities, being easily reached by the customer is essential. This can be achieved by search engine optimization (SEO) and social media optimization (SMO) activities. An effective SEO can position a company website by getting it onto page 1 of Google or positioning it effectively in social media.

A case in point: Blinkbox.com offers a buy-to-own and watch-for-free movie service through a single online destination. Since its launch in 2008, it has amassed a catalogue of over 6000 of the world's best TV and film titles. Intelligent Positioning, a leading company in SEO and SMO, by targeting strategic keywords, within a few months made the online movie site achieve page 1 for dozens of primary keywords and hundreds of secondary keywords. These results gave Blinkbox a '6000 per cent' return on investment, long-term brand presence and dedicated followers. Today, with an audience of over 1.2 million unique users a month, Blinkbox is a major player in the online movie industry.

Also, a well-constructed site is vital for engaging effectively in a dialogue, gathering information about customers and prospective customers, and generating sales leads. Websites are used increasingly to sell directly to customers, the commodities offered ranging from cars to bottles of wine. John Lewis, one of the UK's most respected department stores, selling goods from furniture to clothing, achieved a 36 per cent increase in online sales while their high-end grocery retailer Waitrose saw their online sales jump by 54 per cent in that year (Titterton, 2011c).

A good website promotes a professional image. If managed correctly it is also up to date. Changes in company profile, product portfolios and special offers are expensive to change in brochures and advertising; the internet allows relatively inexpensive changes to be made immediately.

☞ Engagement requires that the customer gets in touch with the brand.

6. Getting closer to your competitors

Internet search technology allows the user to achieve a 'real-time intelligence' to understand competitors' actions in every sector and throughout many countries. This provides an understanding of:

- Who is effectively positioning on the web and why.
- Changes in the contents of competitors' websites, in prices, in negotiations, in products, in service updates and in other areas.

- The frequency with which competitors change their websites.
- The new entries and main actors on the web, their objectives and how they try to achieve results.
- The objective, strategic or tactical, for competitors optimizing their websites.

Moreover, it is possible to compare the historical evolution of the web activity of our own brand against those of competitors to reveal the areas of strength and weakness of both, in Web 2.0 and in the market in general.³

‡Engagement is a distinctive positioning driving the customer choice to one's own brand.

7. Targeting products via long-tail possibilities

The industrial revolution of the late 18th century was a precursor to the internet. They have both made possible access to goods that people were previously unable to purchase and or were unaware of. Both revolutions have changed distribution by making products accessible and less expensive through a combination of mass production, availability and communication of need. (Garry Titterton, CEO of Intelligent Positioning)

The internet has moved from push-pull marketing to dialogue and long-tail choice. 'Long tail' refers to the strategy of selling a large number of unique items in relatively small quantities along with selling fewer items in large quantities. This is nowhere more evident than in the case of Apple's iTunes, who sell at least one of their 2-million-plus tracks at least once. Additionally, Netflix calculated that 95 per cent of its 90,000 DVDs rent out at least once a month. As Chris Anderson, the editor of *Wired* magazine, wrote, 'Increasingly, the mass market is turning into a mass of niches.' Interestingly, these niches are profitable. The old Paretian 80:20 rule, that 20 per cent of products produce 80 per cent of the revenue, is no longer true on the internet. Thanks to the long tail, a company such as Amazon can work on the basis that 98 per cent of the products they sell produce 80 per cent of the revenue (Titterton 2011d).

‡Engagement is offering consumers access to goods once not affordable.

8. Innovation

People know more than they express, explain or codify. (Polanyi, 1966)

The web allows forms of interaction which entail creativity and innovation through the emergence of ‘tacit knowledge’. This is a form of knowledge tied to experience, built through practices, related to personal characters of persons and the contexts in which they operate (Argiolas, 2007, pp. 98–118). The fact that people know more than they give expression to represents an extremely relevant opportunity for organizations living in the knowledge society where data, information and knowledge are highly valuable intangible assets. To capitalize on these assets, organizations need to get to know them, and sharing is the only way to source this capital of knowledge. Sharing both codified and tacit knowledge is facilitated by relational networks because virtual communities, wikis and social networks are able to empower people and spread knowledge.

A huge amount of knowledge and experience risks being lost if it isn’t shared. Creating relations means activating conditions that enable the sharing of knowledge. Collective sharing generates new contents, always in different creative forms, stored in layer over layer on the internet. Nothing is lost, all is virtually accessible. It’s up to organizations to transform this capital of creativity into innovation, powering brand development processes to meet customer needs in an engaging way.

☞ Engagement is innovation in knowledge.

9. Better product promotion, better engagement

Promoting products and selling them on the internet is cheaper than offline and a good way to supplement your offline sales. With online promotion you are talking, potentially, to millions of people, locally, regionally, nationally and globally. This provides a more measurable ROI. Online selling also provides an opportunity for analysis that can be more accurate and deep than offline research (Titterton 2011b). Online promotion is a way to communicate to a customer and offer a valuable proposal while getting data that assist engagement.

☞ Engagement is online promotion.

10. Engaging to recruit: the constant recruiting tool

Whether you are searching for talent or posting job opportunities, the internet is often the first place to visit to look for talented people and high-quality graduates; this happens at a global level. A Harris Interactive study, commissioned by CareerBuilder.com, shows that 45 per cent of human-resources professionals interviewed use social networking websites for recruiting, with an additional 11 per cent planning

to follow the same strategy in the future. Of those interviewed, 35 per cent had rejected candidates because of profiles with inappropriate contents, but 18 per cent of those interviewed had found profiles with content in line with the requested behavioural and ethical profiles.

✦ Engagement is an effective tool in recruitment, based on the customer's insights.

These ten points highlight how the internet, via its interactive environment, its insightful way of understanding needs, its unconventional communication and its global coverage, allows the establishment of a two-way dialogue with the customer. This helps in the understanding of competitors and the development of effective and innovative strategies. As we will see in Chapter 8, these properties of the internet are crucial for the application of the value-for-engagement model.

Value for Engagement (VfE)

In a 'choice society', where stakeholders tend to be increasingly fickle, creating engagement means winning their commitment and activating positive and effective emotional ties between them and the brand: if a customer is engaged, he will provide the marketers with information useful to further meeting his needs; if employers are committed and emotionally involved in the company mission, in its values and objectives, they will increase their discretionary effort – that is, their free cooperation – and productivity. Indeed, neither employers nor customers are engaged by companies: *they engage by themselves*.⁴

We've seen earlier how organizations now have to give up their controlling role over customers and to act in a different way, which doesn't mean being passive but certainly does mean being open to leaving space for customers' proactiveness. It's a new, subtle – though transparent – role of 'attraction', of pulling customers, focused on the creation of an attractive environment as a context for websites. In this effort, the prerequisite is to be perceived as 'trustworthy'. Customers, then, have to choose whether to match a brand's trustworthiness or not. This new, bottom-up process allows customers to exercise their freedom to consider, evaluate, choose and act liberally, just as one does when one chooses a friend. On the companies' side, new psychological and sociological competencies are required of marketers if they are to be able to create conditions for a dialogue and to activate an empathetic conversation with every stakeholder.

The role of a brand's culture and its environment

In attracting customers, the key conditions are the creation of the right 'culture' and the right 'environment'. *Relevantly, the brand's culture is based on trust, and the environment is what effectively communicates the 'reason why' to trust.*

A brand's *culture* is the 'world' of the brand. It contains the set of tangible and intangible benefits delivered by the brand's marketing mix and by the product itself. Indeed, what's more important is the customer's *perception* of these benefits – in particular, what the customer believes to be true from the brand's communication. This pertains to the customer's relation to the brand, which builds over time. The fundamental elements of every relationship are the trust beliefs, or 'reasons for trustworthiness', such as integrity, benevolence and competence.

The brand may transmit these elements through its *environment*. Online, particularly, the web allows infinite creative ways to craft innovative, involving, interactive settings where contents may be communicated via different situations. There are three main levels of contents: text, pictures and videos. From this perspective, competencies and abilities in content development and written communication have become critical tools in the brand's communication. Collaboration between content managers who are experts in blogging and content developers is crucial in effectively conveying the company culture and its trust beliefs.

Universal Records is a brand that is building social relations with customers. The brand is evolving towards a new-generation format, transforming itself into a medium through which to dialogue with customers on music news and to enable peer-to-peer conversations among music lovers.

An environment must be appealing and attractive to the customer, both rationally and irrationally. Building the right environment is a very complex matter, because virtually any touchpoint between brand and customer represents an expression of the brand's environment at each offline and online phase: pre-purchase, purchase, and post-purchase. Online, social media, emails, websites, blogs and all web repositories on different platforms participate in building an integrated environment with the brand's website at its core, in terms both of content and of communicativeness. Integration is provided by the presence of links and widgets such as the 'friending', 'like'ing' and 'following' activities on Facebook and Twitter.

Relevant information and emotions have to be consistently transmitted to visitors through all touchpoints via pleasant perceptions of

colours, images and videos, all creating an enjoyable atmosphere and a positive, exciting, satisfactory experience. Diesel is an interesting case study: the company's website transmits emotions by building an environment in line with the spirit of the brand: images, music and videos open the doors to its world.

To a brand, the customer experience is the key variable in bringing about a fast and effective decision to purchase. To the visitor, it allows a deep understanding of their possible identification with the brand, via the matching of brand–customer values and identity. Experience may impact in different ways according to the diverse possibilities of living and perceiving that present themselves at various touchpoints: a website may certainly offer a more engaging experience to the customer than an email. In effect, experience represents the core of the environment, though it is just the starting-point of its creation: product-creation-sponsored or product-support-sponsored communities may become effective brand–customer interactive arenas where the customer can experience participation.

Indeed, the *way* engagement is generated is key: as it is crucial to provide the customer with certainty regarding the company's feedback, what counts is not only the feedback per se, which would represent a rational element, but also the emotional tie backing up the rational reaction – that is, the certainty that someone is taking your proposal into account. Research shows that discussing or adopting a customer's proposals, when possible, makes the customer yours.

The social culture of engagement

In the scenario just discussed, the real challenge is to create and maintain a culture of engagement through building and executing a trust strategy which, as we have seen in the previous chapter, has two different sides: a *rational* one, based on competence, quality, information, responsiveness and customer care; and an *irrational* one with its sources in experience founded on emotions and positive perceptions.

Both sides are present in brand–customer conversations. This requires that organizations prove to have the right mindset to combine a rational, profit-oriented effort with irrational, no-profit behaviour on the web. As profit-oriented companies have always been focused on a culture of rationality, a change of mindset becomes a priority, integrating within a profit-oriented company a no-profit culture, where profit, though it remains always as an objective, is also relegated to the role of a 'requisite' (Levitt, 1985) – that is, it is no longer a 'necessary and sufficient' condition, but becomes instead one that is 'necessary though not sufficient'.

The introduction of a dialogue-oriented, 'social' approach to the customer must spring directly from a base located firmly within the managerial culture of the organization. This involves a shift in the management culture towards an approach based on social responsibility, with social values driven, from within the company, outwards through the whole value chain – values such as respect, consideration and the appreciation of the person as a unique entity.

A 'social orientation' doesn't mean that the company shouldn't pursue profit objectives, because it refers to the *way* things are done: the organization is 'social' if it leaves space for the customer and offers them the possibility to express themselves as a relational subject through dialogue. It means embracing the customer's own perspective, joining them in evaluating whether the service offered really corresponds to what they need and expect, and acknowledging the existence of the relationship as a value in itself.

Matching social values with profit generation requires higher levels of entrepreneurship (Powell and Di Maggio, 2000) – that is, creativity, innovation and risk-taking, which means efficiency, effectiveness and quality, *and* ideals and values. This value becomes a shared asset between the interacting subjects, and the relation itself turns out to be part of the brand's intangible offer under the name of 'relational good'. As we have seen in Chapter 3, a relational good or common good is a result of 'reciprocal knowledge' (Gui and Sudgen, 2005; Donati and Solci, 2011).

To generate a productive dialogue demands a deep identification in the other party: the greater the reciprocal opening, the more chances there are of reciprocal understanding. In this context, it is evident how dialogue may stem from relations nurtured on trust. Trust and reciprocity, in fact, are the pillars of a social attitude which puts the person at the centre of the company's mission, strategy and action (Argiolas, 2007). Trust generates cohesion and entails positive attitudes. Research demonstrates that, according to the 'freedom effect', if a subject, for example, a customer, perceives that he may answer freely in a positive or a negative way to a request received, then he will be stimulated to correspond positively to the stimulus (Chartrand *et al.*, 1999; Guéguen and Pascual, 2000). This could be the case where there is participation in a co-production-sponsored community or in a forum: encouraging a dialogue may lead to a higher level of proactiveness. However, even though errors may occur, it is true that participants must be aware of their role and react in a positive and responsible way. Errors become opportunities to learn and improve collectively (Elangovan and Shapiro, 1998).

Building a dialogue

To build a dialogue, companies have to bypass two key barriers: on one side, they have to balance an often negative perception built over time owing to a non-positive image of companies and marketing; on the other, they have to work hard not to be perceived on the web as just out to make profits. This may be achieved by means of the ability to understand and adjust themselves to the underlying community ‘social contract’ – that is, the implicit and explicit agreement among participants to give up rights in return for other benefits such as power and further social relations (Rousseau, 2010 [1762]). We have seen in Chapter 2 how the different purposes of communities lead to the establishment of detailed internal norms and how brands have to build different communication strategies according to specific typologies of communities, depending partly on whether the community is sponsored or not.

Managing this complexity requires high levels of sensitivity from community managers in order to achieve the empathy that allows them to understand the peculiar culture of the community and the social network. Culture may be expressed by many elements such as behaviours, values, atmosphere and norms, and must be respected: a case of the misunderstanding of a social contract may occur, for example, if a company joins Second Life just to create ads, littering the landscape and violating the atmosphere of the fantasy world (Krangel, 2008, in Spaulding, 2010, p. 39) that is the main reason why members join; another case of breaking a social contract may happen when a company adheres to a relationship-oriented community, biasing information towards its own purposes or having a sales-oriented attitude. Here, members may join the group solely to ask for advice, perhaps, or may want just to chat, to feel not alone, to find a friend, to share a trouble, to ask for help, rejecting any biased behaviour. Research shows how an inharmonious approach is strongly counterproductive, resulting either in the rejection of the company that is perceived as an intruder, or else in the dissolving of the community if it is a sponsored one.

To engage effectively, a company must accept a social attitude from within. Someone who is friendly just once or superficially is perceived as false: an organization, to be genuine, must be genuine on the inside and must act consistently. The company’s behaviour must be authentic and transparent throughout the brand–customer approach. In fact, to generate conversations on the web it is a priority to reach an empathic level of dialogue with consumers rather than having a sales-oriented attitude. Cheating is heavily penalized, with damaging consequences not only for

the company (Barnard, 1970) but also for the organizational system within the whole value chain, affecting the perception of value production.

We've seen the relevance of a social approach from within the company as a way of addressing the no-profit behavioural component. However, it is true that the company's profit orientation remains *the* priority, and this is recognized by the participants within the community. The question is then: how to cope with these two opposite objectives? Do companies have to 'mask' their real intents, and deliberately mislead people? To engage two parties with different objectives the only honest deal can be through regenerating a new 'transactional' model based on transparent rules of the game. However, in contrast to the situation where the traditional concept of a transaction of goods prevails, here the transaction involves 'relational goods'.

I call this offering 'value for engagement' (VfE). The concept has been created with the purpose of synthesizing the shift from a marketing-oriented philosophy to a conversational marketing concept. Moreover, the VfE, representing a complex notion, allows the communication within the brand–customer engagement process to occur in a functional way, enabling further reflection or additional marketing-sociological applications.

In marketing literature, we have always read about 'price for value' (Pfv), which has become over time almost a paradigm. In most shared interpretations of the complex categories of value and price, for a customer value refers to a relationship between 'perceived benefits received' as compared with 'perceived price paid'. To decide in favour of the transaction, the result must be positive – that is, benefits must be higher than sacrifices. The latter can take the form of not only giving up money but, often, renouncing a habit, an old product, and anything else that the money might have been spent on.

Let's compare the two concepts (Figure 6.1). They have similar aspects and distances.

Similarly:

- Both imply an exchange between a customer and a brand: in Pfv the customer pays a price to receive a value back. In VfE the customer engages himself to receive a value.
- Both involve an evaluation and a decision on a transaction on the customer side: the benefit must be higher than the sacrifice, otherwise there is no positive exchange in favour of the customer.
- Both have two complex variables: in Pfv the price paid in a transaction is not only financial but also involves other elements that a

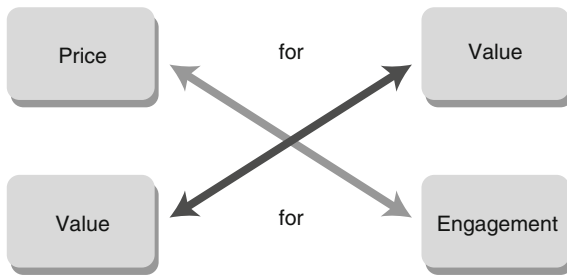


Figure 6.1 Price for value and Value for Engagement: the concepts compared

buyer may be giving up. For example, in addition to paying money, a customer may have to spend time learning to use a product.

The differences are:

- In PfV, the customer's evaluation of the benefit received in the transaction is based on one-way, top-down information provided by the brand through the marketing mix process. The customer has no possibility of negotiating the offer. Specifically, both price and value are one-way elements of a single transaction: price refers to a customer-to-brand direction (the price transferred by the customer to the company), value to the reverse – that is, brand-to-customer (the benefit transferred by the brand to the customer). Instead, in the VfE, the customer evaluation is based on a two-way interactive process, through which the brand's offer is adjusted to the needs of the customer via dialogue and interaction and allows them to accept the engagement offer or less. The concept is more thoroughly explained in the next point regarding building value (see heading 'Building value' on p. 137).
- In PfV, the first item, price, represents the sacrifice of the customer. PfV is clearly a concept with a brand-oriented structure, born inside companies aware of their power, positioning first the brand's advantage (revenue) at the expense of a customer's; it is not 'Value for Price'. In contrast, VfE positions, on purpose, value as the first item, representing what the customer receives. This is an important aspect to be taken into account by companies: the process of reciprocity starts with the recognition of the *other* as prior, which means that the customer must be put at the starting-point of the process, but not as an object – instead, as a subject, with all their needs and free choices. As the reciprocity framework allows trust, it clearly represents the first

step in engagement. Here, the customer's advantage comes first, as the empowered client of the Internet Age is in a higher position of control with regard to organizations and his or her decision regarding the feasibility of the exchange is made upon the 'negotiated' value offered by the company.

- In PfV, the second item, value, is what the customer receives; in VfE, the second item, engagement, is what the customer commits to: by doing so the customer renounces other commitments – it contains a sacrifice, since it implies a contract, with norms to be followed, and loyal participation. In fact, as we have seen, there is also dependency on the customer's part; they adhere to the social contract with the brand, reciprocating the brand's reliability.
- The concept of value differs between PfV and VfE: in the first, it represents the tangible functional benefits of the product and the intangible aspects perceived by the customer, such as services and values, identity and culture – that is, the 'world' of the brand. In VfE, as a result of the interaction, to all these concepts is added a new dimension comprising a constantly confirmed friendship, support when needed and the adjustment of experiences to the customers' evolving needs. Clearly, concepts like 'frequency', 'on demand' and 'evolution', implicit in the above-stated words, and 'constantly', 'when' and 'evolving needs' are all elements related to the passage of *time* within the interactional process.
- Moreover, whereas in PfV the value is 'perceived', that is, it is related to a subjective perspective, in VfE subjectivity is brought to its extreme form of relativity, as is intended in the phenomenological approach.⁵ The 'person' or customer changes their preferences several times a day and according to different situations: relativity is highly conditioned by the environment, which changes constantly, influencing behaviour. This is the psychological and sociological reason behind the need for a one-to-one relationship, as a radicalization of the individualization process. This fact leads to other additional features of the difference between PfV and VfE: in the latter construct, the brand meets the need for *protagonism*, letting the customer take an active role inside the process; for *relation*, supporting the customer's need to connect with peers and other groups and communities with similar interests; for *individuality*, in the quest to be considered as an individual unique in inclinations, tastes, interests, culture and language. To this, the needs for fun, emotion, experience, sense and play are the perceptive categories within which the individual is more sensitive online. It's the revenge of the consumer.

Brands have to become 'relations enablers' and 'relations facilitators'. Their success will rest on their ability to match their skills in the area of knowledge with sufficient sensitivity to achieve empathy with single consumers, groups or community leaders, each with their individual differences.

Building value

To synthesize the above concepts, in the light of everything said, at the bottom of engagement there is 'relation', and therefore trust (Figure 6.2). Without *trust* there would be no initial opening belief in someone's trustworthiness – neither a rational-based belief nor a 'leap of faith'. It is this opening that allows an exchange of actions which over time build into an interaction.

In VfE, the exchange of value for engagement implies a negotiation, since both elements stem from an *interaction*. This exchange, based on a dialogue, is a spiral movement that builds, circle by circle, in the dynamic process taking place between brand and customer. Via this conversation, the brand understands the customer's needs on the basis of the customer's feedback and adjusts its offer accordingly. At the same time, through the conversation and the brand's behaviour, the customer decides whether or not the brand is still keeping its trustworthiness. If it seems it is, then he or she can trust it and become or stay involved in the engagement.

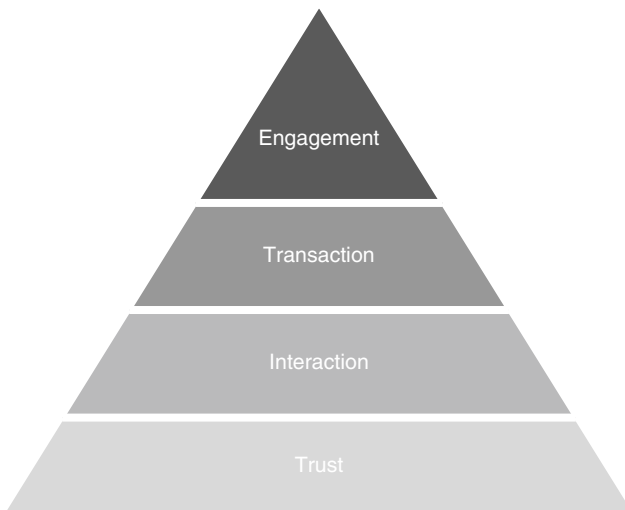


Figure 6.2 Value-for-Engagement pyramid

In the VfE concept, this process originates a *transaction* based not on an exchange of physical goods or services for value, but on the sharing of relational goods. The value is the relation, the exchange itself. The relation has to be considered as the value, and accounted as a relational good.

Indeed, the high ‘volatility’ of the customer, that is, their multidimensionality brought about by a continuous change in needs, attitudes and tastes, is behind the concept of value not as a quality of the good, but as a form of *reciprocity* expressed within the transactional process.⁶ Value is created through sharing: it is not a quality of the object but simply expresses a relationship of reciprocity coming out of interaction.

The social meaning of the transaction is contained in the concept of relativity tied to reciprocity. The value of an object is linked not to its utility but to a subjective category – that is, the customer’s decision to commit and engage. Thus the economic value might not have a rational base, but stem rather from psychological motivations, so as to appear illogical. If the process is brought on ‘circle by circle’, with constant confirmations by both parties, then the engagement may be successful.

The VfE ‘deal’ shares; it doesn’t exchange. It shares value, it shares a promise by both parties – a promise built on trust.

Trust strategy and engagement

Engagement is activation, the process by which to build trust. We may say that trust is to strategy as engagement is to action. Trust is to the concept as engagement is to the practice. Indeed, the trust strategy is part of the brand strategy and engagement contributes to the brand strategy’s implementation.

In this section we explain the conceptual relation between a trust strategy and engagement.⁷ This will prepare the ground for the illustration of the value-for-engagement model in the next chapter.

According to the definition of the *4th Annual Online Customer Engagement Report*, engagement is ‘repeated interactions that strengthen the emotional, psychological or physical investment a customer has in a brand’ (a product or a company).

We have seen how engagement works primarily in the direction of ‘pull’ to attract customers to a website; at the same time, however, it works proactively to involve and communicate the brand’s tangible and intangible benefits to a customer along their customer journey, catching them in the right place and at the right time. Indeed, when engagement

works as a push strategy, transforming itself into a form of trust 'inducement', it implies three kinds of managerial efforts, as follows:

- *Information management* is key in the engagement process, since information is essential in building both trust and, after all, relation, through the construction of the rational side of trust – the only one subject to control.
- *Reputation management* is a double-sided tool of control: reputation is both conferred and achieved. It is true that it may be affected by exogenous variables, but a careful strategy is decisive in proactively building an image.
- *Expectation management* is at the base of the strategic objective of building loyalty. Expectation bonds two persons through a reciprocal promise to accomplish the goals of both parties. This promise is nurtured by trust and generates trustworthiness, projecting the promise into the future.

Within reputation management, the building of a 'single-minded identity' is relevant. In the previous chapter we saw, with regard to trust and reputation, the importance of building an online brand 'single-minded identity', with the focus on generating a clear-cut message to be communicated. Indeed, on the web, the brand's identity consists not only of content but also of relation, and therefore of trust. Friends and participants in website-embedded forums, or any traces left by a visitor, become signals of who relates to the brand and how the brand responds. This means that any person in contact with the brand's realm participates in the building of the brand's identity. The management of web relations based on trust is a key function of engagement; there are three key steps:

- First, the website. Usually, when we have friends in we try to prepare a pleasant environment. We offer a warm welcome, comfortable seats, a nice atmosphere and suitable entertainment. The house will reflect our personality and our welcome by means of various signals: space, cosiness, adequate seating. A website does much the same. It represents the brand's habitat, a place of welcome to offer the best, furnished with relevant content, creating a pleasant and sharable atmosphere, aesthetically and emphatically positive, simple in its layout, easy for people to find their way around in, charming and witty. On entering such a website, the visitor must at once feel urged to make themselves at home, and that the host has done

everything possible to keep them there by means of entertainment and interaction – in a word, by *engaging* them. The Patagonia website is a particularly relevant and interesting example of this.⁸ Engaging through a website means translating a trust strategy.

- Second, the way to attract visitors to our website includes not only SEO strategies – that is, the optimization of a brand website by positioning it on search engines via indexing techniques – but also using it in synergy with social media optimization (SMO). It further involves, among other things, the related activity of singling out web communities where the brand introduces itself and engages potential consumers by means of specific strategies.
- Third is the ability to activate a conversation. Peter Drucker used to say that manager–employee relations can't be modified: the difference is made by 'relations with persons' (Drucker, 2003). Creating dialogue is a challenging art. Having a dialogue means being able to talk, but even more to listen. Words may join or divide. Listening implies leaving space for silence. The 'silence of voice' implies offering to the other the possibility of expressing his or her ideas; the 'silence of mind' suspends any focus on our thoughts in order to receive the other's, avoiding barriers of prejudices and being open to new cognitive routes coming from the relation; the 'silence of soul' allows the understanding of the deepest categories and motivations behind the other's thought and actions.

The way to activate a trustworthy dialogue depends upon the characters of the subjects involved in the relation. To make a dialogue fruitful, a deep identification with the other must take place: the more reciprocal the opening, the greater will be the possibilities of a reciprocal understanding.

When, for example, two people talk, the transmission of facts, concepts, ideas, sentiments and values takes place, repeated bidirectionally. As we have seen, the element of 'exchange' and the extension of such a process over time creates an advanced form of relation – that is, interaction.

While the exchange takes place, the interaction modifies the subjects on two levels: on the rational–cognitive level, it brings an informational enrichment to both parties, while on the emotional–psychological level it operates in the realm of feelings and emotions, generating, for example, trust, friendship and respect. This is the main area within which a brand may be *proactive*. The ability to activate and continue a conversation in order to make the interaction grow becomes essential

for companies wishing to implement a trust strategy and create an emotional tie capable of generating value for engagement.

Engagement dialogue is key to deepening the understanding of the brand–consumer relation. The conversation thread is an essential tool in evaluating a customer’s levels of satisfaction, since various studies indicate that consumers don’t complain through traditional customer care service channels; customer feedback and peer-to-peer conversations are a rich source of comments from which opinions may be extrapolated and analyses made of the general sentiments surrounding the brand. Moreover, research shows that trust is built when the organization is tested – for example, as we have seen, on its ability to respond to a product failure. Thus for example social media conversations are today often integrated in CRM systems.

This whole process of engagement dialogue is the assumption for the building of VfE, which is calculated not on the traditional ROI but on customers’ motivation to create a relationship with the brand on a social network. A typical unit of measure may be the number of unique visits to the website (visits, that is, that are not repeated within the statistical time unit), the time spent on site, the number of page views, word-of-mouth factors quantified by means such as sentiment analyses, volume analyses, reach-of-conversation analyses, or the proportion of consumers visiting the website on a peer’s suggestion. We will tackle the quantitative side of engagement in the next chapter, via the analysis of the value-for-engagement model.

Trust and engagement in co-creation

Trust rationality also plays an important role in the *relation of dependency* between the brand and the customer. We have seen previously how trust, even in its purest irrational form, implies the freedom of the customer to quit the relation with the brand, since although they are dependent on the relationship they are not responsible – while the brand is not only dependent but is also responsible for the relation with the customer. This asymmetry puts the latter in a position of power over the brand. Interestingly, the concepts of dependency and responsibility within a rationally based form of trust, founded on control of information, shed some light on some aspects of the dynamics of *co-creation* processes by which customers participate directly in the development or improvement of products. As a matter of fact, a customer who is empowered by access to rich and diverse information

coming from different web sources, whose knowledge is validated by peer-to-peer exchanges, who is able to understand diffused needs, and who is stimulated to engagement, may exert control up through the product creation chain.

Co-creation processes may be a smart way for companies to reverse their asymmetric positions of responsibility towards customers within a relationship. In fact, it is the one who acts to originate the relation who gets to play the role of the trustworthy one. Fiat, Dell, Barilla and other global brands have understood this rule.

Here it is worth recalling that the role played by information differs in weight according to how much the information is trustworthy and trusted. Peer-to-peer information appears to be strongly trustworthy to customers generating trusted information used to cross-build co-production processes via forums and chat rooms. Pierre Omidar, the founder of eBay, argues that at the base of business between people there is always some form of trust in other people or in the system. He says that there is however a need for behavioural norms. So as to guarantee a trustworthy relationship, both parties involved may need to use sanctions against those whose behaviour is unreliable.

In summary, Table 6.1 shows the key engagement concepts discussed above in relation to the elements of brand strategy and trust strategy, integrated into the table in the previous chapter (Table 5.1).

In defining a brand vision an organization must ask itself several key questions:

- What is the role of trust inside the organization's culture and strategies?
- Which value for engagement will be offered to the customer?
- What is the real marketing intent in building a genuine dialogue with him or her?
- Which level of innovation has to be reached through customer engagement?
- How deep a social culture has to be rooted inside the organization's DNA?

Along with the formulation of the brand promise, marketers will have to address the matter of whether their brand is trustworthy enough. This will be done through analysing customers' insights, the rational and irrational sides of contents produced by both the company and its customers, and the ability of the company to build a dialogue.

Table 6.1 Key engagement concepts in relation to the trust strategy and brand strategy elements illustrated in Table 5.1

BRAND STRATEGY ELEMENTS	BRAND STRATEGY	TRUST STRATEGY	RELATED ENGAGEMENT CONCEPTS
BRAND VISION	What do we want our brand to become?	Is trust becoming a key element of our brand vision?	VfE; dialogue; innovation in knowledge; social culture
BRAND PROMISE	What is our commitment to customers?	Is our commitment trustworthy?	Customer insight; rational and irrational contents; information and experience; building dialogue
BRAND POSITIONING	How do we want to be perceived and what are our competitive advantages?	How do we want customers to perceive our trust beliefs?	Customer choice; engaging environment and website; value through relational goods; co-creation processes
BRAND DELIVERY	How do we intend to fulfil our commitment and what actions will we take?	How will trustworthiness be delivered?	Unconventional communication; 24/365 global communication; touchpoints; long tail; online promotion

The strategy of brand positioning will include questioning the perception of trust beliefs: competence, integrity and benevolence will all have to drive customer choice in an engaging environment where the website has a core role; value will be perceived by customers through the sharing of relational goods and might be generated through a co-creation process.

Brand trustworthiness will be delivered by ‘unconventional’ communication (that is, dialogue via websites, communities, social networks) globally and 24/365, through all the touchpoints included in the brand strategy. The long tail will provide the opportunity to satisfy one-to-one customer needs, and online promotion will support engagement as a form of effective communication to help sales.

Based on this scenario showing the organization’s key strategic guidelines, let’s now analyse, finally, the concept of engagement from the perspective of the customer journey. This final section of this chapter will introduce us to the VfE model that is the subject of the chapter that follows.

Engaging the customer journey

Engaging a customer journey means understanding the multichannel customer experience in order to build trust based on the customer’s multimedia behaviour (Padua, 2011c).

What a customer journey is

A customer journey (CJ) is a way of describing multichannel behaviour (Titterton, 2011c). It is a quali-quantitative tool of analysis which adopts visual maps of the journey the customer takes in the web–media interaction.

Qualitatively, it illuminates such aspects as emotional insights as well as those other aspects that are related to the journey experience today but are not caught by traditional customer relationship management systems. These are of the utmost importance for a thorough understanding of customer behaviour and in uncovering indications that are crucial to establishing a process of engagement. From a quantitative point of view, the CJ identifies measurable variables such as the number of contacts made by the customer and the length-times of visits. CJs not only are mapped from wherever the customer accesses the web to the landing page of a website, but, based on tracking information provided by search engine firms, they also include the visualization of actions both before and after web access.

The CJ tracks the customer through the environment in which they move, allowing an understanding of a dynamic competitive context which marketers often aren't aware of. On the web, competition is made up not only of competitors within the same sectors but also of all those elements 'distracting' the customer from the most efficient and effective pathway – that is, the one bringing the customer to the brand's website in the shortest time and making them stay there for as long as possible. Processes of serendipity (Merton, 2004) drive persons to search-journeys deviating from logical paths and leading to totally unexpected results: a paradox, which, however, reflects reality, is that a search for an aspirin may drive a person to a news website – quite an unexpected result!

Engaging via CJ means understanding the stakeholder's perspective, improving the quality of the service and instituting a culture of innovation. The key topics tied to CJ engagement are:

- Customer experience.
- Dialogue and trust.
- Multimedia behaviour.
- Social media communication and planning.

What they have in common is that each contributes to the building of value (Figure 6.3; Padua 2011c). Let's examine them.

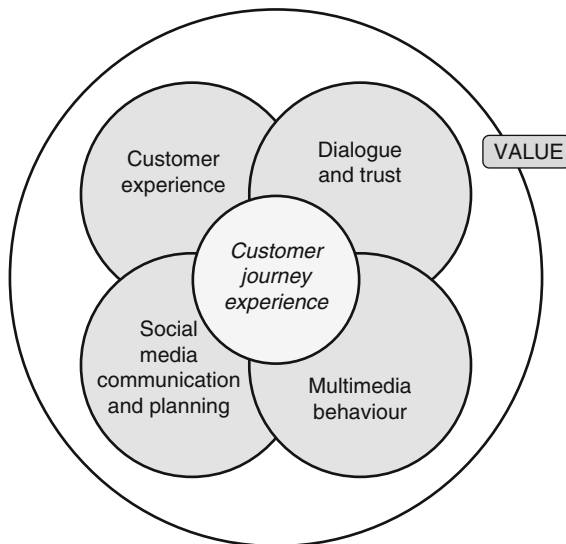


Figure 6.3 Key areas of the customer journey in the building of value

The customer experience

The customer journey is a tool with which to explore, analyse and improve customer experience, and understand the underlying behaviour and the levels of trust and engagement. It thus facilitates the implementation of an effective engagement strategy. The CJ allows a vision of consumption based not exclusively on the technical performance of the product but also on the *experience* built around it.

According to most acknowledged theories of cognitive psychology, the emotional experience built on the stimuli that a customer may experience during a web search journey, including a website visit, combines both emotion (the unconscious aspect) and conscience (cognitive reworking). Indeed, in a CJ engagement process the psychology of emotions is key. In the context of our discussion, centred on the relation between engagement and trust, emotions generate:

- *Motivation*, driving the individual towards a set of possible trust behaviours – that is, trusting or not trusting a brand.
- *Social communication*, distributing trust information among individuals – that is, diffusing information about a trust belief such as a company's 'competence' or an act of 'benevolence'.
- *Information*, updating the subject on their needs and objectives, allowing them to understand situations and to perceive safe and dangerous events in relation to trustworthiness; also acting as a measure of their internal state and the state of the external world.

The more powerful the stimulus offered by the experience, the more memorable will it be (Ferraresi and Schmitt, 2006). Thus experience has to stimulate fantasy, sensation and fun. Its unique nature will determine the distinction of the brand, which in the Internet Age is founded increasingly on experience and decreasingly on product innovation. In fact, product improvements will become less sophisticated over time, and, simultaneously, less perceptible from the customer perspective.

It is evident how, in the engagement process, understanding which kind of experience the customer is having and which emotions he is going through becomes key. The CJ, through its graphic visualization, becomes for the company a mirror reflecting the experiences lived by the customer, questioning the reasons behind them, and showing and making explicit what before was only implied (Oosterom, 2010).

Time spent at the site, related actions, choice of media, website tracking and many quali-quantitative elements are indicators of

how intelligence may be used to make a cognitive elaboration of the emotional journey.

Dialogue and trust

Dialogue implies an adaptation process that many organizations have so far not foreseen, planned or adopted. This could mean their failure to survive the online digital ecosystem, an environment that is continuously evolving. Indeed, a conversation with the customer allows the acquisition of strategic insights that will help improve and innovate the interaction on an ongoing basis, adjusting 'distances' with the customer to constantly confirm the trust agreement or renegotiate the basic relationship. As already stated, trust lies at the base of the relation, allowing the relationship to be projected into the future through dialogue-driven interaction. Dialogue and trust feed each other.

Multimedia customer behaviour

The CJ supports engagement by putting into visual form the customer's integrated approach to media as they select brands, make purchases and receive peer-to-peer suggestions. Here, we will concentrate our attention on the channels through which we may reach the customer by tracing their pattern of behaviour in relation to the various media. Once a trustworthy behaviour is established by the company, the problem faced by organizations is where and how to engage the customer. Indeed, multidimensionality also emerges in his or her selection of media and interaction with them.

Forbes research carried out on companies in 2011 shows that only 30 per cent of respondents knew about customer behaviour on mobile channels and only 34 per cent had examined it on social media (Titterton, 2011c). Interestingly, the great majority of companies interviewed had previously segmented and targeted customers using an integrated approach to customers' behaviour on different channels. Indeed, according to the *4th Annual Online Customer Engagement Report* 'mobile is a healthy media, yielding good results for those who know how to use it,' said Jay Cooper in 2009. The survey shows that the mobile medium is seen as the best tool for building customer engagement, as 36 per cent of respondents are planning to adopt it, 34 per cent are planning to create applications for mobile phones, while 16 per cent are using mobile media for building engagement. It is also true that two-thirds of respondents have no plans for mobile commerce. This is due to a lack of resources (51 per cent), a lack of skills and experience and a lack of business cases.

The key problem for organizations (C. Kroll, interviewed in Drell, 2004) is to understand that the social web is becoming mainly a form of horizontal engagement and that the verticality of each channel, separate from the others, doesn't make sense any more. This means that media convergence such as web, mobile and television on the same technological platforms no longer allows the creation of a single strategy for each channel; rather strategies must be based on the behaviours adopted by people choosing their favourite platforms. Thus someone may prefer to book a restaurant close to his or her location using a specific mobile application; at the same time, they may want to investigate a new car purchase via a social network on a home PC or cook to a recipe following the video instructions provided by an application on their mobile device easily positioned in front of them beside the kitchen stove.

But for companies the difficulties don't stop here. Organizations strive to understand which experience needs to be offered to the customer, in which sequence and on which platform. As companies are structured by channel, they tend to develop silos – strategies for each available touchpoint, that is, every digital interactive situation. In effect, the key difficulty for companies is to identify which particular kind of message has to be channelled through each medium. This approach to a media strategy may confuse the customer with separate experiences, since he or she will tend to expect the same contents, graphic design and behaviour on a mobile display, on a website and in social media. She or he is a multichannel customer using multiple touchpoints to reach a single objective (Rogowski, 2011).

Social media communication and planning

Engagement via CJ necessitates a revolution in media planning and advertising expenditure in social agencies. The CJ allows a one-to-one, tailored ad spending plan, modelled on customer social media behaviour. Advertising engagement becomes more effective and efficient, leveraging an integrated multimedia approach.

Today, ad spending is based on number of website visitors in terms of 'page views', with no certainty as to the number of contacts the ad will produce. However, a revolution is in progress, as it has now become possible to charge according to the number of minutes that the ad is viewed by a particular target audience. Thus today a company can ask to advertise their product to, say, a '27-year-old woman who recently consumed or created content about something similar to their product' (A. Monfried interviewed in Resinger, 2008).

Through a partnership with social websites and content producers, companies such as Lotame gather anonymous data on users regarding sex, age and postcode (for geographical localization) to achieve a complete picture of the demographics offered by each website. These data are then sold to client companies according to their specific targeting needs. Despite the anonymity of such data, a problem still exists with privacy upon which the debate remains wide open. In this context, CJ mapping becomes an essential basis for building the media plan, both for channel selection and for investment. It provides indications for brand–customer localization and how to bring them together more effectively.

In conclusion, a customer experience strategy (Rogowski, 2011) supports the activities and the allocation of necessary resources in order to offer customers a memorable experience throughout all the digital interaction touchpoints. It has to adapt to the target customer’s identity and behaviour, and also to where the experiences will occur, while supporting the brand image throughout all the touchpoints. The customer journey helps to build the brand–customer trust relationship (Padua, 2011c).

7

Value Creation on the Web: A Vision

Executive summary

On the internet, information is power, but it has to be channelled and to become accessible. Hence, the real power apparently lies in the distribution of information and access to it, which nowadays is mostly in the hands of customers and of search engines.

To rebalance the brand–customer power relationship, brands will have to become ‘relationship enablers’, gaining customers’ trust with the offer of access to other relationships with people sharing the same interests, values and feelings both in the brand’s conceptual area and in others. Brands, as relationship enablers, become new information hubs, potentially fragmenting the oligopolistic market of the search engines.

The concept of relationship enabler represents an evolution of the brand–customer relationship building of value behind a value-for-engagement model.

The aim of this chapter is to provide a challenge to organizations on the possible future of the conversational web.

With regard to the aims of this book, the current chapter is an introduction to the value-for-engagement model, illustrating the importance of Vfe in the evolution of the meaning of value in the digital realm. It will anticipate some key dimensions of engagement present in the model, like time, space, action and emotions. These elements will be detailed along with the explanation of the model in the next chapter.

Value creation on the web: a vision

In the future, the winners in value creation will be the 'relationship enablers': brands that are able to put the customers into contact with their environments: networks, groups, contents, experiences. Indeed, these environments may be tied to topics also distant from the brand's core concept. This engagement perspective has four consequences:

- It implies the brand should become a master of 'information management' on the web.
- It entails a partial 'setting apart' of the brand.
- It needs a generous amount of bigheartedness.
- It requires a great deal of courage.

But, after that, trustworthiness is guaranteed and the customer will be yours.

At the end of the nineteenth century, Georg Simmel (Simmel, 1908) was the first sociologist to attribute value to a wholly subjective dimension: the value of a good was based on the 'desire' of the person to acquire it. The engine of value creation shifted to the person, in a totally subjective frame.

In the 1950s, economies of scale (the Ford model is an example) pushed ahead a product-oriented concept via the full exploitation of a company's productive capacity.

The deep changes during the economic boom of the 1960s, based on mass markets, up to the development of the concept of segmentation during the 1970s and 1980s, demonstrated how the product-oriented approach no longer allows us to understand the evolution of the economic, technological and social factors that determine customers' needs and behaviour. That approach was indeed at the base of many business failures at that time. It was from the aftermath of these events that there emerged the modern 'marketing' philosophy, where all processes are centred on the individual and his needs: the Simmelian assumption was back.

That said, the marketing philosophy does keep the same value indicators as those of the product-oriented approach: the key performance indicator (KPI) of brand success is the return on investment (ROI) and this is the key expression of profit and of the organization's survival. Here, the return on investment relates to the increase in the numbers of customers buying the brand for the first time (the user base) and/or to the building of volume by means of increased sales to existing customers (see Table 7.1).

In the product-oriented and marketing approaches, throughout the second half of the twentieth century there was no interaction with stakeholders, nor any engagement with them. Value originated mainly from revenues on sales and the related profit was tied to such concepts as *product profitability*, *current sales*, *brand equity* and *market share*.

Only with the birth of the Internet Age during the 1990s, and the first open sources and browsers, was there substantial evolution in the concept of the creation of value, which tied it to important new forms of brand–customer interaction. Now that the internet is fulfilling so intensely its rich potential, a deep need is being felt for a change in the approach to value.

However, research indicates that only a few organizations are effectively changing or fine-tuning their strategies to the new needs of the market (Weber, 1964). As a matter of fact, customer relationship techniques, though representing a step ahead in the process, don't offer the conceptual and operational turnaround required by a real customer-focused strategy. To meet this seemingly upside-down approach, some companies have made substantial steps ahead shifting from a management of the transaction to the maximization of customer lifetime value (CLV) and customer equity (CE) – that is, to building a long-term relationship with the client.

As we will see in the next chapter, the CLV and CE indexes anticipate some of the key dimensions we will find in the value-for-engagement model. These variables, which relate to conversational marketing, involve three dimensions (see Table 7.1), namely time, action and emotion:

- Undoubtedly, *time* has a relevant role in building a 'long-term relationship' founded on a dialogue process. Indeed, building such a relationship means establishing a trust bond since without trust no stakeholder could retain a relationship. Trust develops relations that are 'social' – that is, that generate social forms such as groups¹ and communities linked together by shared values: the values of the brand.
- *Action* is the second dimension, referring to the activity of the brand and of the customer on the web, such as interactions and feedback, content production and participation. Action represents the activation of the rational side of trust: here, customer action is characterized by rationality in the Weberian sense – meaning that the action drives the customer's volition and intention based on a rational choice after weighing up the advantages and disadvantages of acting. This is an

expression of human individuality² (Weber, 1964). Action takes place as trust enables collaborative behaviour and openness to interaction.

- *Emotion* moves the irrational side of human beings. It is a key component of experience, leveraging instinctive impulses. Emotions represent an alteration of the feelings we generate in response to an external stimulus: an image, a video, a content. It involves pride and a sense of belonging, membership and friendship.

The value generation in a consumer-centred approach is tied to the brand–client long-time relation and is measured by:

- Customer profitability rather than product profitability.
- Customer lifetime value rather than current sales.
- Customer equity rather than brand equity.
- Share of customer equity rather than market share (Bhalla *et al.*, 2010, pp. 16–31).

This final reflection completes our mainstream value generation patterns past and present. Now it's time to ask ourselves:

Where are we going in terms of brand–customer engagement?

My own viewpoint suggests a further shift of focus, evolving from a brand–customer interaction to a brand–customer–environment relation, with particular focus on the last two entities. This movement goes in the same direction as the product-to-consumer shift: that is, from the inside outwards. This process would confirm a progressive 'setting apart' of the brand, moving the focus externally to generate a more sustainable balance between the brand, the stakeholders and the environment.

The 'setting apart' process of the brand began with the inception of the Internet Age and the shifting of power from organizations to the consumer. Today, the experiential stories offered by 'brand-generated content' appear to confirm this. In the fashion market, Nowness, the Luis Vuitton luxury storytelling website, is a case in point.³ Throughout the whole of the content offered by the website, the objective is not to sell but to create a world consistent with Luis Vuitton brand values and image. This content is aligned to the global customer's lifestyle being related to his or her tastes, emotions and aspirations. This is an example of a first successful attempt to move the focus from a brand to a customer's environment.

Indeed, if we follow the same inside–outwards direction, the process may apparently be stretched further outwards. This means going out of the customer’s realm still tied to the brand (in the Nowness example, the website contents are clearly still tightly related to the idea of luxury) to extend the worlds outside the brand’s conceptual realms. Indeed, they are tied to it by a key element: the *relation* between the brand and the customer.

Relationship-building will become the new ground on which brands will compete. Relationships are bridges between brand and stakeholder and an organization’s new objective will be to build them. If they are solidly built, brands will have channels that can transfer attractive contents to stakeholders or help to build them. Bridges will have to be built on ethics, genuineness, competence, sharing and goodheartedness – that is on trust beliefs.⁴

Here, the concept of *sustainability* becomes particularly relevant in support of the brand–customer relationship, which it opens to other categories of relationships that the brand maintains in the environment with stakeholders and members of other constituencies.

In the offline realm it is easy to understand what the environment is: it’s all about nature, resources, society, territory. In the online realm the environment is essentially made of *relationships*. If sustainability in the offline realm relates to respect for the environment, in the digital realm it means respect for the *person* – that is, the individual in relationships with others (Cesareo, 2006). Indeed, relationships exist to enable the sharing of contents, emotions, goods – all human forms of expression.

This relational orientation is furthermore fuelled by web connectivity and the typical profiles of the web navigators, characterized as they are by a need for individualism, protagonism and experience, which all express the need of relations. The content you produce on the web isn’t just for yourself – otherwise a pencil and paper would do. Any action on the web is driven by a desire to share. In order to satisfy its customers by meeting their particular needs, any brand must now first adopt the new role of relationship enabler.

Which are the indicators validating this route?

During the last decade, in many sectors – notably economics, sociology, technology, welfare, politics, science and art – there has been an evolution of paradigms towards *relations*, and a connection with different environments has developed. It seems we have changed from going inwards to going outwards, from unity and monodimensionality

to relational patterns, accepting diversity and openness. This has come from the fundamental nature of relations – that is, that any relation implies a comparison with the ‘other’ and the acceptance of diversity. Moreover, it has generated a viral process, involving other networks, in a viral process: relations bring new relations, and so on ever outwards.

In *economy*, enlightened scientists (for example Putnam and Sen) suggest measuring the wealth of nations, beyond GNP, by their social capital, that is, by relations within social networks.⁵ Social capital would then become a parameter of global economic balances. Within the Sarkozy Commission, authors such as Stiglitz, Sen and Fitoussi cleared the way for the introduction of these new paradigms in the scientific communities.

In the *human sciences*, sociologists are moving from holistic and individualistic models towards ‘relational models’ that are able to provide an understanding of postmodern society.

In communication *technology*, the internet has recreated a new online society governed by relations. This compares with earlier times when technology was much more restricted. Mass-communication technological devices were represented by wired telephones, faxes, television, radio, photocopiers and a few other devices, and much access was in the hands of industry.

In *welfare politics*, the role of governments is moreover giving space to bottom-up forces, proposing new models of subsidiarity or ‘Big Societies’.

In *science*, theoretical studies are examining the possibility that quantum mechanics may be applicable not only to subatomic particles, but also at larger scales: this would mean that the microscopic and the macroscopic realms interact, evidencing a relational pattern that upsets the classical assumptions of physics. This ‘new’ theory heavily impacts the understanding of the whole of the reality around us, opening the doors to ‘parallel universes’.⁶

In *art*, paradigms once were shared among a chosen few belonging to elites, who were often financially supported. Today, anyone can produce art and publish it at no cost. As art lives by sharing, the whole connected world becomes a potential audience for new improvisational artists. YouTube, Flickr, Facebook, SoundCloud, MyFolio and Shareyourmusic are some examples in point.

All these elements confirm the general shift of paradigms from *unity and monodimensionality* (one-dimensional economic indicators, individualistic social models, monodirectional technological communication devices, top-down government models, monodimensional science theories, unity of the artistic elites) to *relations* (social capital, sociological relational

paradigm, connectivity, subsidiarity in government, multidimensional science theories, free and open artwork-sharing).

From this perspective, the VfE becomes the supreme KPI. Why?

The evidence confirming this is fivefold:

1. It is based on a transaction involving relational goods.
2. It implies a central position for the customer, seen as a person, that is, as an individual in relation with others.
3. In VfE, value is a relative concept, as confirmed by the phenomenological perspective. The environment plays a key role in this.
4. Moreover, VfE, being built on a brand that meets the needs for protagonism, relation and individuality, confirms the connection to the environment where the relation takes place.
5. The brand–customer relation is tied to the environment because the customer is attracted to the environment and influenced by it – for example, by networks, groups, contents and experiences.

Table 7.1 summarizes the evolution of the strategic focus and the related top KPI, the dimensions of the VfE model involved and the approach to value.

Table 7.1 Evolution of key performance indicators and Value-for-Engagement dimensions

When	Strategic focus	Key KPIs	Dimensions of the VfE model	Approach to value
Yesterday (second half of the 20th century)	Product-oriented and, after, marketing-oriented	ROI	No engagement dimensions	Revenues on product volumes and, after, brand sales volumes
Today	Shift of focus from product to consumer (conversational marketing)	CLV, CE (introduction of VfE)	Time, action, emotion	Brand–client long-time relationship
The future	Shift of focus from customer to environment	VfE	Time, space, action, emotion	Brands as relationship enablers

As we can see, the 'brand as relations enabler' concept involves all of the VfE model dimensions: time, space, action and emotion. The element which is additional to the conversational marketing model is *space*.

Space on the internet is different from the offline physical entity. It means, instead, connectivity and speed of connection within the system, as allowed by different media, channels and platforms. Indeed, the concept expresses the network of *possibilities* that the customer possesses to create new relations on the web according to their needs. The customer's priority on the web is to select good, trustworthy relations, allowing them to receive the right information or the right experience. The dimension within which the customer's needs are met is that of relations (Maffesoli, 2003).

However, it is not easy for the customer to grasp all the necessary relational channels to access the right information on the web: this requires competence, abilities, and sophisticated technologies. It also requires the special ability to filter validated sources. Search engines have gained a powerful position in this field and have reached 'institutional trustworthiness' (generated by institutional trust; see Chapter 5, p. 90), so that individuals may rely on them as they represent 'simplifiers of reality'. In other words, they rely on search engines because, given the vastness of the web, they wouldn't otherwise be able to cope with this complexity. Thus, they acknowledge the superior ability of search engines in providing answers for navigators. The popularity of Google – as seen in the widely diffused use of the verb 'to google' – constantly self-validates its consolidated role, rapidly becoming an 'institution' in web searches.

Companies themselves now have a great chance to emulate search engines in their own sectors. The opportunity to become an acknowledged and trustworthy institution in providing information in fields of interest to customers, working as a kind of specialized search engine, means redefining that sharing of values between the brand as a provider of information and the customer's informational needs.

But it is not just a matter of providing information: it is also offering the customer the capability to *access the right information*, via connecting them to networks of other peers sharing the same interests and experiences – not only, as we said, in fields close to the brand's conceptual areas (that is, the benefits, the values, the cultural themes by which the brand world shapes up) but also within the wider areas of interests of people having the same behavioural profiles.

Indeed, organizations have to become 'informational hubs', covering not only informational areas tied to the brand's realm but also to

areas not having *any* relations with it. This means building trustworthy bridges – those solid bridges we have discussed before, between brands and customers, over which information flows from brands to stakeholders. Notably, information means content, but, more importantly, *access* to relational channels such as groups, communities, and networks of peers sharing the same interests.

The act by the brand of offering opportunities to the customer (the ‘setting apart’ of the brand) to relate to subjects also distant from the brand’s realm (areas tied to the interests of the customer) generates a ‘gift’ attitude, translating into the trust belief of ‘benevolence’ that we will examine in detail in the VfE model. For the moment we may say that it implies ‘doing good to the trustor’, and that it doesn’t stem from a moral norm, unlike integrity (Mayer *et al.*, 1995, p. 717).

Having illustrated why VfE may become the supreme KPI of brands as relationships enablers, we now move to a second key question:

What are the competencies required to become relationships enablers?

First, they have to master web analytics. Competition will take place on this ability and on competencies in managing information, in generating knowledge and in recreating a world rich in ‘targeted’ information.

Second, high psychological, sociological and web-analytical competencies in profiling and clustering the customer will be essential to rebuild the customer’s whole world. Only in this way will it be possible to design the map of the customer’s needs for information and sharing.

Third, organizations must become masters of the customer journey process. This web analysis tool helps the behavioural profiling process not only by bringing understanding of the customer’s relational behaviours, but also in the discovery of ‘where’ to catch the customer on the web.

A challenging case study could be made from the example of the McDonald’s brand. McDonald’s is the globally popular brand operating in the sector of fast food. Just as an example, the conceptual areas potentially related to the brand may be:

- Healthy food.
- Fast food.
- Mothers.
- Kids.

Suppose the customer journey analysis indicates that further areas of interest among profiled clusters of stakeholders are, for instance,

jogging, Asian cuisine, pop music and teenagers. This would mean that the brand should offer selected and trustworthy connection to social networks, groups and communities sharing the same interests. From what we have seen, there are three main advantages in this for the brand:

- Generating a trustworthy relation with the customer.
- Exploring and gaining a deeper understanding of the customer's behaviour.
- Enlarging the network of engaged prospects.

Figure 7.1 explains the evolution of the value creation process from CLV (conversational marketing) to Vfe.

Notably, in the Vfe vision above, trust is not built via the direct relation between brand and stakeholder. Trustworthiness comes through at the level of integrity, competence, transparency and benevolence. Identification is shown in the process of providing selected information and, in the same way, is reflected in the quality of the source of information searched by the stakeholder, contributing to the rating. In this way, trustworthiness comes out of a shared process of collaborative validation. The stakeholder will then be in the position of self-validating the quality of the source; in fact, the customer, once connected with other peers and having established a relationship, is in the position to check whether the community he or she is in contact with is trustworthy or not. Naturally, the brand alone can't guarantee every aspect of trustworthiness in the other relationships. This fact enables a community

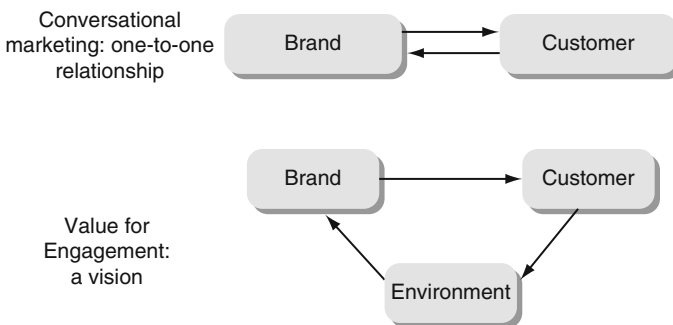


Figure 7.1 Evolution of the value creation process from customer lifetime value (conversational marketing) to Value for Engagement

of branded relations to develop around a group of connected topics. Initially, however, the overall quality of the source should be guaranteed by the brand's selection process. This requires, on the brand's side, the development also of a process of selection of sources, based on criteria identified on a qualitative basis, not just a quantitative one. For example, if the source is a community of interest, then from the qualitative point of view the integrity of the source should emerge via an ethical approach to the topic, according to competence shown by the usefulness and aptitude of contents, and in the light of benevolence as expressed in the openness and goodwill of the members.

As we will see in the description of the VtE model in the next chapter, this vision entails building, via every conceptual dimension, an engagement represented by time, space, action and emotion, leading to the generation of value in its full and more innovative meaning.

Let's go back to the example of McDonald's. At the time of writing, the McDonald's brand website opens with an image of the product 'Mc Nugget Saucy Challenge' dipping sauces. There is no reference to the customer as a *person*, that is, in the sociological meaning, an 'individual in relation with others'. We could say that a highly critical view of the current website would, in a very synthetic way, be as shown in Figure 7.2.

The homepage doesn't introduce the visitor to the 'world' of the McDonald's customer, nor does it tell any story involving the customer: the website content is centred on the brand and the only story told refers to the brand (see 'Our Story'). A more customer-oriented approach emerges when it tackles the 'nutrition and healthy food' topic.



Figure 7.2 Current McDonald's website (outline)

On the other hand, in an evolved, VfE approach, and based on the customer's areas of interest hypothesized before just as an example, the website might transform into this layout:

The heart of the website should pulse with stories about the McDonald's customer's world, including passion for the well-known McDonald's burgers and an interest in knowing more about the firm's products. Customers love both reading stories and building them, for example through blogs. Each conversation thread is a story. The attraction to stories comes from a biological need to simplify multi-dimensionality (Taleb, 2011, pp. 82–102), and, as we know, the role of brands is to gain institutional trust – that is, to become simplifiers of the reality. Story contents should come from brand–stakeholder conversations and should resemble brand-generated websites, as illustrated before. By now you should have caught your stakeholders' attention. Further, the website should also work, on demand, as a search engine of the different customers' worlds. Just to show an example, from Figure 7.3, visitors could be interested in being

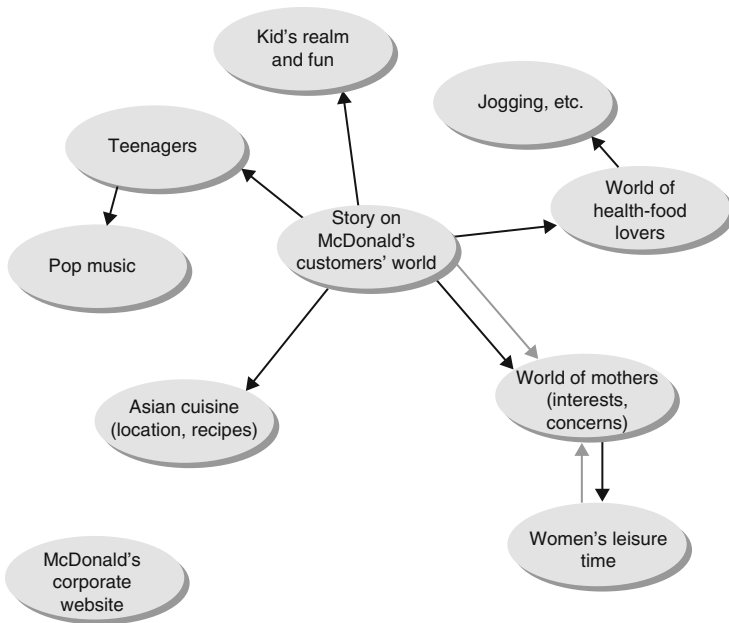


Figure 7.3 McDonald's website: how it might be revised according to the Value-for-Engagement approach (outline)

connected to groups, communities and forums of discussion on the subject of 'Healthy Food', so as to share ideas and information with peers and/or experts. If brand analytics and customer journey analysis show that these clusters of customers or prospects are interested also in 'Jogging', then these visitors should also be given the choice of entering selected worlds devoted to that subject. On the same analytical evidence, stories of McDonald's customers should involve teenagers' worlds and lead to popular music. Note that McDonald's could also *brand some or all connections* – that is, brand the links created within its website just as Google brands its search results.

Another important aspect is that the links work in the inbound direction as well: they become an extraordinary way of getting new prospects, tied to the McDonald's concept by a compatibility of interests (lighter grey darts). Importantly, there would be a separate McDonald's institutional website explaining corporate features. Any possible concern about losing some of the unity of the brand's identity would be addressed in the way the website is designed and built, also in the way the links can be branded to establish conversations with customers. Moreover, the website contents would be distributed into three or more layers of content, where the first level is devoted to the subjects more related to the world of McDonald's: as healthy food, mothers, kids and teenagers. Then, each content offers the possibility to select different related topics.

Even though this is only a hypothetical example, without any empirical evidence of the effectiveness of this approach, inductive logic alone would justify the urgent consideration of testing this route, which, however, should be coordinated with other multimedia channels such as Facebook, Twitter, and so on.

After having hypothetically designed an application of the Vfe vision approach, we move to a final question regarding methodologies of connection to the environment, that is:

How do we build relations with the environment?

In the offline realm, the environment, as we said, is about resources, territory, nature and society. In the online realm, it is based essentially on relations. Also, the notion of space changes between the two contexts: in the first it is physical; in the second, it is about connectivity and speed of connection.

This assumption supports the idea that a methodology of creating an own space or an own portion of web network (a community, a group, or just a network of linked persons) may follow an inductive–deductive

practice. This practice would represent a way to 'cover' the virtual space, like a brush is moved up and down to paint a wall so as to cover the whole surface. Amazon does just that. When you purchase a book from the Amazon bookshop, for example, and you're told something like 'Amazon.com has new recommendations for you based on items you purchased or told us you own', it means that an *inductive* process has been applied. That is, the recommendation moves from the particular (the specific books you have bought) to the general (other books you could buy on the same topic). The induction process starts from an estimate of 'probable behaviour' founded on a conceptual assimilation and keywords analysis. There are no statistics, just links to potential additional purchases. When, on the other hand, you are browsing for a book and the message appears that 'Customers who bought this item also bought', then this involves a *deductive* process: we go from the general (other customers' purchases) to the particular.

Actually the whole web seems to work following the inductive–deductive pattern: it deals with a process of inside–outwards progression, allowing us to explore the web's multilevel space of connectivity.

Specifically, on the web, the processes of induction and deduction, though presenting different perspectives, link together to form 'behavioural targeting'. This is based on statistics that cluster the behaviour of a single person or the major percentages of clients. The statistics are made out of keywords analysis, which in the Amazon example would intuitively be the book title and content.

Search engines adopt both systems: if you enter a keyword which would correspond theoretically to 'I want to *buy* this piece of information', the search engine *deduces* the behaviour of the statistical majorities of people (clicks), overlaying it with various other factors, to give back a ranked list of results. At the same time, it seems that it *induces* the results based on past search patterns, giving back the search results that are as close as possible to your past searches.

Now, the difference between a search engine such as Google and the website of a relationship-enabler brand is that with the latter the deductive–inductive process, *à la* Amazon, translates into a *service*, leaving freedom of choice to the customer: the possibilities of different offers of information (represented in the case of Amazon by offers of purchases) are positioned as a proposal in a world of *other possibilities* – represented, in Amazon's instance, by all the other offers available from the online bookshop. Moreover, Amazon has a valued attitude to state clearly that the recommendations are made based on past purchases.

Search engines, instead, appear to 'own' the world of possibilities. This means that there are no immediate choices that are alternatives to the proposals offered on page 1 of a search result by a search engine. This deeply influences the access to diverse sources of knowledge, which may remain hidden in page 20, say, or page 30, or indeed page 100-plus. That is, it is virtually impossible to find them.

The development of the relationship-enabler brand concept, to meet the informational needs of navigators in the web, would represent a democratic alternative to the monopoly or oligopoly of search engines, fragmenting the distribution of information in multiple search engines (various brands' websites) and targeting connectivity via behavioural patterns. The brand's value-for-engagement concept, based on trust, would justify a considerable level of trustworthiness of the informational sources offered by the brand website to its visitors.

Part III
How to Generate Engagement
Via Building Trust

8

The Value-for-Engagement Model

Executive summary

The aim of the Value-for-Engagement model is to explain how to increase engagement through building trust and how to measure results. Based on the Value-for-Engagement concept, the model explains the positive correlation between trust, social relations and engagement. In the VfE model, value is created when social relations are generated in all four dimensions of time, space, action and emotion. This leads to the production of social capital based on the generation of relational goods: the building blocks of reputation. The VfE model helps to answer the following questions: How to build trust? Is there a positive relationship between trust and engagement? How to convey a trust strategy to build engagement? How to verify if trust is effectively building value for engagement?

In Chapter 5 we analysed the construct of trust between a stakeholder (trustor) and a brand (trustee) from an organizational perspective, explaining how in this relationship trust is composed of both an irrational and a rational side, one integrating the other: in a situation where there is a complete lack of information, the irrational side, implying a 'leap of faith' (Simmel, 1908) and the taking of a risk, generates a positive expectation for uncertain results. This element is integrated by a rational component of confidence, characterized by positive expectations for results: it is a process driven by inductive knowledge, which means that past experience represents an informational base from which an idea of what will happen in the future is projected (the process

of generalization). As this component lacks control, though, there is no hundred-per-cent certainty of positive results.

This sequence concludes with a situation of dependency between a brand and a stakeholder, where the latter is in a position of power based on control over the brand. The power originates in the wide and deep access to information that the web gives. However, the brand may balance this asymmetry of power as its control grows through a compelling trust strategy. This strategy drives the management of an organization to set specific trustworthiness objectives within its brand strategy, namely: brand vision, brand promise, brand positioning, and delivery. An effective engagement strategy will become the activation process within the trust strategy.

Indeed, to examine in detail the connections between the trust strategy, engagement, and the generation of value and its measurement, a model has been designed as a frame of reference for our deliberations. I have called it 'the Value-for-Engagement model'.

This name explains how the concept of value for engagement lies behind the whole model. As a matter of fact, we have seen how being perceived as trustworthy is a prerequisite for the creation of the conditions for an effective 'pull strategy'. Because stakeholders are free to choose whether to engage or not, managers have to work carefully to set up an engagement strategy, taking into consideration all the variables active in this process. This generates value for the brand.

The engagement process has to be designed as a strategy itself, as it is an integrated progression of steps through a complex set of different brand-stakeholder touchpoints. This requires logical, systematic, data-based consideration of objectives and actions. The link between a trust strategy and an engagement strategy is that the first provides key strategic guidelines to the second.

A final thing to note in this introduction to the Vfe model comes from a positive trend in the level of sensitivity of companies towards the relevance of customer engagement. According to the *4th Annual Online Customer Engagement Report* of 2010, the number of organizations considering customer engagement 'essential' to their organizations grew to 55 per cent in 2010 compared with 52 per cent in 2008 and 50 per cent in 2007.¹

Objective of the model

General objective This is to explain how to generate engagement via building trust and how to measure results. It reflects the following

hypothesis: building trust leads to the generation of engagement and the results are measurable.

A secondary aim is to build performance indicators and strategic analyses based on the model. A first example of the application of the model is the VfE mapping, which will be illustrated by a case study in the next chapter.

Specific objective Based on the theoretical background provided by previous chapters and the pragmatic examples shown, via the application of sociological and marketing theories, this is to validate the following hypothesis:

- There is a positive correlation between trust (Figure 8.1, column 1), social relations variables (column 2) and engagement (column 3). This will help us understand the direct relation between the three typologies of variables (so that for example increasing integrity leads to an increase of loyalty, which generates a higher level of reciprocity through touchpoints).
- These relations are measurable via web marketing metrics (column 4) and the generation of value for engagement (last horizontal line, at the bottom). Value is generated through the creation of social capital; it translates into engagement via relational goods.

Once the positive relationship between trust and beliefs and engagement concepts is demonstrated through social relations, web analytics become a measure of engagement related to trust and social relationships or trustworthiness. In fact, as trust beliefs (like integrity and transparency) and social relations variables (for instance loyalty, acceptance, cohesiveness and empathy) aren't measurable, the structure and specifics of the model allows them to be measured in an indirect way, given the underlying positive relationship among the three conceptual categories of trust beliefs, social relations and engagement items.

Richard Sedley has said: 'Customer Engagement is the best measure of current and future performance. An engaged relationship is probably the only guarantee for a return on your organization's or your client's objectives.'²

Logic and mechanics of the model

The model has four columns of variables and has to be read both vertically and horizontally.

Column 1	Column 2	Column 3	Column 4
TRUST/TRUSTWORTHINESS ELEMENTS		ENGAGEMENT CONCEPTS	WEB ANALYTICS
Trust	Trustworthiness → Social relations		
	Not measurable	Not measurable	Measurable
	Loyalty Acceptance – Adherence Reliability	TIME <ul style="list-style-type: none"> Recognition Reciprocity Expectations Duration 	No. of unique visits Length of time on site Repeated purchases Page views Frequency Bounce rate
Integrity Transparency Benevolence Competence Identification	Cohesiveness Attraction Propagation	SPACE <ul style="list-style-type: none"> Transmission Groups, Communities, Networks Influence Visibility Speed of connectivity 	Customer journey analysis Reach of conversation Virality analysis WOM analysis Buzz analysis Source of referral analysis Geolocalization analysis Cultural diversity analysis Social network analysis Cohesiveness analysis Brand extension analysis
	Socialization Communication Collaboration Sharing Commitment	ACTION <ul style="list-style-type: none"> Content production Feedback/comments Dialogue Participation Problem Solving 	No. of members/users/fans Authority of dialogue and site No. of responses to polls RSS subscriptions analysis No. of replies/comments/reviews No. of followers Rating scores Volume analysis No. of creation attempts No. of signups Long tail
	Safety/Low risk Reduction of complexity Empathy Motivation Responsibility	EMOTION <ul style="list-style-type: none"> Gameplay, Ludicrous Reward (to influencers) Pride/Belonging Experience Protagonism 	Advocates Supporters Sentiment analysis Semantic analysis Influencers
VALUE FOR ENGAGEMENT	Social capital	VALUE	Relational goods → Reputation

Figure 8.1 Value-for-Engagement model

Vertical reading

Vertically, all variables are grouped in four key dimensions, except trust beliefs, which are unique and universal concepts that can't be split because of their deep integration (you can't have trust with integrity alone, leaving out competence, transparency and identification).

The four dimensions are:

- Time.
- Space.
- Action.
- Emotion.

These four concepts are at the basis of the whole social and organizational world: time and space govern the development of the processes of engagement, while action and emotion are the two main sides of human behaviour, since action reflects the rational intent to generate the interaction, while emotion underlies action and is the irrational force driving the engagement. Indeed, building trust needs time, space, action and emotion.

Columns 1 and 2 show trust and trustworthiness factors. The first column shows the trust beliefs behind the generation of trustworthiness (see Chapter 5), which is represented in the second column. And since, as we have seen, trustworthiness is the main assumption behind the building of social relations, the two constructs coincide. Note here that trust constitutes a cause behind trustworthiness and social relations, as without trust there can't be any opening to relations. For example, integrity (a trust belief) is the basis of loyalty and fidelity (quality of behaviour within social relationships). This means that if an organization shows integrity in the course of its actions, loyal behaviour on the stakeholder's side should be granted. Indeed, as the customer, employee or any other stakeholder is *free* to decide whether to engage or not,³ we have always to consider the positive relation between trust and trustworthiness as a 'necessary though not sufficient condition': for it to transform into 'necessary *and* sufficient' there must be *willingness* on the part of the person to accept and adhere to faithful behaviour (McFall, 1987).

Social-relations variables embody the key sociological concepts behind the engagement process. They work as a hinge between the trust and engagement (Figure 8.1, column 3) dimensions and are grouped in the above-mentioned four dimensions.

Before the single variables and underlying relations are described, let's note the key features of each of the four dimensions within our deliberations on the relationship between trust and engagement:

Time

Time has a central role in the relationship between trust and engagement:

- As we have seen, time enables interaction, as interaction's component processes of action and feedback necessarily take place in different moments. Over time, the brand-stakeholder interaction enriches past experience, consolidating trust and the engagement interaction: organizations have to consider that engagement takes time and the investment of resources – it is not a one-shot action. On their side, stakeholders too invest in the brand over time.
- It is a fact that on the web the past counts more than the present, so behaviours perceived by stakeholders have to be carefully monitored with the use of reputation analyses – that is, those analyses that measure a positive or negative reputation, for instance sentiment analyses. An example is provided by the two different approaches to product recall by Coca-Cola in Europe and in India respectively, which produced different impacts on the company's reputation and sales. In 1999 the company decided on the biggest recall in its history in Europe, since it understood the key relevance of keeping trustworthiness among its consumers. The result was a growth in sales. In contrast, when in 2003 in India the company were accused of having a high level of pesticides in their beverages they didn't make any recall on products and the resulting negative image caused a drop in sales of 30 to 40 per cent in only two weeks (Pirson and Malhotra, 2008) and kept impacting over time.
- In fact, the dimension of time regulates the link between past, present and future in the management of expectations. We have seen in our deliberation on 'rational trust' how present trust is fuelled by a positive expectation of trustworthiness (projected in the future) (Simmel 1908), where expectations are based on an evaluation of past experiences (Mutti, 1994).
- On the web most exchanges (microblogging, chats) are in real time and this reduces decision-making timings dramatically.

Space

- On the internet the concept of space is altered by the absence of the physical dimension, which is replaced by virtuality: speed of connection

becomes a positive and tangible materialization of the concept of space. Space may be represented also by relations, generating a web texture of interactions that occupy a 'virtual' space: space regulates the scope of diffusion and of virality (Castells, 1996; Maffesoli, 2003).

- Space has to be governed, which means that the brand has to 'occupy' the space in two essential directions: inwards – via a pull strategy – it is able to generate attraction and cohesiveness between the brand and the stakeholder; outwards, it is able to propagate a good reputation and proactively take the brand closer to the customer or stakeholder.
- On the web, interactions may be influenced by the use of different media. For example the handling of a customer service via a smart-phone connection may enable deep interactions: a car breakdown may be dealt with if the client is connected and can receive fast answers on technical issues supported also by a video or picture to isolate the problem, interacting directly on the spot, rather than having to phone a call centre to get support, then wait for the technician to arrive before receiving help.
- Moreover, in terms of trust and space relationships, we may say that trust works in the spatial dimension as a transformer of the uncertainty, risk and danger produced in social systems which are delocalized in space and time (Giddens, 1994); it is a force reducing distances between brands and consumers, favouring reputation.
- Finally, trust is viral, which means that it is a diffusive good, tending to expand from one point to another of a society (Sztompka, 1995), thanks to 'influencers' or 'trust agents' (Brogan and Smith, 2010, pp. 239–40) who are able to propagate the positive reputation of a brand or a company.

Action

- Action is the result of human volition and intent (Weber, 1921–2). As a free form of individual expression, it may be oriented towards a rational aim, an emotional or a value-rational drive, an automatic reaction to problems of the outside world. When action is oriented towards other individuals, it generates relations and society, as it drives socialization and communication. When it is intended to generate reciprocal feedback (over time), it generates interaction. We know that interaction is the basis of trust.
- Any web dialogue is a form of interaction that is originated from an initial action: peer-to-peer or brand–stakeholder conversations; a response to a problem by a customer service; a file-sharing;

a commitment to a co-production community via adhering to a social contract – these are all forms of mutual actions.

- Any form of action in response to another action, that is, any form of interaction, drives engagement: dialogue, feedback and participation are each an example.
- Collaboration is a form of joint action, oriented to establish relationships where the focus of the action lies in interactions, in reciprocity; as we have said, collaboration is quite different from cooperation, where the focus is on the result (Gambetta, 1988).
- An action oriented on an exchange of goods for money is a commercial transaction. Not all transactions have this aim, though: an innovative transactional model based on relational goods is introduced by the VfE model.

Emotion

Because trust, trustworthiness, social relations, and engagement are founded on both a rational and an irrational component, emotions play a central role throughout the whole engagement process.

- Never before today have organizations recognized as so important the role of emotions in engagement. Customers invest emotionally in the brand, and organizations have to understand customers' emotions so as to get closer to them and to understand them better, becoming a more integral part of their lives: on the web, meeting the emotional needs of individuals such as protagonism, individualism and experience leads to successful engagement. Emotional factors such as 'unforgettable experiences' and positive perceptions are the basis of the irrational side of trustworthiness. We have already seen in Chapter 4 the role of experience and emotions and how it generates an exchange of identities.
- Social relations, from the emotional perspective, are driven by a need for safety, empathy and motivation. A perception of responsibility and of the role of a brand as a 'reducer of complexity' (Luhmann, 2002a, p. 35) effectively builds trustworthiness.
- Emotions are a channel for reaching the customer more directly as they allow a close interaction, on the basis of a deep psychological exchange. The *4th Annual Online Customer Engagement Report* showed how organizations had strongly increased their interest in the emotional investment in their brands.⁴
- Emotions are the basis of trust: trust is an emotional process, stemming from a two-way, reciprocal interaction; confidence is a rational,

one-way process. From the organizational perspective featured in this volume, trust has two components, a rational one and an irrational one, the latter implying a 'leap of faith' (Simmel, 1908): feelings of emotion, instinct and pure perception are at the base of strong values, which are not based on a rational elaboration of information.

- A trust strategy implies a rational, profit-oriented approach combined with an apparently 'no-profit' emotional and 'non-rational' behaviour on the web, aimed at generating conversation rather than selling.

Horizontal reading

Horizontally, the model highlights connections between trust, social relations (trustworthiness) and engagement in the four dimensions. In particular, the horizontal reading indicates a sequential cause-effect relation between the three conceptual constructs: thus trust causes trustworthiness, which is at the basis of social relations, while social relations are the ground on which engagement grows and takes shape. Web analytics (column 4) are the tools to measure engagement.

The bottom line illustrates the key concept of *value-building*: value in the VfE model is generated by the building of social relations in all four dimensions. The full expression of social relations leads to the generation of social capital, which translates into the generation of relational goods, the building blocks of reputation.

Let's first examine why and in what form social capital is the expression of value generated by the VfE model. Social capital has different interpretations, according to the sociological paradigm to which it refers, the purpose attributed to it as a resource, and the typology of the utilitarian or collectivity-oriented social capital (SC) bond (see Chapter 1). As the web is a multidimensional environment in constant evolution, we believe that only a dynamic definition of SC may cope with the complexity of its environment. Indeed, the 'relational approach' to social capital appears to be the most viable interpretation (Donati and Solci, 2011, p. 144). In fact, the digital realm is a multilayered interactional context in which two typologies of SC coexist, as follows:

- *Primary SC* involves primary networks, which on the web are mostly peer-to-peer relations, often born offline and shifted online (they require time and conditions of closeness). They imply 'civility' in the sense of regard for others, politeness, a sense of cooperation and reciprocal solidarity, leading to an interpersonal reciprocity based on giving.
- *Secondary SC*, as we have seen in Chapter 6, is based on belonging to an association, a civic community, a high-density network. A web

community may belong to this typology, provided there is a high level of cohesiveness behind its members' agreement to a social contract. This form of SC is characterized by a sense of 'civicness' or civic culture (Putnam, 1994).

The value of social capital

What is the value of social capital? The answer lies in the ability of SC to generate relational goods – that is, to create interaction and reciprocity. These features will convey and validate reputation. But first of all we have to say that SC is a real entity and not a metaphor or a fiction (Donati and Solci, 2011, p. 152). Indeed, a social entity is real if it produces original and ownable effects – that is, results not traceable to its single components.

The relational approach explains that SC lies within relations that allow subjects (individual or collective) to generate resources that may be activated *only through those relations*. When resources are social relations, instead of material goods or goods subject to monetary transactions, then they fit within the core concept of SC (Donati and Solci, 2011, p. 158).

According to relational theory, indeed, SC is a 'quality of social relations', not an attribute assigned by individuals or collectivities. SC is not a good or a relation exchangeable for money: it is what gives value to the relation. This concept better explains the idea of value for engagement: Vfe is not an exchange of value for price. It is the value of the relation, and the *potential of its intrinsic expression*: 'an exchange of reciprocity based on trust' (Donati and Solci, 2011, p. 162), conceptually framed in the logic (or illogic) of giving. Although its form may change because of the various underlying reasons of the reciprocal exchange, the value of the bond is clearly determined by the intent and volition to keep the relation, because of trust and trustworthiness.

The value of a community doesn't lie in the output produced, but on the level of trust shown in its members' participation and contribution. Specifically, the economic value of the relation lies within its possibility of becoming a tool or an instrumental resource. Notably, not all relations are so flexible in their applications: a hierarchical relation, for example, can't often be used as a tool or resource by inferior positions, unless there is also friendship and/or sympathy (Donati and Solci, 2011, p. 164). Friendship and sympathy, having no tie to external constraints, have the flexibility to be used in any way.

Also, the measurability of such an economical interpretation of SC varies with its use: if it brings concrete results – that is, a content

produced by a co-production community, via the contribution of its participants – then it is subject to measurability and evaluation. This is what companies do within the product improvement or development process to measure the results of social media efforts.

In contrast, participation in an interest-oriented community of members affected by a rare disease, for example, finds its value in sympathy, support and the informational content. *NORD Rare Disease Support Community*⁵ is a community to connect patients, families, friends and caregivers for support and inspiration. It develops forums and discussions on several topics, including getting diagnosis, emotional support, financial issues and finding a doctor.

This means, first, that the right approach to VfE, and therefore to SC, is not one of ‘exploitation’ but of ‘leveraging’. Second, the uses of SC may be very different: it may be a means of reaching profit or productivity, it may become a tool of political control (think about Obama’s social media campaign), or it may be used to build networks and groups within wider social networks; finally, SC may fuel primary networks of sympathy, founded on an exchange of gifts, as in the example above of the mutual support community.

Relational goods (RGs) are not always measurable (Di Nicola *et al.*, 2010). For example they might be a *promise*, an *adherence*, an *acceptance*, an *attitude*, a *feeling of belonging* or an *expression of trust*, which might yield concrete results in the future. Each is a form of value, which has to be nurtured and managed by organizations with the right respectful attitude, as it may represent precious economic potential. It is not measurable directly, but accurate web analytics can detect it via a specific mix of ‘value potentiality analysis’: analyses able to quantify the potential of intangible value for transformation into tangible assets.⁶ Value potentiality becomes a sort of conversion index.

Relational goods (Donati, 1991) imply this change of mindset, as public and private realms leverage models of thought and action based on a utilitarian rational approach (rational choice theory), leading to a ‘contractual’ attitude based on the exchange of money versus a good or a service (price for value). In particular, the public-enterprise sector appears still to be very poor in RGs. For all we have said on the subject, the shift in mindset has to be done, and organizations have to consider a new approach to value.

Relational goods are something different from existing categories of goods and can only represent the outcome of relationships. They are generated only in conditions of full and free reciprocity, in a situation

of total involvement between parties. They depend intrinsically not on single experiences but on inter-subjective relations; the subjects can build the RG only if they have the free intent and volition to do it together. The impact of such a different process of value creation on organizations implies diversity in both mindset and competences, as value may be generated, either in a tangible way (for example a contribution to a co-production process by a community, a participation in an online promotion, an online purchase), or in an intangible one (such as a conversation, a feedback, repeated visits to the website, a considerable length of time on site, many page views, the role of a trust agent, a positive sentiment). In particular, engagement comes out more from intangible elements: it follows behaviours, and implies an effort by the organization to monitor the customer's behaviour over time to detect signs that this relation may evolve into a conversion and loyalty. This will allow pull (mainly) and push actions. Through engagement the organization gains an asset, a relational good (Uhlener, 1989; Donati and Solci, 2011) whose intrinsic value lies in the *possibility* that it will transform in the future into a tangible value, for example, in a purchase. This possibility will be measured by a *probability* of conversion and so it has to be taken account of by organizations. It is a potentiality that has still to be expressed.

In synthesis, the above-illustrated aspects of the relational goods may represent a tool or a resource to:

- Reach profit (a conversion – that is, a purchase). Here, the advantage is clear and precisely measurable. Groupon⁷ is one of the most interesting and profitable buying groups. It has grown through innovative social network strategies and word of mouth. Competitors are many: from LivingSocial via Groupalia to Letsbuy, all have followed the same pattern. Groupon is growing by 3 million new subscriptions a week, but projections suggest that the rate of growth itself may increase as well.
- Control (that is, a trust agent or a product forum manager playing their role). Generating an RG means having the possibility to control through positively influencing persons. This means building a new ethical power. Indeed, power is built on a relationship that is validated always by interactions to test the presence of trust beliefs: the trustee must always confirm his qualities such as genuineness, transparency, ethics and competency. In terms of measurability, even though interactions are not tangible goods measurable in terms of a price for an exchange, they are tangible because they are actions (like

for example page views, length of time on site, volume of comments, positive comments) or performances (transmission to other peers, influencing actions, and so on) and vital facts (such as RSS subscriptions, response to polls, among others) and not abstract elements.

- Build networks and groups. One effect of RGs is the propagation force, which may generate further relations, increasing intangible assets. Amazon, for example, has a strong reputation based on consumers' trust. A study conducted in 2011 by rankingthebrands.com has shown that on a score of score 1 to 100, Amazon ranked first, with 82.7 points. This implies that Amazon customers will propagate a positive reputation for the company.
- Fuel primary networks of sympathy, founded on an exchange of gifts. The strength of relationships founded on sympathy and giving is very relevant and we have underlined it when talking about a gift. Yahoo answers are very popular: peers ask other peers questions about any subject, creating a wide network of friends who help each other without asking for anything back.

Importantly, only analysing the totality of the four dimensions of time, space, action and emotion allows a full comprehension of the different expressions of RGs.

The comprehension of the VfE Model

The following questions lead us into the comprehension of the model:

How to build trust? (column 1)

Trust is built via a trust strategy. A trust strategy has to be created through the matching of trust beliefs (Mayer *et al.*, 1995; Pirson and Malhotra, 2008), namely:

- Integrity.
- Transparency.
- Benevolence.
- Competence.
- Identification, or value congruence.

As the above terms have become key elements in the engagement, in order to deepen their meanings let's explore them from a sociological perspective.

Integrity

Integrity implies that the trustor perceives the trustee as adhering to a set of principles (personal integrity) considered acceptable (that is, to display moral integrity) by the trustor, including honesty, fair treatment and the avoidance of hypocrisy (Mayer *et al.*, 1995, p. 718). The concept of integrity is tied to ethics, that is, moral norms and standards, which encompass consistency in the trustee's past actions, credible communications about the trustee from others (their reputation), belief in the trustee's strong sense of justice, and congruency between the trustee's words and actions.

Tylenol's product recall, due to a severe crisis, is a case in point with regard to the integrity of a company, Johnson & Johnson. The company, with a transparent communication, reinforced the trust of its consumers. Although facing very high costs, Johnson & Johnson were able to concretely demonstrate their real commitment to their responsibilities.

Supporting social causes is also perceived as a form of integrity. A recent PRWeek/Barkley Cause Survey⁸ suggests that a full 88 per cent of American men say it's crucial for a brand to support a social cause.

Transparency

Transparency may be interpreted as the possibility of the trustor acquiring information about the trustee's integrity. Communication management plays a relevant role in this aim because it enforces the goodwill of the trustee to be open and enables people to 'look inside' what happens. Moreover, effective communication will allow the trustee to cope with the different strata of the web's 'multi-layered network of relationships' (Cofta, 2007), acting directly with the client and not being hidden behind poor websites or intermediaries. The most transparent way to act is to show one's physical identity and communicate in an open way. Organizations don't have a physical identity, but their employees do.

Human interaction at specific brand–customer touchpoints helps in building trust, because face-to-face communication is perceived as the most transparent (Alexander, 2002, in Cofta, 2007). Transparency is the opposite of blind trust: it allows access to information, and its evaluation in a rational way.

In this context, an example is the 2001 collapse of the Enron Corporation, which was responsible to some considerable extent for a

loss of credibility in many sectors of business. This in turn was due to a loss either of the perception of transparency or of the availability of information on the stakeholders' side.

As more and more businesses recognize the need for transparency, they're quick to form new policies to give more power to the customer while growing the business as well. Ralph Lauren is an example of a company that learned how much transparency initiatives can create problems for reputation:

The clothing company sent a heated letter to blog superstar Boing Boing, demanding the site take down a criticism of its ad. In the spirit of transparency, Boing Boing published the letter on their site, along with a long, detailed account of their exchange. Shortly thereafter, Boing Boing's criticism of Ralph Lauren could be found in the top five results in a Google search for the brand.⁹

Benevolence

'Benevolence is the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive' (Mayer *et al.*, 1995). It is all about bigheartedness, and suggests a form of attachment and positive orientation between trustor and trustee. If an organization is perceived as benevolent then customers will easily open themselves to interaction since the disinterested attitude of the organization allows them to perceive a genuine approach.

While integrity represents the moral side of behaviour, benevolence is not ruled by any ethical norm, but depends entirely on the goodwill of the trustee. Benevolence represents the voluntary and intentional side of the action with no objective of profit. Indeed, it reflects a degree of kindness and a genuine concern for the trustor's welfare. Benevolence is giving.

This assertion provokes a reflection on the concept of value within the Value-for-Engagement model.

The paradigm of gratitude, being based on reciprocity, implies a circulation of goods or actions. Ricoeur describes reciprocity based on a gift as going through three phases: identity, validation and gratitude (Ricoeur, 2005). These phases are the three key steps of the engagement process: *identity* implies an identification process, which depends on the ability of the brand to communicate its identity in an effective and single-minded way; *validation* implies the evaluation of the trustworthiness of the trustee according to all the assumptions of trust belief;

gratitude implies reciprocation, representing the response to an initial action, and the activation of a circular process.

The meaning of a gift has been studied by numerous authors, among them Alain Caillé, who stresses its non-utilitarian character. Notably, according to the French philosopher and sociologist, the act of giving, through the social relationship, guarantees both individual and collective interests: to Caillé, social relationships are founded on reciprocal obligation, that is, on giving, which is performed at different levels among individuals (Caillé, 1998). In the Caillé theory, giving, however, has a specific meaning. To understand it, we have to refer to the role of giving in the relational dynamic, from an anthropological point of view, where it becomes an expression of power: 'The more I give, the more I am.' This concept traces back to the Latin *munus*, meaning 'role', 'function' or 'position'. In this anthropological conception giving contains a sense of 'duty'. As Caillé maintains, to assign a full sense of relationship in the social structure, the idea of giving has to be freed from the meaning of a gift as an expression of *duty* or as an expression of power over a recipient unable to reciprocate.

Genuine reciprocity lies, instead, in the gesture centred not on 'I' but on 'you'. The Latin word *gratia*, from which the noun 'gratitude' comes, implies that the one who gives, receives from the other the possibility of giving back: thus, giving implies reciprocity and receiving (Zamagni, 2007).

Giving without a sense of duty, being a tool of reciprocity between two persons willing to transmit something to each other, activates that fundamental circularity of giving and receiving, opening the doors of one person's world to another.

Reciprocity emails were recently found still to be considered by 69 per cent of companies as a tool which brings tangible improvements in customer engagement,¹⁰ although the same survey found social network return on investment to have topped 44 per cent, doubling that in 2009. Predictions indicated a rise to 61 per cent in the following year. This underscores the power of establishing a dialogue other than by emails, which don't have that potential.

Competence

Competence is a broad concept, taking various forms that include managerial competence, which is related to the executives' ability to increase the business in an effective and efficient way, creating value in

the short and long runs; and technical knowhow, such as the ability to produce quality goods and services and handling processes efficiently. Competence in human resource management is another key area, where managers and CEOs show relational abilities to drive a motivated workforce cohesively towards a goal.

Competence impacts positively on the future because it exercises ability, is easily validated and deals with a specific area, and hence is easily trusted (Cofta, 2007, p. 40).

Identification

Identification is also called ‘value congruence’ (Pirson and Malhotra, 2008), a sociological expression of the relation between identification and integration or sharing. According to Simmel, identity is tied intimately to differentiation: differentiation from other human beings is behind our identity. Indeed, for Simmel the logic of differentiation is the reason behind the creation of community. The atomization of individuals (the separation of individuals, with no relations) excludes any of the contact and interaction of which society is made up (Simmel, 1900, pp. 500–1). In truth, however, identification is tied to the concept of integration, while it is *individualization* that is behind the need for differentiation; the ‘shape’ of association is made up by the conflict between these two principles of action. This is the idea of ‘ambivalence’ as formulated by Simmel, and characterizes his ‘shapes’ (Cotesta, 1996, pp. 20–3).

According to relational theory (Donati, 1991), identity stems from the relationship between the self and otherness or ‘alterity’. Therefore, identification is the process implying a relation, which, over time, produces interaction and sharing. Apple has been able to create a distinctive identity, through a strong personality and a creative approach to the idea of ‘digital’, meeting that need for sociality and freedom of expression required by its customers. In fact, the Apple revolution in the fruition of music, of content, the provision of an extreme personalization of products results in an effective brand–customer relationship based on strong identification with the Apple brand.

Between trust and engagement is there a positive relation? (columns 1, 2, 3; 2 and 3 specifically)

Trust generates trustworthiness, which is at the basis of social relations. Social relations are the ground upon which engagement rises.

Trust and engagement in the dimension of time

The positive relation is validated by theories and inductive logic, confirming a positive relation between trust and trustworthiness and one between trustworthiness and engagement. So, in the overall process, trust has a positive relation with engagement – if one increases, the other grows – while the component hypotheses of the process are validated by the following points:

1. *There is a positive relation between trust and trustworthiness* Conceptually, if a trustee is trustworthy, trust may develop. This is fully validated by every study of trust. The possibility (the ‘may’) of trust developing has already been explained above and refers to the free position of the trustor (see, among many authors, Luhmann, 1979; Simmel, 1987; Gambetta, 1988).
2. *Trustworthiness generates social relations* Many sociological theories strongly support this assumption. If there’s no trust (which is the complement to trustworthiness) there may be no society, according not only to Durkheim (1893), Simmel (1908), Weber (1978), Luhmann (1996b) and authors of works on social capital such as Fukuyama (1996) and Putnam (1994), but also to those taking different positions such as Goffman (2005), Garfinkel (2004) and many others.
3. *Social relations are at the basis of engagement* We validate this hypothesis with a single dimension, namely time. The key variables of social relations in the dimension of time are *loyalty, acceptance, adherence* and *reliability*. These variables lie behind the variables of engagement in the same dimension: *recognition, reciprocity, expectations* and *duration*. Maintaining that loyalty, acceptance, adherence and reliability are behind recognition, reciprocity, expectations and duration is a consequence of all that has been said in this volume.

As a matter of fact, all these variables pertaining to social relations generate recursive actions linking past experience to the present and the future. Trust generates loyalty and projects actions to the future. Indeed, this process starts in the past: the level of trustworthiness is strongly affected by past actions (Mayer *et al.*, 1995, p. 716). If the experience is positive, that is, if all trust beliefs have been matched, then the action may easily project to the future. This means that the trustee has perceived the trustor as having transparency, benevolence, and competence, and has established a positive sharing of values. This situation leads to an emotional and moral bond that is of great value for the trustee.

Trust generates acceptance and adherence. Only if a trustee is perceived to be *adhering* to principles considered *acceptable* by the trustor may he or she then become trustworthy (McFall, 1987). This aspect is key in understanding why a party aiming to profit 'at all costs' wouldn't be perceived to have integrity (ibid.).

Reliability is a direct effect of trust and is a concept strongly projected into the future to form expectations (Simmel, 1908). From the point of view of engagement, time involves engagement variables such as recognition, reciprocity, expectations and duration, signalling two-way interaction. These elements are connected to trust beliefs and reflect a tie to social relations founded in loyalty and reliability.

Reciprocity, both in Weberian thought (*Wechselwirkung*), where it is based on reciprocal action, and in Simmelian sociology (*Vergesellschaftung*), where it is an interaction or social bond ('sociation'), places the *person* at the centre of society, tying him or her to reciprocal action. This involves interactions of various kinds.

The web is an expression of people, since every action undertaken by an individual contributes to the web: a blog, a content, is the internet; the web is also an expression of human relations: together, all the interactions generated inside the network create the 'web society'. The individual, in relation with others, generates spontaneously a social norm that doesn't need to be codified, which is the opposite of laws. This is the mechanism of the 'social contract', regulating all kinds of communities and groups. In some cases the norms are implicit in the role of some actors within the communities, functioning¹¹ to secure the survival of the community itself: leaders and followers have social roles within communities which are accepted by all participants and are acquired progressively on the basis of social consensus. They are accepted as useful to the regulation of the life of the community: the leader represents the followers, and is an authoritative and trustworthy source of information (as on Twitter); he or she is a link with other groups and transmits information as a result of other social interactions.

Trust and engagement in the dimension of space

The key social relations variables in the dimension of space are: *cohesiveness*, *attraction* and *propagation*. They relate to the following engagement variables in the same dimension: *transmission*, *groups*, *communities and networks*; *influence*, *visibility* and *connectivity*.

In thermodynamics, cohesiveness is the property of liquid particles to attract each other. This property allows transmission and connection, at different speeds according to the level of density. In sociology as well,

the terms cohesiveness and density are used with very similar meanings. Georg Simmel, by studying the idea of space according to the concept of density, in a surprising way provides support for the understanding of the virtual world. Simmel, anticipating popular concepts such as ‘disembedding’, or the separation of space and location, considers space as a subjective category: for Simmel, social space doesn’t have any shape itself, but it produces shapes through interactions, which may relate characters of the space such as cohesiveness, attraction and propagation to interaction-built entities such as groups, communities and networks; furthermore, interaction implies that the parties become somehow visible, emerging as elements (knots) within a network – an idea that is at the basis of connectivity and the way that processes of influence function.¹²

The positive relation between cohesiveness, propagativity, networkability and connectivity are further confirmed by Pierre Lévy (2001), whose idea of space is tied to personal and group experiences, while the concepts of cohesiveness and propagativity are intrinsically tied to the multi-participation in collectivity allowed by connectivity. Derrick De Kerchove (De Kerchove, 1998) maintains that connectivity shapes space through time: that is, it becomes ‘speed of connectivity’. In this context, trust may be seen as a reducer of distances, and a medium of transmission enlarging the area of social connections. This may be leveraged by companies’ trust strategies.

Moreover, as we have seen, trust is viral. Indeed, while the diffusive strength of trust may become an opportunity for companies, it may represent a threat when the content propagated is negative for a brand’s reputation.

To sum up, managing trust online reduces brand–consumer distances and may be a fast diffuser of a positive reputation, thanks also to the role of trust agents. Building a trust strategy means managing reputation in time and space.

Trust and engagement in the dimension of action

The key social relations variables in the dimension of action are *socialization, communication, cooperation, sharing and commitment*; while the key variables in engagement are *content production, feedback and/or comments, dialogue, participation and problem-solving*.

All the above engagement variables stem from interaction processes that may come only from the existence of social relations – that is, a reciprocal action taking place between two parties (Weber, 1921–2). Any content produced is by definition produced to be shared: this implies

a relation; any feedback or any comment, any form of dialogue and participation stems from an interaction that implies a socialization process, a communication, a sharing and commitment coming from the trust relation that has developed through interaction (Simmel, 1908) – that is, those repeated exchanges over a period – defining roles, building contents, evaluations, comments, creating conversations that – through emotions, sentiments, tones of voice, information and leaving traces on the web – create reputation over time.

It appears that marketers are increasingly benefiting from the relation-building aspects of customer engagement in 2010 participation in online communities grew by 9 per cent, regular feedback by 8 per cent and participation in innovation and design by 7 per cent.¹³

Trust and engagement in the dimension of emotion

Key variables in social relations in the dimension of emotion are: *safety and/or low risk, reduction of complexity, empathy, motivation and responsibility*. Engagement variables are *gameplay/ludicrous, reward* (to influencers), *pride/belonging, experience and protagonism*.

The characteristics of the Internet Age subject are tied to individuality, protagonism, experience and a need for belonging. This subjective and individualistic feature finds its origin in a social process of progressive fragmentation and subjectivation (Bauman, 1998) leading to an increase of complexity, a need for relation, and a strong autonomy (Giddens, 1991; Appadurai, 1997; Castells, 2002; Bauman, 2007). In this sense, social relations and trustworthiness reflect the needs for empathy, motivation and safety that stem from a reduction of complexity (Luhmann, 1996a; Beck, 1999).

How to convey a trust strategy to build engagement? (columns 1, 2, 3)

A trust strategy builds engagement if it generates social relations in all four dimensions: time, space, action and emotion. In fact, only the full employment of the four dimensions allows the complete reaching of engagement (the individual is multidimensional).

As we have seen, VfE is reached only by accomplishing the four dimensions that build social capital and relational goods.

How to verify if trust is effectively building value for engagement?

Web analytics applied to all the four dimensions allow us to verify if trust is building value for engagement (see the next chapter).

Web analytics

According to the *4th Annual Online Customer Engagement Report*, web analytics (column 4) have a pivotal role in gathering intelligence: 51 per cent of organizations believe it is useful.¹⁴ In the VfE model, web analytics have the relevant role of providing a quantitative expression of observed phenomena. They may be read either vertically or horizontally. Vertically, they represent a whole set of tools to measure engagement. Note especially that, as engagement is tied to social relations and trust, web analytics may be inductively considered a measure of these two constructs. Some considerations in point are as follows:

- The web is a complex system and requires a holistic approach to be measured. This is the reason why web analytics might be integrated by tools belonging to the methodology of social sciences such as network analysis.
- The web is dynamic. Specialized companies are constantly looking for new tools that will enable the understanding of internet dynamics in deeper and innovative ways, to integrate with the tools in current use.
- The web requires creativity. ‘Connecting the dots’ helps in dealing with increasing complexity, always embracing the ‘whole’ by adopting various perspectives – often subjective – so as to approach the problem in varying ways, as the scholars of the ancient world, the Sophists, taught us to do. In analysis, using diverse angles in this way helps to enrich the results.

It is important to understand that online research is viable only through using a set of tools based on technologies which most of the time are proprietary. This is why online research differs widely from offline methodologies of research. Web analytics methodologies currently available are:¹⁵

- Site and tools development as: setup and build tools; customer and management systems; content, creative, design, management and social-media asset development tools.
- Content development tools relating to: blog creation, blog management, press releases, submissions, social media management, article creation and so on.
- Search engine optimization aiming at: keyword discovery, competitor analytics, category analytics, performance analytics, link-building, content and site theming.

In the VfE model some web analytics able to quantify our dimensions are indicated. In particular:¹⁶

- Volume: the volume of mentions, chatter, posts, videos, links and so on, of or about the brand, the personality, the competition and the industry.
- Sentiment: positive, negative or indifferent consumer reactions to the brand or topic using specifically designed sentiment tools.
- Topic: the context of the conversation, for instance customer service, competition, gripe or praise.
- Source: where the conversation is or has taken place by specific site or by site sector, for instance Twitter or a social network.
- Author (influencer): who is talking about the brand, what media and what social impact they have, for example a journalist as compared with a blogger.
- Virality and/or impressions: the reach of the brand and the relevance associated with the brand, for example whether it is on the home page and who is reading it.

A horizontal reading of web analytics within the VfE brings an understanding of the different aims of each web analytics tool. (However, it should be noted that some tools may be used to measure more than one dimension.)

A first group of tools measures behavioural variables related to *time*, in its aspects of both frequency and duration.

A second group, instead, measures the *spatial* aspects in terms of 'horizontal moves and actions'. These variables are tied to transmission (Buzz analysis, word of mouth analysis), to reach (reach of conversation, virality analysis) or to geography (geolocalization analysis, cultural diversity analysis).

A third group relates to *action*, and gathers measures of different behaviours related to actions: deciding to become a member or a fan of a group (number of members, fans), creating or attempting to create content (amount of user-generated content) or signing up or becoming a follower – these are all personal decisions that impact the authority of dialogue and of a website (authority of dialogue and site analysis). The reason is that such authority depends on how much interaction the website is generating, and how much response – in a word, how it is able to engage. Indeed, authority is an evaluation based also on other variables decided by the search engines, such as linking and public relevance. Search engine optimization is all about contrasting such decisions.

A fourth and final group refers to the *emotional* drive of users. Emotions are intimate feelings, hence very difficult to measure. However, there are some external indications of emotions: the numbers of advocates, of influencers and of supporters demonstrate the attachment to the brand; some words and mentions, put together via a semantic analysis, may help in detecting a mood, and/or whether the meaning of a content is relevant to gathering a picture of users' attitudes. Importantly, emotions may also be analysed via sentiment analysis, as we've shown above. After all, as we have said in many places earlier, engagement is composed of emotions.

In the next chapter we look at an application of the VfE model and how the analysis results may provide institutions and organizations with innovative strategic indications.

9

Value-for-Engagement Mapping: A Case Study

Executive summary

An objective of the Value-for-Engagement (VfE) model is to build performance indicators and strategic analyses based on the model's dimensions and variables: the VfE mapping is a performance indicator of engagement. The value of the mapping lies in its ability to synthesize in a unified approach and at a glance the results achieved in each of the four dimensions of the VfE model. We have already seen how this is a prerequisite for achieving an effective engagement based on trust and social relationships.

A VfE case study has been analysed as an example of how to draw performance indications and strategic guidelines in order to build engagement. The brands selected are the Samsung Galaxy 2 and the iPhone 4S. An extra analysis has been fielded with a different product, a Dell Alienware laptop.

All these points together picture a rich scenario of interactions between sociology and the web from a methodological perspective, opening challenging exchanges between the two sciences.

Why measure engagement?

Our deliberations so far have led us to examine the various features of Internet Age society, the different models of social intelligence and to see how institutions are perceiving and facing the ongoing change. Having established the big picture, we have moved to look in greater depth at trust mechanics and their role within society generally and in organizational

contexts in particular. Then, to understand how trust relates to social relations and engagement, and how it is possible to measure this relationship, we have introduced a new model of value creation: the 'Value-for-Engagement model' founded on the Value-for-Engagement concept. A key question, then, is how institutions and organizations may use the model to improve their business performances.

First, let's try to establish what is to be the real objective for organizations if they are to reach success within web market dynamics. We have already emphasized how the right mindset, the flexible adjustment of the organizational structure and the adoption of a trust strategy and an engagement strategy become core targets to achieve results on the web. However, it is true that it isn't always possible for organizations to meet all these objectives: the typology of the sector and the type of organizational structure and its dimensions are just some of the features creating obstacles to achievement.

Indeed, a topic common to all institutions and organizations is the need to measure results, in order both to prove their effectiveness in returning profits and to project their growth. In the current context, this aim translates into how to bring trust, social relations and engagement concepts to a basis of measurability.

The core issue in measuring results is the need to forecast lead-times so as to project return on investment. In the conversational web, the matter appears increasingly to involve the marketing area rather than the financial department. The customer lifetime value (CLV), for example, is already an evolved concept of the return on investment (ROI) that works in the right direction, namely that of relating a customer's potential to the time of their relationship with the institution: this all depends on the marketer being able to manage time and customers' interactions. Nevertheless, this book explains that the further evolution of this concept may now be due.

On the web, the concepts of social capital and relational good appear to be the most suitable paradigms applicable in the case of the stakeholder interacting with the organization. As was highlighted during the course of our deliberations, sociology helps us to understand that the stakeholder is nothing less than a 'person': that is, a subject in relation with other subjects, with multiple identities and innate needs to communicate, to become a protagonist and express his or her individualism, experiences and emotions. As 'relationship enablers', brands meet this need for relationship, favouring selected connections and establishing conversations and engagement with stakeholders. Indeed, the economic value of the relationship lies in how relational goods are used. They may become

either flexible ‘tools’ or instrumental ‘resources’: as a tool, they may lead to profit, as for example when a customer purchases a brand; as a resource, as in the instance where a relationship leads to other relationships via people’s own networks, they may bring an enlargement of the prospects’ base or lead to purchases or to the building of a new community. It is noteworthy, in this case, that the organization is leveraging the strongest relational force, which is the ‘peer-to-peer trust’ to open new leads of value creation; this is the ‘Eastern approach’ we discussed in Chapter 3 when we illustrated new models of social intelligence. Another opportunity stems from a relationship that brings engagement with a new influencer: the power of opinion-making, of attraction and of second-level engagement would bring high economic value to the organization. As we are seeing, we’re not considering the case of a direct economic value stemming from a purchase, but rather how relationships enlarge the *possibilities* and raise the *probabilities* of achieving new sales. The dimensions of time and space emerge here quite clearly: *time* defines different lead-times to manage diverse relationships with various stakeholders (the rise of probabilities); *space* relates to the enlargement of the network of engaged web users (the enlargement of possibilities). Being able to measure these dimensions would allow the effective management of these crucial aspects, revealing the variables critical for success.

There is also another result that a relational interplay may bring: rich and valuable information. Information becomes an invaluable source of indications of how to manage customers on the web, based on the evidence that emerges about their behaviours, attitudes, preferences, levels of satisfaction and dissatisfaction, and many other elements, offering insights once not imaginable. As a matter of fact, the management of conversations, if effectively executed, may become part of an indispensable integration of web analysis methodologies. This is another example of how a stakeholder’s engagement in a relationship with an organization may lead not to a direct profit but to other sources of economic value.

However, management of time and space is not the only challenge to organizations aiming to build value out of trust, social relations and engagement as illustrated in the VfE model. To complete the picture of the dimensions of the ‘person’, we need an understanding of the other two dimensions of the model: actions and emotions.

The *actions* undertaken by stakeholders constitute a delicate subject, through which the customer’s empowerment expresses its full impact on the organization, whether it is positive or negative. Measuring and

monitoring actions such as producing content, posting comments, participating in initiatives, and solving problems within, for example, a co-production community, are all indicators of how value is being built and of the opportunities and threats for its further growth.

Emotions express the identity profile of the stakeholder as a person, with his or her need for a gameplay environment, rewarding attitudes, experience and protagonism, and sense of pride and belonging, as it could stem from membership of a web community. Measuring emotions via sentiment analysis, influencers, advocates, supporters and semantic analyses provides another essential indicator of performance.

Notably, a trust strategy builds engagement if it generates social relations in all four dimensions – time, space, action and emotion. As previously mentioned, only the full employment of the four dimensions allows a complete reaching of engagement. This stems from the fact that both the individual and the relational context are multidimensional. Only thus is social capital, and hence value, built.

Based on all that has been said, if we ask ourselves what is the indicator of VfE performance, we may get an answer by using the web analytics as indicated in the VfE model, dimension by dimension, and building a VfE mapping.

VfE mapping: a performance indicator

Throughout the explanation of the Value-for-Engagement model, the role of web analytics has been highlighted as an irreplaceable holistic tool to allow the management of the four dimensions of time, space, action and emotion that are related to the process of engagement. Four groups of web analytics have been coherently designed with the purpose of investigating each dimension, allowing the validation of a positive relationship among trust, social relations and engagement for each dimension.

As we emphasized when introducing the subject, the VfE model has two different objectives: the first is to explain how to generate engagement via building trust and how to measure results; the second is to build performance indicators and strategic analyses based on the model. To this extent, VfE mapping is a key performance indicator, flexible and innovative in its adaptability to provide different indications of a business's performance in terms of its specific objectives.

The value of the mapping lies in its ability to synthesize in a unified approach and at a glance the results achieved in each of the four

dimensions. We have already seen how this is a prerequisite for achieving an effective engagement. Specifically, mapping allows:

1. Measurement of the *overall levels* of engagement of a brand within its market, category or line, and understanding in a *comparative* way of the opportunities to increase value generation; it also provides indications of how, in either an absolute or a comparative way, a brand is moving over time.
2. Understanding of *how and by which dimension* trust is building engagement and in which dimension to work.
3. Measurement of growth in engagement *over time* and indication of the dimension or dimensions in which this process is taking place.
4. Comparison of the brand's engagement by country. This allows analysis of *cultural and structural diversities* among global markets previously not analysable.

VfE mapping works by positioning the brands on a Cartesian space, where each axis indicates positive versus negative values of the same variable: time, space, action and emotion (Figure 9.1).

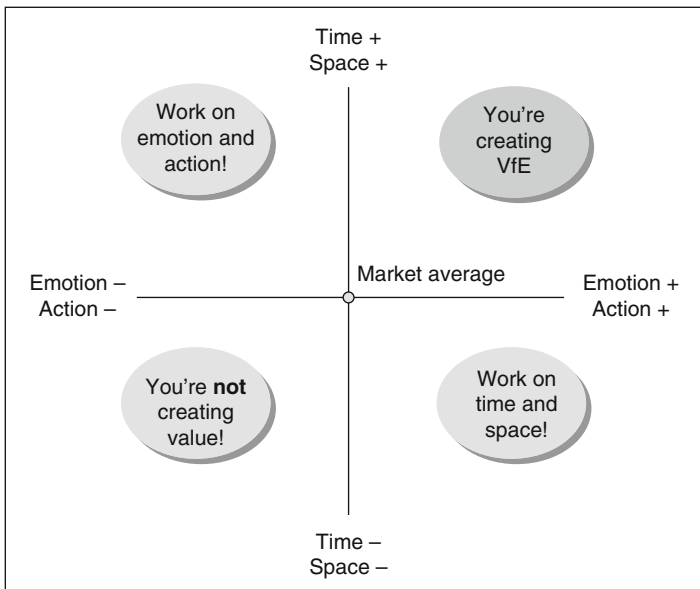


Figure 9.1 Case study of Value-for-Engagement mapping: all four dimensions

As we can see from Figure 9.1, the upper right-hand side corresponds to successful positionings, which generate VfE since they have positive results in all four dimensions. The opposite is the case in the lower left-hand side of the figure, where brands are positioned that do not generate VfE. In the two other areas, we see how two out of the four dimensions are addressed, but to move to the upper-right area of VfE creation the emotion and action dimensions have to improve on one side (the upper left) and the time and space dimensions on the other side (the lower right).

The case study

The aim of this case study is to show some examples of outcomes of VfE mapping. VfE mapping has to be executed in tight collaboration with the organization, as much technical and marketing information must be provided by the company, which has also to grant access to the website data. On this basis, as we ran this analysis for study purposes, without any direct support from the companies, the case study doesn't show every VfE dimension, but instead focuses the analysis on specific dimensions and web-analytics tools.

The analyses have been run thanks to the collaboration of Intelligent Positioning Ltd and Intelligent Positioning Research Centre (IPRC). Indeed, these analyses already offer interesting outcomes.

Sector: Mobile devices.

Brands: The brands selected are Samsung Galaxy 2 and iPhone 4S. An extra analysis has been fielded with a different product, namely a laptop computer – the Dell Alienware. Notably, this study was fielded prior to the distribution of the iPhone 4S. This is an interesting case, where a brand not present in the market already becomes a competitor in terms of volume of mentions, sentiment and the involvement of the media. In fact, the web generates competition based on *information* and not only on the presence of the physical product in use by customers. Expectations grow fuelled by information, and, relevantly, may anticipate value-building in a faster and wider way than in the offline market.

Objective: To compare the two brands, Samsung Galaxy 2 and Apple iPhone 4S, plus the third brand, Dell Alienware, based on selected web-analytics tools in the areas of space, action and emotion. To formulate indications based on performances.

Geography: United Kingdom.

Methodology: The VfE mapping methodology of execution is composed of six steps that, once the brands or products to be analysed are identified, go as follows:

1. Define the average of the mapping, corresponding to the intersection of the Cartesian axes. This average value depends on the objectives of the mapping. It could be the average of a brand line, if the aim is to analyse the line; or a market average, if the analysis has to be run within the market, or a sector. In this case study, the average value of reference has been accounted, based on the average of the three brands.
2. Measure the variables via web analytics following the web analytics of the VfE model.
3. Give ratings for each group of variables and calculate the average.
4. Position each brand on the map in relation to the average represented at the intersection of the axes.
5. Read the results.
6. Replicate the process for the same brands in different countries, if a geographical analysis is within the objectives.

Web analytics

Web analytics used for the VfE mapping case study related to the dimensions of space, action and emotion. To facilitate the reading, the mapping has been split into two different figures (namely Figures 9.2 and 9.3), as in the first one there has also been inserted the evolution of emotion and space in a four-day period. The space–emotion mapping (see Figure 9.2) shows the different situations of the three brands.

The Apple iPhone 4S, whose symbol is a square, has a central position in the upper left-hand side, which implies that it has reached a good positioning in the dimension of space. This means it has achieved levels of engagement in terms of transmission of its message throughout communities and social media, it has a positive level of visibility and it is exploiting positively the speed of connectivity of the web. This may be explained by the strength of the Apple iPhone 4S brand, which leverages large communities and considerable presence in social networks (actually, the brand analysed was ‘Apple iPhone 5’, as this was the original brand name before the global presentation where the new name was unveiled).

In fact, the brand has to improve the emotional side of its relationship with customers: this means that, as the VfE model indicates, the

sense of experience and of pride, and feeling of belonging, of reward and of gameplay atmosphere represent some areas of improvement. Nevertheless, this outcome is particularly consistent with the fact that customers had yet to experience the product, so they had no chance to create an emotional tie to it.

The progression along the four days shows the sensitivity of the selected dimensions to time. It has clearly been inserted for the sake of example, but it would have become particularly interesting had the progression covered a longer period of time, based on the specific informational needs of the brands. With more evidence, variations would then have emerged, providing further insights.

On the other hand, the Samsung Galaxy 2, symbolized by a circle, an established brand on the market, shows a higher level of emotion than the iPhone 4S; this traces back to the same reasons as those for the latter's low level: the physical presence of the product on the market allowing customers to experience it leads to the generation of a sense of belonging and of gameplay, also a feeling of protagonism, leading more subjects to act as supporters and advocates. Instead, in terms of space it suffers more compared with iPhone 4S, as it shows less engagement strength in the coverage of the whole scope of social media, of presence in groups, communities and social networks, and it spreads less in terms of word of mouth.

The comparison of these two brands with the Dell Alienware, represented by a triangle, is interesting: compared with the two mobile devices, a laptop shows definitely less space-dimensional coverage, but it appears to be stronger in emotion. The first aspect is explained by the fact that a mobile phone, being an 'extension of the body', is constantly engaged in different uses so that the overall use of the web from a mobile will definitely be higher than it is from laptops. Thus the scope of media engaged, or the viral transmission, becomes particularly high: just think of the use of Twitter, thanks to the ability of the mobile to be present and participate in all the user's experiences. The laptop may work the same way, thanks to its connectivity, but in a much lower and slower fashion. On the other hand, it may engage and involve emotionally much more than a mobile: the Dell Alienware laptop has a strong positioning in gaming experience and this is enough to explain such a strong hold on such variables as gameplay, pride, sense of belonging, experience and protagonism that belong to the emotion dimension of the VtE model.

The space-emotion mapping is shown in Figure 9.2.

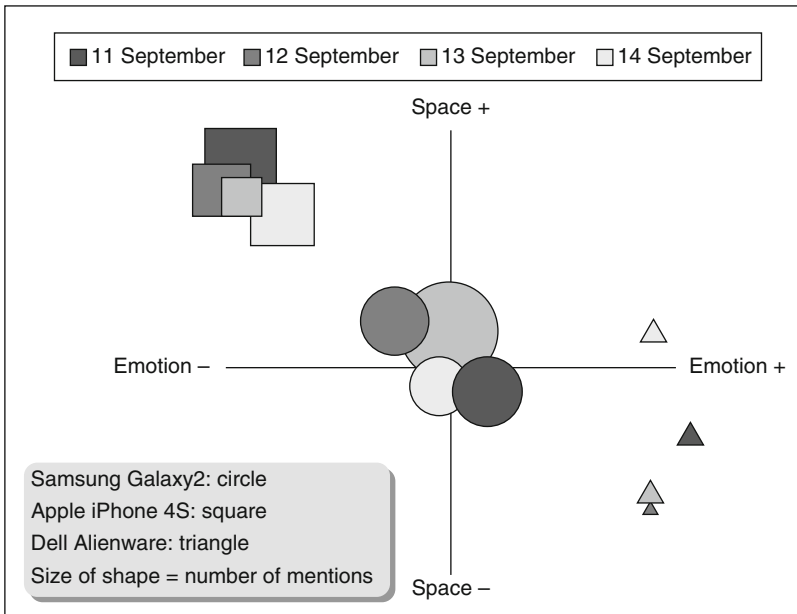


Figure 9.2 Case study of Value-for-Engagement mapping: space and emotion

The space–action mapping (Figure 9.3) shows the different positionings of the three brands. The figure confirms the high position in space of the Apple iPhone 4S, and adds a positive positioning in action as well: it appears that the brand enjoys a high level of engagement in terms of content production, dialogue and participation, showing high volumes of mentions, with more positive than negative. There is definitely a debate about the new brand.

To a positioning lower than the Apple iPhone 4S on space (as we have seen), the Samsung Galaxy 2 adds a lower position in the dimension of action. Given the strong hold of the Apple iPhone 4S, to reach a position level with its competitor the Samsung Galaxy 2 would require an engagement strategy that produced improvement in the areas of dialogue, volume of mentions and content production.

Dell Alienware, however, doesn't seem to generate too much in the way of spread dialogue and rich conversations on the web; rather it seems it has its fans who are deeply emotionally involved. The passion for the gaming laptop emerges from the evidence of all the positive mentions indicated by the analysis, which, compared with the others,

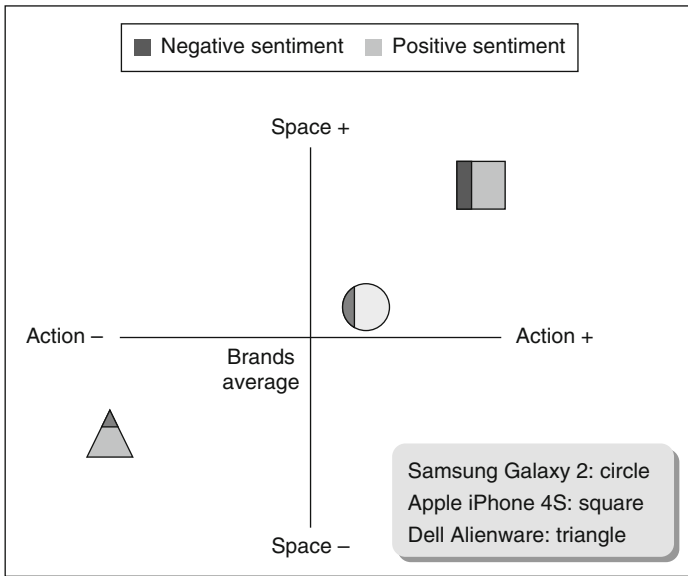


Figure 9.3 Case study of Value-for-Engagement mapping: space and action

gives the brand first ranking. This would represent an interesting insight for the company, to be pursued further.

To summarize, the case study of VfE mapping has provided relevant indications of performance for the three brands, as follows:

- The Apple iPhone 4S appears to be strong on space and action, but it shows lower positionings in emotion, not forgetting that this is its pre-introduction period.
- The Samsung Galaxy 2 is higher than the iPhone in emotion, having a consolidated position in the market, but is lower in space and action.
- The Dell Alienware clearly shows its diverse nature, as a laptop, with a very good positioning in emotion and the best ranking in positive mentions, but a lower performance in space and action.

Web analytics and social research

We have talked throughout the book about the opportunity that sociology has to develop research in the digital field so as to deepen aspects

such as value chains, customers' behaviour, groups dynamics and social relationships. For sociology, web analytics may represent a unique tool for the understanding of web social dynamics, which simply couldn't be interpreted by other means. We have seen how technology plays a major role in this.

The phenomenon of the social connections created inside a social medium such as Twitter, for instance, provides many research leads. For example, there are the relationships and dynamics between followers and followed, not analysable in ways other than by a solid social-media analytics tool; the sentiments involved, expressed by comments, whether positive, negative or neutral; and the relational patterns of behaviour generated by the number of tweets – any of which may become a valid integration of social network analyses.

Also, engagement metrics may represent a rich and innovative ground for sociological studies: the different dynamics among various social media such as forums and blogs; their popularity and the social reasons behind them; and the relation between a website and the number of visitors and their gender. Gender behaviour analysis would, in that case, be particularly interesting. The cross between the type of social media and the tone of the sentiment would open a high-profile sociological discussion. Besides this, the topic of the effects of 'site credibility' in terms of trust is relevant for sociology, as well as all the technological rigidities related to the number of backlinks, that is the number of pages across the web that link to a given website.

Further, and in the end, the customer journey is nothing other than a form of social behaviour on the web, built on a series of rational decisions, irrational acts and serendipitous events that would pose many questions in terms of the identity and relational sides of the behaviour.

All these considerations should contribute towards a rich future scenario of interactions between sociology and the web from a methodological perspective, offering the opportunity for challenging exchanges between sociology and web analytics that would be of great value to institutions and organizations.

Conclusions

The role of web sociology

Even though in essence people have been the same since the very creation of humanity, the social context has changed profoundly because of the various historical revolutions that have altered the quality and quantity of social relationships. Technology has played a key role in this process, determining a progressive evolution of patterns of communication and opportunities for social interaction.

Georg Simmel was the first sociologist to understand the social effects of the evolution of patterns of space and time induced by the period of modernity that followed the Second Industrial Revolution. Were Simmel alive today, he would be struck by how his theories on groups, his studies of interactions and circles fit – almost incredibly – so many expressions of Internet Age society with its fabric of interwoven connections and accelerated to real-time interactions made possible by a speed of connectivity not even imaginable at the end of the nineteenth century.

In reality, the society of the Internet Age assembles the whole global scientific community of sociologists to discuss which sociological paradigm will not only provide an explanation of *what* is happening around us but also offer leads to an understanding of *how* to build value out of the web social realm. This is a matter of the utmost relevance in every area of human endeavour, from the political to the economic, from the broadly social to the high-technological, the educational and many others.

The core aim of all the efforts of the social sciences within the particular frame of web interactions with the offline environment is the explanation of social relations, hence the idea of a ‘web sociology’. This new branch of sociology has much to contribute to the scientific community, in the form of the application of the classics of sociology to the

progressive evolution of digital technology and to the understanding of individual behaviour on the web.

Throughout this book, several paradigms related to web sociology have been discussed: complexity, information and knowledge, diversity, individualization, globalization, multiple identity, dissolution of community, and social networks. These are just some of the key paradigms, but one in particular appears to bring all of them to the same common ground: the *relationship*, and its ability to offer to the individual the chance to become 'a person', free to interact with other human beings. As Bauman suggests, contrasting the individualization process with the tendency to protagonism, the subject tends to take part in communities, and to reaggregate in social groups, sharing the same interests, values and passions – in substance, to look for relationships.

A core concept of the Internet Age relates to the direction of the flow of relationships and information that, in the digital realm, appears to be prevalently horizontal, or 'peer-to-peer'. This picture heavily affects the construct of value and its dynamics. In substance, we are witnessing a deep inversion of the balance between the 'economic' and the 'social': traditionally, value chains were built spontaneously in a vertical, top-down, institution-to-stakeholder direction, according to the informational and economic position of power of the institution. In this frame, it was the *economic* blueprint that generated the *social* dimension, emerging through phenomena such as consumerism or top-down work patterns. In the Internet Age, a progressive inversion of the positions is evident, producing a new framework of value creation: today it appears that it is the *social* blueprint that creates the *economic* dimension.

This is a dominant feature that institutions, organizations and politicians all have to take into careful consideration. On this ground, the roles of trust and of confidence become of the utmost importance as these two constructs, in the various meanings attributed to them by many scientists, appear to be the drivers of social action. Luhmann said that without confidence we couldn't even get up from our bed in the morning, which may sound like pure provocation, but it's definitely true that trust or confidence is behind any human action, and that together the two become a key essence of the economy.

Trust, social relations and engagement

In the Internet Age, horizontal value chains have to be integrated in economic processes. This means that institutions have to design new strategies to engage stakeholders effectively through contributing to

peer-to-peer conversations and/or opening new dialogues that are relevant to people and rewarding for organizations. The book explains that this positive win-win situation may be reached only via pull strategies built carefully on trust and engagement strategies.

A specific indication of how to build value out of these strategies is offered by the value-for-engagement model. Behind the model, the concept of value for engagement represents a dimension of the inversion of power between the institution and its stakeholder, where engagement means achieving commitment by the latter and activating emotional ties between them and the organization. In this new role of providing 'attraction', of pulling stakeholders, customers or prospective web users, the prerequisite is to be perceived as *trustworthy*. Customers then have to decide whether to respond positively to a brand's trustworthiness or not. For organizations this requires new sociological and psychological competencies so as to be able to create conditions for a dialogue and to activate an empathetic conversation with every stakeholder.

Moreover, one of the main obstacles to dialogue-building is the gap of intent between institutions and stakeholders, as the former are on the web to achieve their profit objectives, while web users may be online just to chat or to share an interest or a passion. In substance, to build value, organizations have to be able to establish 'social relations' with their customers: 'social' doesn't mean non-profit relationships, but refers rather to abandoning a sell-oriented attitude and offering possibilities of expression to the customer as a relational subject, through dialogue. This implies adopting the customer's own perspective, and then with them evaluating whether the service offered really corresponds to what he or she needs and expects.

A 'social' attitude creates sharing with the customer and generates interaction: this relation turns out to be part of the brand's intangible offer, under the name of a 'relational or common good'. A relational good is produced among persons, is based on shared knowledge, experiences and identity, and is developed with a collaborative attitude, with the aim of building a community. Indeed, the value of a community lies not in the output produced but in the level of trust shown by its members' participation and contribution. Specifically, the economic value of a relation lies within its possibility of transforming into a 'tool' or an instrumental 'resource': a 'tool' may be a relation leading to a purchase or purchases – that is, profit; a 'resource' may be, for example, a relation leading to other relations, which could bring other economic achievements or may act as a positive influencer on other subjects. Thus we see how dialogue may stem from relations nurtured on trust.

Trust and reciprocity, in fact, are the two pillars of a social attitude that considers the individual as a 'person'. To engage effectively, a company must accept this social attitude from within, consistently adopting a transparent, benevolent, competent, integral and value-sharing behaviour – in a word, a trustworthy attitude. The value-for-engagement (VfE) construct synthesizes all these aspects, adjusting the concept of the brand–stakeholder exchange of values to the Internet Age paradigms. As opposed to the traditional concept of price for value (PfV), VfE puts the person at the centre, since it conceives the exchange as a two-way interactive process, assigning to the customer rather than the organization the higher position of control; VfE is based on reciprocity, recognizing the other to be prior – as a subject, not as an object. Because the reciprocity frame allows trust, it clearly represents the first step for engagement.

The concept of value is different between PfV and VfE: in the first, value relates to the functional tangible benefit and to the intangible side of the brand represented by its service, value, identity and culture – that is, the 'world' of the brand; in the second, a new dimension is added to all these concepts as a result of the interaction; this amounts to a constantly confirmed friendship, to support when required, and to experiences adjusted to the customer's evolving needs. In particular, this relates the relationship to the dimension of *time* within the inter-actional process.

Moreover, in PfV the value is perceived – that is, it is related to a subjective perspective; with VfE, subjectivity is brought to its highest form of relativity, meeting the needs of the postmodern individual for protagonism, relation and individuality.

We may summarize all the above by saying that, brands ought to become 'relationship enablers and facilitators'.

Web social relations: evaluation and measurement

In the Internet Age, the understanding of the digital social realm turns out to be essential to research in every field: sociological, economic, political, technological, cultural, educational and many others. Acting on social dynamics, on human preferences and on behavioural patterns, with the aim of building and engaging social communities, implies understanding how to create trustworthy relationships. Within this complex and multisided frame of value creation through engagement interactions, evaluation and measurement become particularly relevant.

In the online context, traditional methodologies and tools of social research struggle to cope with the richness of the quantity and quality

of data and information offered by the digital realm. Thus without specific technologies, the breadth and complexity of algorithms and their constant adjustment make it difficult to track behaviours, to perform cultural diversity analysis, to measure actions, to understand search engines' positioning and rankings, to interpret virality patterns, or indeed to engage at all with a host of other aspects.

A holistic methodological approach appears more suitable – one that includes most updated methodologies of social research, from social network analysis to text and content analysis. Indeed, the contribution provided by web analytics is irreplaceable: only a mix of large-scale technology, including web data-mining, data-tracking, search engine optimization and social media optimization, allows a full understanding of phenomena and their dynamics. This is an opportunity for web sociology to support web research processes with 'a sociological eye'.

This doesn't however explain how to measure the creation of value based on the relationship between trust, social relations and engagement: that is the aim of the value-for-engagement model. The model, in its horizontal and vertical readings, shows how organizations may achieve a full dimension of value only if they adopt a holistic, 360-degree, online-and-offline strategy that corresponds to matching *all* the four dimensions of the model: time, space, action and emotion.

Many companies aspire to reach results on the web just by intervening in one or two areas – for example, gaining customers' participation but failing to provide them with significant experience or any meaningful response. The VfE model explains instead that, behind the value-for-engagement concept, value is generated by the building of social relations in all the four dimensions. The full expression of social relations leads to the generation of social capital (SC), which translates into the generation of relational goods, that is, the creation of interaction and reciprocity: the building blocks of reputation.

To allow the measurement of social relations and engagement, the related concepts have to be grouped in the above-mentioned dimensions; web analytics may then (1) measure if trust has been built and how this process has led to the generation of engagement, and (2) build strategic analyses, as in VfE mapping.

The future of web sociology

If understanding the present is particularly complex, to predict the future is almost impossible. Perhaps some hypothesis will be formulated to delineate the big picture. Not only the vision of scientists such as

Bauman, Beck and Rifkin but also the contributions in other fields of Steve Jobs and many other enlightened intelligences have shed light on possible scenarios. What is clear today is that sociology is operating at a very challenging moment. As never before, the Internet Age, with its convoluted, connected, online society, and its entanglements with real, offline society, is generating a vastly complex picture, to the understanding of which sociology can contribute profoundly.

In the future, offline society will interact progressively with online reality as technological devices become more and more embedded in our lives and work as constant links between the online and offline worlds. The merging of these two social levels will lead to a progressive empowerment of the individual, thanks to mobile devices and the convergence of media into just one technological tool, which has become part of our body, of our emotions and our experience. This will impact on different facets of society, of the economy, of politics, of science and of culture.

If the new social currency will be *relation*, then *trust* will be its relevant validation. In a positive scheme of things, at the centre will be the person: a subject who may grow in a responsible sense of civiness, empowered by a horizontal society, where governments and central forces are progressively yielding space to forms of subsidiarity and bottom-up control.

Organizations will thus have to cope with a new need for fresh mindsets, for rebuilt organizational structures, for novel competencies and abilities. This will generate unfamiliar educational needs in every sector involved in the process. Social scientists, in conjunction with web experts, and scientists in fields as disparate as biology, architecture, physics and mathematics, will form multisector teams to provide holistic answers to complex systems.

Indeed, trust can't be taught.

Notes

Forewords

1. Survey conducted online within the United States between 30 June and 2 July 2010 among 2217 adults (aged 18 and over) by Harris Interactive.
2. A push promotional strategy involves taking the product directly to the customer via whatever means to ensure the customer is aware of your brand at the point of purchase. A pull strategy involves motivating customers to seek out your brand in an active process.

Introduction

1. The famous motto asserts that nature develops in a continuous, not a discrete, progression. This was Leibniz's criticism of Newton regarding his atomic approach.

1 Society in The Internet Age

1. B. Noveck, wiki-government consultant to the British government (Noveck, 2009).
2. <http://www.appsfordemocracy.org>; <http://www.petitiononline.com>; <http://www.fixmytransport.com>; <http://www.parlamento.openpolis.it>, accessed 28 September 2011.
3. 'Connecting the dots' is a popular expression used by Steven Jobs in the famous Stanford Commencement Speech in 2005. Indeed, some time before, Vilfredo Pareto in his *The Mind and Society* (1935), illustrates the concept of the 'Instinct of Combination', which explains the same idea; see Federici (1977).
4. <http://nelmulinochevorrei.it>; <http://en.community.dell.com>, accessed 28 September 2011.
5. In 2010, the demand for plastic surgery increased almost 9 per cent, + 55 per cent compared with 1997 (American Society for Aesthetic Plastic Surgery, www.cosmeticplasticsurgerystatistics.com, accessed October 3 2011).
6. The concept of *prudence*, introduced by the philosopher Hans Jonas and discussed by the sociologist Serge Latouche, represents a behavioural attitude to support decisions in a situation of reduced information or lack of rationality, founded on a positive common sense related to the possibilities of human experience, cognition and values.
7. Notably: *Armageddon* (Michael Bay, 1998); *The Day After Tomorrow* (Roland Emmerich, 2004); *I Am Legend* (Francis Lawrence, 2007).
8. Bauman offers a deep analysis of trust and fear (Bauman, 2007, 2009). We will tackle the topic extensively in Chapter 5.
9. <http://techcrunch.com>, accessed 28 September 2011.
10. parentsplaceonline.org is an association offering counselling and consultancy to parents and children about child education and raising.

11. Malone *et al.* (2011); T.W. Malone is Professor of Management at Sloan School of Management of MIT, Founder and Director of the Center for Collective Intelligence of MIT.
12. The Topcoder showcase has been taken from Malone *et al.* (2011). The application of the Luhmann theory to TopCoder is the author's.
13. Max Weber was the first sociologist to offer an interpretation of human action under an individualistic approach, whereas the actor voluntarily and intentionally acts independently from the social structure.
14. For this reason, the concept of 'difference' is mainly qualitative, depending on cultural identities, while 'diversity' represents the quantitative side of differences. Bhabha (Bhabha, 1994) says diversity transforms differences into data.
15. <http://www.eminem.fan-club.it>, accessed 16 August 2011.
16. <http://secondlife.com>, accessed 25 September 2011.

2 Social Networks and Communities

1. <http://dellideastorm.com>, accessed 21 September 2011.
2. George Simmel maintains that the unity of society comes from the interaction among its components. This interaction generates objective entities, autonomous as opposed to single units.
3. www.desiderimagazine.it
4. The idea of the social network comes from the American sociologist Stanley Milgram, arguing that each individual is connected to any other person through a chain of acquaintances that has not more than six levels or intermediaries.
5. The concept of cohesiveness derives from thermodynamics. In the internet, physics and biology help to understand dynamics and contribute to the creation of a valuable holistic methodological approach.
6. <http://www.seniornet.org>, accessed 8 October 2011.
7. <http://www.openforum.com/topics/innovation>, accessed 8 October 2011.
8. <http://www.fiestamovement2.com>, accessed 8 October 2011.
9. The list of communities is taken from Kannan *et al.* (2000).
10. <http://www.kraftrecipes.com/Community/main.aspx>, accessed 28 September 2011.
11. <http://www.linkedin.com>, accessed 21 September 2011.
12. <http://www.nelmulinochevorrei.it>, accessed 28 September 2011.
13. <http://www.cmlearth.com/index.jsp>, accessed 10 August 2011.
14. <http://www.alfemminile.com>, accessed 15 July 2011.
15. One of the most eminent sociologists of groups is Charles Cooley.
16. This is Simmel's theory of 'social circles', according to which groups in societies with a high level of specialization are diverse, each matching different rational and irrational human needs. Consequently, a person's various social roles or personality aspects tend to diverge from each other according to the belonging to a specific group (Simmel, 1908).

3 New Models of Social Intelligence

1. I quote the well-known title of the book by Thomas Friedman (Friedman, 1995), although other authors have different views (for example

- <http://www.intlalliances.wordpress.com/2010/02/03/constructive-criticism-of-friedmans-the-world-is-flat/>).
2. The sociological concept of *comprehension* entails the idea of an individual acting autonomously from the social system. This Weberian concept, related to the theory of individualism, is the opposite of the Durkheimian holistic approach, where the possibility of understanding social systems lies in a process of *explanation* that does not involve the irrational and emotional sides of human agency.
 3. iStrategyLab is behind the project.
 4. <http://www.mysociety.org>, accessed 28 September 2011.
 5. These are the trust beliefs we'll tackle in the next chapters and in detail in the illustration of the 'Value-for-Engagement' model (Mayer *et al.*, 1995; Pirson and Malhotra, 2003).
 6. <http://www.sosemarketing.com>, accessed 15 April 2012.
 7. <http://www.peoplemetrics.com/custom-research.htm>, accessed 15 September 2011.

4 The Internet Organizational Realm

1. The content of the four main principles reflect key points of Garry Titterton blog at <http://www.intelligentpositioning.com/blog>.
2. http://www.ptgmedia.pearsoncmg.com/images/9781587058868/samplechapter/9781587058868_ch03.pdf, Building relationship with Web 2.0, accessed 3 September 2011.
3. Garry Titterton, CEO of Intelligent Positioning.
4. <http://www.apple.com/ipad/business/profiles/ge>, accessed 3 September 2011.
5. <http://www.en.wikipedia.org/wiki/coopetition>, accessed 6 September 2011.
6. http://www.ptgmedia.pearsoncmg.com/images/9781587058868/samplechapter/9781587058868_ch03.pdf, Building relationship with Web 2.0, accessed 3 September 2011.
7. http://www.cogentresearch.com/news/Press%20Releases/Social_Media_Final_050808.pdf
8. http://www.ptgmedia.pearsoncmg.com/images/9781587058868/samplechapter/9781587058868_ch03.pdf, Building relationship with Web 2.0, accessed 3 September 2011.
9. <http://www.en.wikipedia.org/wiki/Wiki>, accessed 21 September 2011.
10. <http://www.forrester.com/empowered>, accessed 19 September 2011.
11. <http://www.pwc.com/gx/en/press-room/2010/E-and-M-players-seek-new-roles-digital-value-chain.jhtml>, accessed 19 September 2011.
12. <http://www.clickdocuments.com>, Click predictions. Key content, Marketing trends and predictions for 2010, accessed 19 September 2011.
13. 'Disney-ABC launches Stage 9 Digital Media with Premiere of the "Squeegees"'; <http://www.buzzfocus.com>, 28 February 2008.
14. http://www.mckinseyquarterly.com/Marketing/Strategy/The_consumer_decision_journey_2373, accessed 19 September 2011.
15. <http://forum.vodafone.co.uk/t5/BlackBerry/BBM-and-Email-not-working-on-BB-9900/td-p/860947>, accessed 19 September 2011.

16. <http://forum.vodafone.co.uk/t5/BlackBerry/BBM-and-Email-not-working-on-BB-9900/td-p/860947>, accessed 19 September 2011.
17. This paragraph is inspired by a blog of Garry Titterton, www.intelligentpositioning.com

5 The Digital Society and Trust

1. returnonbehaviour.com/2010/03/improving-customer-retention-during-a-slowdown, accessed 21 September 2011.
2. Georg Simmel, a philosopher and sociologist, argues that exchange is one of the functions that creates an interjacent link – that is, society – from the simple proximity of individuals. In his work on the ‘philosophy of money’, the theme of trust appears to be a constitutional element of society, inspiring many sociologists such as Garfinkel, Luhmann and Giddens.
3. Simmel explains that this type of trust reflects not only an incomplete knowledge due to a lack of information but also a state of mind, which is ‘both something less and something more’. When we talk about ‘believing in someone’, of giving him credit, it is as if right from the very start there exists a relationship between our idea of that person and his very being, a certainty in entrusting one’s own self to that entity that definitely originates from recognizable reasons but does not consist of them.
4. However, we always exclude from the picture a theoretical situation of ‘perfect’ information, as maintained by rational choice theory.
5. Simmel appears to follow this setup when he talks of ‘inductive knowledge’; that is to say, the knowledge that derives from logical reasoning. This enables the drafting of standards – that is, historical series that, projected into the future, enable the outcome of the bet to be predicted within reasonable limits.
6. According to Simmel, trust in the form of credit can be examined from different angles: from one side it is made up of the ‘inductive knowledge’, such as that of a tradesman who will not buy merchandise if he doesn’t think of selling it, or of the countryman that would not sow his field if he does not expect to get crops. On the other side, there is another type of trust that in its purest form expresses a ‘religious faith’ and ‘an additional element of socio-psychological nature’ similar to *believing* in God (Simmel, 1987).
7. A different meaning of confidence is provided by Luhmann. In Luhmann, confidence is a ‘reducer of complexity’: it allows social subjects to limit expectations or to justify them rationally through confidence in persons or in social systems. This frame allows subjects to face high social risks and survive from anxiety. Hence, confidence helps in controlling the environment. If subjects didn’t decide to control it, we would be in a state of anxiety and paranoia due to having to select from an almost infinite set of choices. For Luhmann (Luhmann, 1989, p. 127) there is no alternative to these consequences: we have to be confident, with no freedom to choose or decide. Confidence is interpreted as relying on a certain order of things, on a chain of events, which constitute the environment in which social action takes place.

8. While danger and uncertainty are dimensions independent of our will, risk is a dimension related to our perception.
9. The table has been created by the author. Only the items in the first column have been drawn from the following website: <http://mootee.typepad.com/photos/uncategorized/2007710/02/brandmatric.jpg>, accessed 22 September 2011.
10. All these models are deeply analysed in Cofta (2007, pp. 73–85), Lachée *et al.* (2008, pp. 29–31) and Egger (2003, pp. 11–43).
11. For the purposes of our deliberations here, the relationship has been summarized by a line, but it must be clear that, as we have said previously, the relationship is a *circular process* where interaction affects both parties. This means that all actions performed by the company will affect the customer who, in turn, will react to the company.
12. <http://www.usability.gov/basics/index.html>, accessed 21 September 2011.
13. Giddens (1990) maintains that trust is a transformer of uncertainty, risk and danger, produced in social systems which are delocalized in space and time. To the sociologist, trust operates in a context of uncertainty, where sometimes it may be associated with a risk dynamic. According to Giddens (*ibid.*), trust, by simplifying action, transforms precariousness, though not giving certainty on the matching of the objective: trust is a transformer of uncertainty, risk and danger. Luhmann, on the other hand (Luhmann, 1989, p. 127; also 1979, 1996a), argues that trust is a *reducer* of risk, acting in contingent contexts: in the autopoietic reproduction of social systems, trust is able to filter the risk deriving from the augmentation of complexity, independently from individuals' actions, to become a communicative code among different subsystems.
14. <http://abcnews.go.com/Technology/virus-mail-spreads-online/story?id=11596433#.T13bjmCXfs>.
15. As Luhmann maintains, 'Trust is based on an illusion. Actually we have a less quantity of information than the necessary amount to have a guarantee to end an action in a successful way' (Luhmann, 2005, p. 49).
16. <http://mashable.com/connect/>, accessed 22 September 2011.
17. <http://together.cisco.com>
18. A. Sen sees commitment as a form of 'duty', founded in other-regard and sympathy. It is an innate human feeling to be intended as man's ability to identify oneself in the other, or the ability to put oneself in the place of the other and understand his feelings to get appreciation and the other's compliance. As prudence is sociologically a behaviour based on personal interest, but acted on in an intelligent and enlightened way, sympathy is part of the prudent behaviour because it may in the long run be useful to oneself. 'Duty' for Sen means commitment to ethical values or at least to certain ethical values. This concept has to be understood in a broad sense including the public good, resembling that sort of civicism we find in Fukuyama's thought. Also Durkheim founds the division of labour in functions, mansions, roles, status and lifestyles on trust as a premise and consequence of the labour contract. While trust refers to a common ethos, as Durkheim says, the contract is conditioned to rules stemming by the society and not by the single individual, that is by extracontractual morality, social consensus and habits.

19. www.laurelpapworth.com, Social Web-Reputation Management Cycles, accessed 22 September 2011.
20. In layman's terms, a focused statement that, being so conceptually narrow and simple, reaches its highest level of effectiveness.
21. The Veggiegrill, 6.44 PM Dec 2nd, 2009 via web in reply to @quarrygirl.
22. <http://dealseekingmom.com/coupons/>, accessed 22 September 2011.

6 Value for Engagement

1. http://www.secretan.com/LeadershipExcellence_1107.pdf, *Trust and engagement. Use these keys to successful change*, accessed 21 September 2011.
2. <http://www.pocketsapp.com>, accessed 21 September 2011.
3. www.intelligentpositioning.com, accessed 17 July 2011.
4. <http://www.secretan.com>, *Trust and engagement. Use these keys to successful change*, accessed 21 September 2011.
5. Phenomenology is the study of individuals' direct experiences of the everyday life, and the meaning they give to them (Schutz, 1967).
6. This is the concept of value according to the sociologist G. Simmel, who opposes the economic theories of value-work and of utility.
7. According to Richard Sedley's definition, engagement is 'repeated interactions that strengthen the emotional, psychological or physical investment a customer has in a brand (product or company)'; *4th Annual Online Customer Engagement Report 2010*, <http://issuu.com>, accessed 21 September 2011.
8. <http://www.patagonia.com/us/footprint/index.jsp>, accessed 21 September 2011.

7 Value Creation on the Web: A Vision

1. According to Simmel (1908), a group may be made up of only two elements; such a 'minimal group' is called a dyad.
2. Max Weber is the sociologist of action, the first to introduce an individualistic approach based on rational behaviour.
3. <http://www.nowness.com>, accessed 27 September 2011.
4. A deeper explanation of trust beliefs will be provided in the next chapter.
5. Social capital, in Putnam's definition, refers to the collective value of all 'social networks' and people's inclinations that arise from these networks to do things for each other.
6. Schrödinger's mental experiment of 1935 involving an imaginary cat was the precursor of this theory.

8 The Value-for-Engagement Model

1. *4th Annual Online Customer Engagement Report* (2010), <http://issuu.com>, pp. 7–8, accessed 24 September 2011.
2. *4th Annual Online Customer Engagement Report* (2010), <http://issuu.com/>, pp. 7–9, accessed 18 August 2011.

3. We are in a 'pull' process, in which the customer is dependent on the brand, though he or she has no responsibility for the possible consequences of the breakup of the relationship.
4. *4th Annual Online Customer Engagement Report* (2010), <http://issuu.com/>, pp. 7–8, accessed 24 September 2011.
5. <http://inspire.com/groups/rare-disease/>, accessed 22 September 2011.
6. www.intelligentpositioning.com
7. www.groupon.com, accessed 22 September 2011.
8. <http://barkley.s3.amazonaws.com/cause/2010/CauseSurvey2010.pdf>
9. <http://sparxoo.com/2010/02/03/>, accessed 21 September 2011.
10. According to the *4th Annual Online Customer Engagement Report*, 69 per cent of organizations made this statement.
11. This is a functionalist concept stemming from Parsons's theory (Parsons, 1937).
12. Also, Kant considers space as the possibility of togetherness: the reciprocal action gives sense to the space transforming it from empty to something meaningful.
13. *4th Annual Online Customer Engagement Report*, <http://issuu.com/>, pp. 7–8, accessed 24 September 2011.
14. *4th Annual Online Customer Engagement Report*, <http://issuu.com/>, p. 7, accessed 24 September 2011.
15. www.intelligentpositioning.com, date accessed 27 July 2011.
16. Ibid.

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