



"Reverse Flow Economy," or "Listenomics." Whatever. Any which way, the herd will be heard. And, any which way, it is underway.

# Commercials by ordinary consumers

If you can keep your eyelids propped open, you'll have a chance here to consider the implications of TV commercials produced not by agencies, but by ordinary consumers. The stuff is out there already. More significantly, though, you'll see how many functions of marketing research, R&D and advertising itself are being rendered obsolete by Web sites devoted to the merits, demerits and improvement of existing goods and services. At the same time, you'll be asked to confront the double-edged sword of consumer participation.

VWsucksass.com, to cite one vivid example.

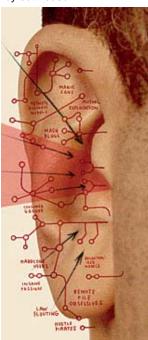
It all flows from a single concept: What if the wisdom of the crowd were harnessed and its power unleashed, unfettered by outmoded

intellectual-property laws and uninhibited by the dictates of Management? The question has many answers. One is that ad agencies had better reconsider their reason for existing. (Hint: It isn't to shoot TV commercials.) Another is best expressed in the words of the poet: If you snooze, you lose.

# 'Open source'

"Open Source" is a squishy term. It began as a description of software code that was released for free use and modification. The most famous examples are Linux, the computer operating system, and Mozilla Firefox, the Web browser. This open approach gave rise to a movement founded on the belief that open access to intellectual property is not only an inevitability of the digital world, but a stimulus to both innovation and commerce. Open source since has come to describe any creative work -- from software code to beer recipes to encyclopedia entries -- that is not treated as proprietary by its originators.

As a movement, open source is substantially aligned with another concept, Creative Commons. The brainchild of Stanford Law School Professor Lawrence Lessig, the Creative Commons model places original work -- under a variety of licensing restrictions -- into the public domain. While growing in influence, the underlying legal theory has failed in Congress and in court, where Hollywood has successfully claimed that expansion of "fair use" is an invitation to



The once silent herd is now demanding to be heard and achieving that goal via the Internet. The constant, globe-spanning, real-time feedback and commentary about brands by consumers is changing the fundamental nature of marketing communications. Click to see bigger Listenomics ear.

wanton piracy. The 1998 Sonny Bono Copyright Extension Act, upheld by the Supreme Court, actually extended ownership rights of intellectual property by 20 years.

What that law did not do, however, was confiscate people's computers. That's why every 13-year-old in America has a disk drive full of illegal music downloads, why every garage band records mash-ups with vocals or instrumentals lifted from other artists, why every college paper on Faulkner contains entire paragraphs cut and pasted from the Internet. And it's why, no matter how many lawsuits they file, the media, entertainment and marketing industries are helpless to rebottle the genie.

# Embracing open source reality

But in the Open Source Society there is another option: to accept reality, embrace it and make it your own.

"The centralized model is essentially inside out," says James Cherkoff, a London marketing consultant who penned an online manifesto on open-source marketing. "You create all the messages and you send them out. The new model is outside in: What you want to do is receive all the information you can from the outside and incorporate them in the processes of the company. They have to actually open up their own systems and the way they interface with the world."

The interface can happen in all sorts of ways. Cherkoff cites a variety of ad efforts based on the inspiration of civilians. One was a General Electric online campaign called "Pen" (AtmosphereBBDO, New York), encouraging users to do simple line drawings and pass them along to friends -- on a template with GE's slogan "Imagination at Work." Another, from Mercedes-Benz (Merkley & Partners, New York), asked Mercedes owners to send snapshots of themselves posing with their beloved cars, photos that became centerpieces for "LoveMercedes" ad portraits. And Converse (Butler Shine Stern & Partners, Sausalito, Calif.) solicited short films about Chuck Taylor canvas sneakers, viewable at converse.com.

#### Enlightened, forward-looking companies

These were enlightened, forward-looking exercises one and all by companies who recognize the revolution coalescing around them.

And then, through absolutely no fault of its own, there was Apple.

In 1990, a Welsh band called the Darling Buds released a song called "Tiny Machine." After 700 weekends, Casey Kasem still hadn't played it on the radio, but, no matter, George Masters had it on his iPod. One fine California day in June 2004, Masters was on his way to work, listening to "Tiny Machine" on his tiny machine, when inspiration struck.

"I thought that would be a great jumping off point for creating an advertisement," he recalls.

His assessment would prove to be correct, but there was an obvious problem. Masters didn't work at Apple in Cupertino or TBWA/Chiat/Day in Playa del Rey. He worked at a vocational high school in Orange County, which, suffice to say, didn't have the iPod account.

### **Do-it-yourself iPod Commercial**

Masters, however, was undeterred. A video artist by training, he sat down at his Mac and started crafting an iPod commercial. It took him five months to complete, but when he was done he posted it online (gomotron.com/special/ipod.html). Kaleidoscopic and pastel-laden, it looks nothing like TBWA's dancing Day-Glo silhouettes. But Masters' piece is a masterpiece all its own, and it quickly went viral.

"This was just an exercise in design," he says. "It was never my intention to profit from it. I still haven't profited one dime from it. In fact, it's cost me money."

So why would a 37-year-old man invest a half year of free time to advertise somebody else's business? Masters answers the question with a question: Why does anyone devote time to the things he is passionate about?

"There's some guy in his garage who's been working on a hot rod for 3 years. Andy Warhol painted soup cans, right? Guy loved soup."

# Apple did nothing

Actually, Warhol's artistic motives were a little more ironic, but never mind, because the surprising thing about Masters' story isn't that he so loved iPod that he sacrificed his only free time. The surprising thing is what Apple did in response:

Nothing.

No cease-and-desist letter. No trademark-infringement lawsuit. Not even a press release to distance itself from this MP3 groupie -- a non-reaction that Apple refused to discuss with *Advertising Age*, but which no doubt had the corporation's trademark lawyers apoplectic. Because everybody knows things aren't done that way. There is a universal corporate protocol for handling unsolicited ideas, and it isn't silent acquiescence.

"The letter's opened up and somebody starts reading it and says, 'Ah, we

have to send this to legal," says Carla Michelotti, senior VP-general counsel of the Leo Burnett Co. "And the legal department returns it with great courtesy."

# Stealing an unsolicted idea

It was ever thus, because nobody wants to be accused of stealing an unsolicited idea, because the submitter can't guarantee ownership of the idea himself, because legal already has its hands full doing due diligence on the product claims, artists rights and other legal ramifications of the agency's own output, and because brand names and trademarks are priceless assets which must be protected from abuse by outsiders, no matter how well-intentioned.

Have a grrrreat! idea for Tony the Tiger mauling a flamboyant Austrian magician? History declares don't bother.

"I can't move into your backyard and just decide what to do with your landscaping," Michelotti says. "It's trespassing. It's taking somebody else's property."

#### Law and the changed world

Michelotti, of course, well understands the law. The question is: Does the law understand, and reflect, how the world has changed around it? In the digital world, the whole notion of intellectual property, and its fair use by outsiders, is in flux.

"We're tired of the 20th-century model of being passive consumers of mass content," says J.D. Lasica, author of *Darknet: Hollywood's War Against the Digital Generation.* "We're transitioning to a new kind of culture. More participatory, more open, more interactive where the locus of control passes."

Lasica, who believes for example that by now Mickey Mouse should be in the public domain, doesn't think he's demanding anything outlandish.

"What right do we as a culture have to take paragraphs out of a copyrighted book and use it in an essay?" he asks, rhetorically. "We just do, because that's what we've always understood what fair use is about. I just quoted Ray Kurzwell's *The Singularity is Near*, and I didn't bother to ask for his permission. I just typed in three paragraphs from his book verbatim. That's what fair use is."

## Film and music content

To the open-source faithful -- in spite of skepticism of Congress and the courts -- no less consideration should be afforded to other copyrighted material, such as music and video. There is no difference, they maintain, between a properly attributed lifted book quote and the use of a film snippet or a vocal track in a hip-hop song.

"Some people are beginning to get this," Lasica says. "David Bowie had a mash-up contest last year. Some group in London called DNA took Suzanne Vega's song 'Tom's Diner,' stripped it down, used her vocals and added their own beat to it. Her lawyers wanted to sue them for copyright infringement. And she said, 'No, I like what they've done. Let's see if we can get in touch and work out an arrangement." The resulting remix was a bigger hit than Vega's 1987 original.

The online media world, furthermore, is all about sharing. Lasica's ourmedia.org site is a video-log host featuring citizen works displayed mainly under Creative Commons licenses, often giving viewers wide berth to sample it, excerpt it, remix it and so forth. Increasingly, permission to derive is an article of faith among netizens, and there is no reason to imagine they will regard, say, Ronald McDonald any differently than they do Suzanne Vega.

#### **Corporations and politicians**

In the short run, he acknowledges, such digital joyriders are operating outside the law. But it's "inevitable that corporations and politicians are going to wake up one day and realize, hey, we are in the digital age. People want to borrow from the culture."

Borrow and add, often to the benefit of the very people nominally being stolen from. Did George Masters harm Apple? Of course not. "Something that's genuine, true and authentic, even if it has a commercial message in it," Lasica observes, "is going to resonate."

And that native authenticity is out there, like Arctic oil, just waiting to be tapped. Pitiful as this may sound, there are people all across this great nation of ours who give immense amounts of thought to, for instance, the Whopper Jr. They're not in it for the money, either. They just plain care.

# Selfless whynot.net

"Direct monetary rewards are great motivators, but not the only motivators," says lan Ayres, the William K. Townsend Professor of Law at Yale. Of this he is certain, for he is co-proprietor of the 100% selfless and authentic whynot.net.

Get on an elevator, headed for the 17th floor.

Awww, jeez. You hit 16 by mistake. That's going to be 20 seconds shot to hell -- unless you immediately hit 16 again, to de-select it. Pretty good thinking, no?

"Elon" thinks so. He/she is a lawyer who volunteered the idea on whynot.net, an open brainstorming forum created by Ayres and Yale colleague Barry Nalebuff. From another site, halfbakery.com, comes the suggestion for the "panic PIN." If you are forced by a robber to make an ATM withdrawal, you key in a 4-digit number that dispenses the money, but also alerts police. Also a fetching concept (although not quite as irresistible as another halfbakery idea: a restroom hand dryer that would produce evil laughter to accompany the motion of rubbing your hands together).

#### **Civilian with opinions**

The point is, in varying degrees of seriousness, people are out there thinking -- people in no way connected with the elevator, banking or evil-mastermind industries. Like George Masters, the iPod Warhol, they're just civilians with opinions. This is a category of consumer, obviously, that has always existed. Only now, with the Internet, it's easy for them to find one another. And everybody else.

Oh, and they don't always like you. Hence ihatemicrosoftxp.com, ihatestarbucks.co, ihatedell.com, ihateblockbuster.com, and so on. Or, for instance, compare these two comments about the Bissell ProHeat wet/dry vacuum:

"My Deep cleaning carpet cleaner is wonderful! Before moving out of a rented apartment I used it to clean all the carpets & it made them look brand new. ... If you're thinking of getting rid of an old looking carpet, save your money & purchase a Bissell Deep cleaning carpet cleaner instead. It will keep your carpets ALWAYS looking brand new!!"

That was a testimonial found on Bissell.com. Now here's one from an Epinions.com submitter in a post headlined "WE MEAN DISASTER."

"The machine is awful. CHEAP, CHEAP, CHEAP! Second Bissell steam cleaner and both were headaches! Design flaws up the waazoo. It leaked a whole \$10 bottle of detergent through a rubber gasket. It got thrown across the room where it flipped and landed on its side!"

#### Online due diligence

For a prospect doing online due diligence, which opinion would be worth taking seriously?

Don't bother answering, duh. The credibility of disinterested feedback is at the very heart of such Web offerings as tripadvisor.com, Amazon.com reader reviews, the buyer/seller ratings on eBay and about a quitrillion other online sources.

"There's a conversation going on about your brand in the open. You can either join it or not," says Jeff Jarvis, Internet guru and blogger at Buzzmachine.com.

Jarvis doesn't mean using moles to post puffy reviews on review sites, or to post nasty ones about the competition (although no doubt that's taking place

right now). He means to tap into the entire scope of consumer conversation and listen very carefully. For instance, as a consumer-electronics customer, he himself went online to find out what to buy. To investigate Palm's Treo, he didn't go to Palm's site; he went to a fan site called treonauts.com. And he bought one. And he goes there with user questions.

## 'If Palm had any sense'

"If Palm had any sense, they'd have these people not only design their marketing message, not only handle much of their customer service, but also even design their product. How much money do we spend on focus groups and research to find out what consumers think about our product? We can skip all that by having them market for us."

Marketing consultant Seth Godin plucks his favorite examples from the old analog world: Avon's Skin-So-Soft, which was never marketed as an insect repellent until, after decades, word-of-mouth eventually forced the issue. The digital world, he says, affords the same opportunity practically overnight.

"The inept marketers," Godin says, "are the ones who fold their arms and insist that you listen to their story and tell your story the way they want it told. The package-good companies come up with a slogan about pearly white teeth or whatever and they say it over and over again and they make their ads kind of funny, so they think they're clever. But the people aren't listening."

### 'Secondary' now counts most

Marketing, needless to say, isn't all about messaging. It's also about intelligence, and historically most of that intelligence -- dubbed primary research -- has been conducted by the marketer itself via consumer surveys, warranty registration, 800-number feedback and focus groups. Everything else -- from economic and trade statistics to media coverage to word-of-mouth -- has been deemed "secondary." In the topsy-turvy Open Source Revolution, however, the hitherto secondary must count most.

And not just a bit of cathartic griping on Epinions.com. If Yale Law's Yochai Benkler is right, the process will inevitably be institutionalized, refined and delivered at point of purchase on product information down to the batch level. He imagines wafer-thin transponders -- RFID tags, such as found on items at Wal-Mart and Borders -- that consumers in retail-store aisles could scan with their cellphones to get up-to-the-second consumer ratings, peer to peer.

"Everywhere, on the go, in real time," says Benkler, a specialist in open-source approaches to management. "Perhaps the role of marketers becomes more of intermediaries to the community of users, to engage the users more in the design process and the distribution process, treating their users as co-producers of value."

#### User-amassed wisdom

Benkler cites a Web site devoted to kite surfing, in which the aerospace engineers who populate the sport found design solutions embraced immediately by manufacturers. But he says even low-interest, mass-produced goods -- laundry detergent, for example -- will benefit from the amassed wisdom of the user base.

"Out of millions of people," he says, "some number will happen to be turned on by how their laundry detergent works. Imagine a situation where you have 150 people who ... put up comments. Now imagine that [someone] finds a way to not only create a search engine but render them in very, very usable form, some very colorful representation of the two or three salient characteristics -this works well with hard water, this works well with whites -- now you're standing in the aisle with your [handheld] but it's just a matter of waving your wand over the products you're considering."

And who will write the enabling software? Maybe some nerds who offer it up open source. Maybe the handheld manufacturer seeking a killer app.

"Or it could be marketers, as they begin to move into this space of serving the same clients in a new environment."

# Conversation vs. dictation

In that bit of speculation, Benkler eerily echoes the views of yet another Internet guru, John Battelle: "I think it's going to be more and more of an open conversation -- as opposed to dictation," says Battelle, a founder of *Wired* and *The Industry Standard.* "Marketers are increasingly going to have to adopt the principles of the environment in which they find themselves."

Naturally they're going to have to. That doesn't mean they immediately will. Human impulse, when under attack or vulnerable, is not to expose yourself. It is to curl into a ball and cover up.

That's surely what Volkswagen did after a pair of London ad creatives uploaded a spoof commercial for the subcompact Polo. It featured a Palestinian suicide bomber trying to blow up a café. But the bomb causes no damage because Polo is "Small but tough." The fake ad got 12 million hits, but VW did not send a thank-you note. It threatened a lawsuit.

"I'm curious to see whether we'll see companies try to limit criticism by using a variety of intellectual property tools," muses Siva Vaidhyanathan, assistant professor in the department of culture and communication at New York University and author of *Copyrights and Copywrongs: The Rise of Intellectual Property and How it Threatens Creativity.* 

## Bunch of harassing lawsuits

"You could imagine a bunch of harassing lawsuits based on copyright, trademark or trade secrets meant to frighten people who host critical commentary."

You could imagine more than that. You could imagine a period of info-fascism, in which federal laws are imposed and enforced to stifle discussion of trademarked brands. There's certainly precedent. The Church of Scientology has silenced certain critics with trademark-infringement suits. Apple, the same company that let George Masters roam free, sued a blogger to reveal the source for leaked trade secrets. After the 2004 election, Diebold sent cease-and-desist letters to Internet service providers hosting sites that accused the company of vote fraud.

And, of course, there is that little outfit called China, which has erected a vast human and electronic police state to repress free expression online. But all of these institutions, Vaidhyanathan says, are shortsighted. Their long-term interest is to cultivate trust.

## Total surveillance society

"We're entering a total surveillance society," he says. "It's not just individual citizens being watched at all times, its every firm, every politician, everything we do and say is being recorded and indexed and searched, and firms have to recognize that there are millions of eyes watching them at all times now. So instilling trust is the most important thing a company can do right now. And that's not easy. Advertising as we know it might not quite work anymore."

Now there's a thought.

If the conversation is dominated by consumers themselves, and they're paying scant attention to the self-interested blather of the marketer, who needs ads -- offline, online or otherwise? This raises the question of what agencies are left to do.

Maybe the answer is obvious: to manage, focus, exploit, maybe even co-opt the open conversation. The real question may be whether the agency world is culturally equipped for the task.

## Controlling the marekting message

No, for those who have made a living by creating, refining and absolutely controlling the marketing message, suddenly surrendering control to the teeming masses will not only be difficult but surely terrifying -- a fact that almost, but not quite, makes Buzzmachine's Jeff Jarvis sympathetic as he launches into his mantra. He manages to contain himself; no white goo is evident. But to appreciate his zeal, it may help to imagine him rubbing his hands together, with no assistance from a bathroom hand dryer, cackling maniacally.

"The No. 1 lesson of the Internet," he says, "whether you're Howard Dean or a media company or a marketer, is that you have to give up control to gain control.

"Scary? Of course it is. So is being wrong."

Hand it to Andrew Robertson, then. The chairman of BBDO Worldwide says there's no point resisting the overwhelming forces of democratization.

"We can either treat it as a problem or treat it as an opportunity," he says. "You can't fight what consumers want to do. What you have to do is find a way to work with that and exploit that."

Yes, but just wondering: exploit it precisely how?

"Ummmm," Robertson says. "Ooof. Boy, you're right. It is a tough one."

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