Editorial

Marketing the Pinball Way: Understanding How Social Media Change the Generation of Value for Consumers and Companies

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"He stands like a statue, becomes part of the machine. Feeling all the bumpers, always playing clean. He plays by intuition, the digit counters fall. That deaf, dumb and blind kid sure plays a mean pinball!" – From the lyrics of "Pinball Wizard," written by Pete Townsend, from the album Tommy

In the mid-2000's, the marketing challenges resulting from digitalization seemed to have been met. Many firms had created a Web presence and were beginning to successfully understand how to maintain and update these sites. A number of firms were communicating with email, and many had even accepted the existence of negative customer comments on review sites like Amazon. What few suspected at that time was that the challenges of digitalization were only beginning to disrupt marketing. When Facebook opened its doors to the general public in 2006, the power of social media began to influence consumers and businesses, and has continued to do so with breathtaking speed. In the summer of 2013, the top three Web sites in terms of traffic are Facebook, Google, and YouTube — either dedicated social network sites or platforms that feature strong social networking elements. One out of seven persons on our planet is currently an active member of Facebook, even though the site is not accessible to those under 13 years old, nor is it accessible in China, the world's most populous country.

This dramatic growth of social media has impacted business processes and models in ways in which managers, but also marketing scholars, have only begun to understand. One way to model the radical changes that social media introduce is the pinball metaphor (Hennig-Thurau et al. 2010), which suggests that marketing in a social media environment resembles the chaotic and interactive game of pinball, having replaced the linear and one-directional bowling approach to marketing. In addition to enabling a new way of thinking, the pinball metaphor also sheds light on how value creation processes and structures have to adapt to the new marketing environment if firms want to be perceived as beneficial by active and highly networked consumers. In this editorial article, we provide a review of the new environment and review the major implications for marketing managers and firms exposed by that illumination, showing how each of the articles in this special issue on "Social Media and Marketing" illuminates the new environment and its implications.[1]

Playing Pinball with Active, Networked Consumers

Traditional marketing resembles bowling: A firm uses its marketing instruments (the ball) to reach and influence consumers

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(the pins). Mass media (the bowling alley) function as mediators for marketing content; these media have to be carefully attended to because they can also influence the effectiveness of marketing actions. Social media change the picture — marketing is now better characterized as a pinball game (Hennig-Thurau et al. 2010). The pinball machine comprises the environment in which, as in the bowling metaphor, marketing instruments (the balls) are used to reach consumers (the various targets of the machine — bumpers, kickers, and slingshots).

There are two major differences that reflect the changes in consumer behavior that have been associated with the rise of social media: Increased active participation and a strong level of networked interconnectedness. As a result, consumers in the new pinball environment have much more power than they had in the old bowling environment, which shapes their behavior in the market place. Labrecque et al. (2013–this issue) offer an in-depth investigation of the evolution of this power and its impact on consumer behavior. Those empowered consumers not only receive messages like bowling pins, they actively participate via social media by sharing brand and product experiences with friends via status updates or even filmed reviews. Such consumer actions are immediate and often visible by large numbers of other consumers; they can change the intensity and even meaning of the original message in numerous possible ways. As a result, the ball is diverted, accelerated or slowed, and sometimes brought to a complete halt. Labrecque et al. (2013–this issue) introduce the concept of community-based power and argue that consumers can even seize the initiative in the game. Mass media in the form of slingshots and bumpers further increase the unpredictability of the game, multiplying social media episodes and providing the basis for future pinball activity.

How Pinball Affects Value Creation: Brands, Customer Relationships, and Selling

Most, if not all, of the mechanisms by which marketing creates value for consumers and companies are substantially affected by the spread of social media and the ensuing pinball effect. In the following, we illustrate how the mechanisms change for three key marketing assets– namely brands, customer relationships, and selling– and discuss some potential consequences.

Brand Management in the Pinball Age

One of the broadest implications of the pinball metaphor is that companies have, at least partially, lost control of marketing activities. Nowhere is the loss of control more critical than in the area of branding, where the firm strives to manage consumer reactions to brand-related pinballs in a way that is consistent with its goals. Gensler et al. (2013–this issue) suggest that the key for these firms will be to accept that the game has changed and to therefore co-create brand stories with active consumers, instead of continuing to do so autonomously. Gensler et al. (2013–this issue) point out that brand stories are essential in determining the meaning of brands, and they offer a powerful framework for how such stories are developed in the new pinball environment. Among those requirements that are central for successful branding

in the social media era are monitoring the pinball machine and effective moderation of the brand story development process.

Monitoring the Machine. Given the cacophony of pinball activities taking place, the monitoring of the plethora of multi-media content from consumers deserves particular attention from companies (Gensler et al. 2013–this issue). The task does not end with issuing a new brand-related pinball, but requires following its course *very* closely. In addition to measuring the volume of social communication, managers have to keep track of the communication's content and sentiment, which enables them to immediately identify trends and crises (e.g., Schweidel and Moe 2012; see also Peters et al. 2013–this issue). Whereas the dominant approach appears to be to use quantitative measures involving artificial intelligence, a promising alternative might be to apply netnography (Kozinets 2002) to understand changes in brand sentiment and image.

Active Moderation. A second key challenge for brand management in these pinball times is to change from solo creators to cooperating moderators of the development of the brand story (Gensler et al. 2013–this issue; Godes et al. 2005). Such moderation is demanding, as it requires balancing the stimulation of consumer brand engagement while steering that engagement in a direction that is consistent with the company's interests. Being overly restrictive can reduce engagement, while too little restriction can result in an inconsistent and thus a confusing brand story — the flippers must be handled deftly. This cooperation is new territory for brand managers, and little generalizable knowledge exists regarding the handling of the moderation process. A powerful example of effective moderation is Procter & Gamble's Old Spice campaign, which first managed to create engagement through provocative videos for the worn-out brand and then steered this engagement through a "response campaign" in which 186 videos were filmed, each of which a response to an individual fan's Twitter or Facebook comment (Kalamut 2010).

Moderation is also critical when negative comments escalate into a crisis that threatens the brand, the biggest threat associated with social media by managers (IBM 2011). With millions of consumers able to articulate negative experiences with and attitudes about goods and services, such social media crises occur all the time, but their extent and impact differ dramatically. Few crises become as widely known as Singer Dave Carroll's painful service experience with United Airlines, which he summarized in the song "United Breaks Guitars" that pinballed all the way to viral status. The business impact of such social word-of-mouth is not yet well understood; the few existing findings indicate that social word-of-mouth can impact diffusion patterns (Thurau et al. 2013), product sales (Rui et al. 2013), and companies' market value (Bollen et al. 2011). None of these studies investigated crises in particular, so many unanswered questions remain. Given their heterogeneous nature, companies need to learn how to identify those bumpers and balls that have the strongest threat potential.

Once a crisis develops, effective strategic reaction requires an integration of brand management and individual customer

management (see Gensler et al. 2013–this issue). Communication has a strong de-escalation potential, but can also inflate the problem. When Nestlé was criticized by users for its use of palm oil, the firm reacted by deleting critical posts, arguing "It's our site, we set the rules." Such an authoritarian communication style ignored the co-creative, interactive nature of the pinball environment and thus led to an escalation of the crisis rather than solving it. Social media research might benefit from researchers who have studied complaint management (like Stauss and Seidel 2004), although consumer voice in the pre-pinball age usually lacked the public, chaotic character of the current environment.

Managing Customer Relationships in the Pinball Age

The pinball metaphor also implies substantial changes for the management of customer relationships — if done successfully, the key bumpers (i.e. social media opinion leaders) act in a way that helps the company to achieve a high pinball score. Malthouse et al. (2013–this issue) utilize the term "social CRM" to describe managing customer relationships in the pinball environment, introducing a social CRM house that combines foundational elements of general management (namely, strategies, people, information, and metrics) with combinations of engagement and CRM processes.

Social media enable relationships to be managed on the level of the individual consumer, something that is especially important but also challenging for firms that have not yet had one-by-one relationships but have only managed anonymous customer segments. Engaging consumers in such potentially valuable interactions is not easy, as there is a large number of brands and companies striving for consumers' limited time, attention, and emotional resources. Thus companies need to learn what kind of social CRM leads to consumer engagement. Research suggests that interesting and arousing content helps (Berger 2011; Berger and Milkman 2012) but this might be too vague to be of managerial value.

One key characteristic of social media is its informal and personal nature — consumers share their likes and loves with others through networks and might expect something in return from their befriended if not beloved brands. Celebrities like Ashton Kutcher are successful because they share private perspectives with their social media friends. What could be the equivalent for CRM managers? Microsoft was successful when they let Robert Scoble chat about company insights in a very personal and sometimes critical way; as "Chief Humanizing Officer" (*The Economist* 2005) Scoble helped the company to be perceived more favorably by the public. Whereas social communication is valuable when authentic, value offered by CRM and social media managers (or agencies) is today often confused with short-lived gimmickry.

Selling and Transactions in the Pinball Age

Firm revenue is directly driven by sales and the activities surrounding transactions. How can the pinball machine be used to influence sales transactions, in addition to building brands and to managing long-term relationships? Yadav et al. (2013–this

issue) argue that the answer is tightly linked to the emerging concept of social commerce. The authors define social commerce as "exchange-related activities that occur in, or are influenced by, an individual's social network in computer-mediated social environments" and stress its different facets: marketing activities designed to stimulate transactions and other activities intended to influence consumers' purchase decisions, but which are directed at other stages of the decision-making process.

Transaction-focused social commerce involves the direct use of social networks in selling products. In other words, can the pinball machine be transformed into a digital shopping center? Attempts by firms to sell products via Facebook have been mostly unsuccessful (e.g., Nordstrom, Warner Bros.), but Yadav et al. (2013–this issue) suggest that these failures might be the result of contextual factors rather than general ineptness. Recent innovations by Facebook such as the "Gifts" option indicate that a potential for success exists if transaction-focused social commerce is done competently.

Information-focused social commerce includes the product evaluation by the potential buyer's friends, as is implemented by Amazon or the Google Play retail platform. Initial research has shown that such social effects influence key success metrics such as customer retention (Haenlein 2013; Nitzan and Libai 2011). Fully understanding the effect of information-focused social commerce would benefit from isolating the effects of social word-of-mouth from other kinds of word-of-mouth such as standard, anonymous Amazon reviews. Yadav et al. (2013–this issue) note that teasing apart social from other word-of-mouth effects would be valuable, particularly if the mobile component of social information is considered.

Pinball Requires New Methods and Measures

Keeping score in bowling is not the same as keeping score in pinball! The changes to marketing strategy and actions in the new pinball environment imply that we need to collect new kinds of information to guide the firm's handling of the pinball machine. The new information is needed to evaluate marketing performance in a way that adequately captures the elements of the new paradigm such as the interconnectedness of customers and their active role in the marketplace. But what are essential metrics or key performance indicators of pinball marketing?

Peters et al. (2013–this issue) suggest that such metrics are needed for four different facets of the pinball environment — consumer engagement motives, the content generated by consumers, the structure of the consumers' network, and consumers' social roles and interactions. The authors derive nine guidelines that companies should consider when choosing their set of social media metrics.

In addition to adding new metrics to their dashboards, companies should also consider redefining existing metrics on the level of the individual consumer, such as customer lifetime value (CLV) (Berger and Nasr 1998). Although some traditional models of CLV and customer equity already include some word-of-mouth elements (Hogan, Lemon, and Libai 2003), these metrics are not fully able to capture the viral

dynamics that are inherent to the pinball environment. Customer metrics have to better account for the influence score of consumers (Nitzan and Libai 2011). In today's networked economy, people who reach and actively influence thousands or even millions of people through their status updates or tweets might not buy a company's products at all, but have a much stronger impact on the company's prospects than some heavy shoppers. Metrics such as the Klout score have been developed, but are generally used in isolation instead of being integrated with customer metrics. As an example, in March 2013, American Airlines opened up its Admirals Club lounges to influential flyers, regardless of whether they were customers of the airline (Hoang 2013). Similarly, Kumar, Peterson, and Leone (2007, 2010) have suggested customer referral value as a separate metric. The ideal solution would be to integrate purchase-focused and holistic influence-focused metrics, but such an integration would require deep knowledge of the business impact of social networks.

Pinball Affects Organizational Processes and Structures

Marketing can be practiced by a single individual, but is mostly embedded within an array of organizational activities. Thus, effective pinball must be understood as a team sport — an insight that was boldly underlined by numerous social media practitioners during the thought leadership conference that led to this special issue. Consider a social media crisis whose development is usually determined within its very first hours. Social media managers need to be capable of identifying the threat potential of a crisis, of responding whenever the crisis breaks out, be authorized to offer competent and substantive answers to sometimes fundamental problems, and have access to a variety of resources. Can the marketing manager (or even the CEO) be contacted if the crisis breaks out during a weekend or vacation period? Inflexible routines do not allow such reactions, which imply cross-functional communication, and cultures often are built on the assumption that it is the company who sets the agenda of activities, not the tweeting customers.

Firms have not yet allocated substantial budgets for learning how to play pinball (Owyang et al. 2011), nor has academic research shed much light on the organizational adaptations required for success in the new pinball environment. Two studies in this issue shed initial insight into this far-reaching and complex matter. Weinberg et al. (2013–this issue) focus on the concept of social business and offer arguments why transforming organizations into such social businesses is a promising move, stressing the powers that are set free when firms substitute silo-type structures by more cross-silo collaboration, and when employees are enabled to display expressive individuality. They illustrate their ideas by referring to Dell's transformation toward a social business, which included the "social media accreditation" of a large number of employees and the development and execution of new metrics. In addition, Malthouse et al. (2013–this issue) also shed light on the role of organizational elements for mastering the challenges

that social media bring for customer relationship management, stressing the need of an empowered culture and skilled employees, among other things. Those wide-ranging organizational implications of social media can guide firms which now outsource their social media activities to agencies along their way to becoming powerful pinball players.

Conclusion

As a result of the dramatic changes social media bring, the marketing world needs to move from bowling to pinball. This special issue addresses key implications of this necessary transition including the rise of consumer power, the co-creation of brand stories, the new social-CRM, the invention of social commerce, the need for new metrics, and the necessary organizational adaptations in a pinball world.

The implications of the paradigm shift from bowling to pinball are far-reaching not only for marketing managers and companies, but also for the marketing discipline itself. To keep in touch with the marketplace, scholars in every area of the marketing discipline need to understand the implications and consequences of the new paradigm. Playing pinball ourselves might be a good place to start.

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