

Learning from Web 2.0 (Without the Web)

By Susan Kuchinskas

published on BNET.com 5/15/2007

Web 2.0 techniques aren't only for tech-drenched startups. The basic ideas can be applied by almost any company, even without using any Web 2.0 technology. Some of the core principles of Web 2.0 are:

- **Mix and Match:** Data or applications can be combined in new ways to create new opportunities.
- **Distribute Widely:** Instead of waiting for customers to come to you, release products or services where customers already are.
- **Enable, Don't Control:** Instead of forcing customers to do things a certain way, make it easy for them to do it in whatever way works best.

Here's how some clever companies have applied these philosophies in offline environments.

Mashups

In the Web 2.0 world, mashups combine two data sources or services to create a new one. One of the earliest experiments involved adding imagery from Google Maps to Craigslist, the personal classifieds service. With the resulting hybrid, consumers could see just how far they'd have to drive to pick up items that were listed for sale. Both companies benefited from the arrangement: Craigslist made its product easier to use, while Google benefited from the expanded distribution of its mapping service.

Though they don't use the term themselves, Yum Brands, the global fast-food restaurant operator, was an early mashup pioneer. In 1995, Yum began what it calls multibranded units — restaurants that offer two different fast food brands, such as a Taco Bell and a KFC, under the one roof.

Co-located restaurants offer customers more food choices, which is especially convenient for families. That, in turn, translates to higher sales for mashup restaurants. The strategy also enabled Yum to open new stores in urban areas, where real estate is costly, as well as in rural areas where a single restaurant wouldn't produce enough sales to justify the location.

Today, the company operates more than 4,500 restaurant mashups. While Yum doesn't break out sales for multibrand restaurants, the company says the strategy has been key element of its domestic expansion.

Syndication

Forget about location, location, location; today it's distribution, distribution, distribution. Under the old Web model, content was only available from a central location — usually a website — that users had to visit in order to use a service. With Web 2.0 comes the syndication of content via RSS or Atom feeds; people can receive whatever content they're interested in — blog posts, audio files, video files, or data reports — automatically.

In a similar way, most retailers still make customers come to them, during normal business hours, in order to shop. Ecommerce addressed that problem by shipping merchandise to people's homes, but Netflix, the online movie-rental store, took the idea to the next level.

To be sure, Netflix has a snazzy web-based ordering system, but the company's real genius lies in the way it distributes DVDs using the old-fashioned postal service. Customers make a list of movies they'd like to rent, and Netflix sends out the DVDs in the mail. Renters can keep a DVD for as long as they like, and when they return it — using Netflix's innovative packaging, which turns into a postage-paid return envelope — the company sends them the next movie on their list. This keeps a continuous feed of pre-selected movies arriving as fast as customers can watch them, putting an end to tedious hours spent browsing the aisles of the local video store. Turning people's homes into video rental stores helped Netflix increase its subscriber base by 51 percent in 2006, with revenues up 46 percent, to \$997 million.

Personalization

Allowing customers to tailor products to suit their preferences makes the product more useful and increases users' interest in it. Web 2.0 encourages personalization and customization: protocols like XML make it easier to display online content in a variety of ways. For example, when fans of the online photo service Flickr post their pictures to the site, the photos can then be displayed on Flickr's site or on the users' blogs or personal web pages. Likewise, when someone subscribes to a text-based RSS feed, it's then possible to read the feed via a web browser, a dedicated feed reader, or a mobile device or smart phone.

Personalization is hardly a new idea, of course, but in recent years it has become a powerful way for creators of new products to differentiate themselves. The creators of the TiVo personal video-recording device revolutionized the experience of watching television by making it easy for users to record whatever shows they want for playback at whatever time they want (while also fast-forwarding through the commercials). The product inspired such enthusiasm that fans began using the company's name as a verb: to "Tivo a show" means to record it for later viewing.

In the market for high-end baby products, Dutch-based Bugaboo has made a splash by introducing a versatile stroller called the Frog that adapts to the needs of both children and their parents. Thanks to an innovative design, the Frog's click-in seat can be positioned facing forward or backward, or it can be removed entirely for use independent of the stroller's frame. The big wheels offer a smooth ride

on city streets or hiking trails, and optional accessories such as cup holders and detachable diaper bags make life more pleasant for harried moms and dads. Since 2002, Bugaboos have become a must-have item for stylish urban parents — despite the fact that they cost three times as much as more traditional strollers.

Mass Collaboration

Web 2.0 technologies embrace the idea that the more people use a service or application, the stronger and more valuable it becomes. That can be an active process, as in the case of the Wikipedia, YouTube, or MySpace, which are largely built around user-generated content. But even relatively passive tasks — such as voting or marking pieces of content as favorites — can have tremendous value when data from these activities is compiled to identify crowd-pleasing content or to reveal subtle relationships between seemingly disparate things.

Mass participation has powerful appeal offline, as well — as evidenced by the continuing success of Fox's American Idol talent show. Contestants on the show are drawn from the ranks of America's as-yet-unknown wannabe musicians, and after some initial screening by a panel of judges, the show's viewers select a winner from among 10 finalists by calling or text-messaging to vote for their favorites. Fans made American Idol the top-ranked show on television in 2006, and they seem to have a good eye for marketable talent — candidates from the Idol competition, including Kelly Clarkson, Clay Aiken, and (yes) William Hung have gone on to sell more than \$100 million worth of recordings.