Punching above their weight with Web 2.0: the rise of the gifted amateur

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BIOGRAPHIES

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ABSTRACT

In this paper we examine how SMEs run by individuals we have termed 'gifted amateurs' are drawing upon Web 2.0 technologies in order to 'punch above their weight' in terms of reputation and in their dealings with larger competitors and customers. This means that they can appear to be more dominant in their sectors than they really are. Our findings are based upon the early results of an ongoing research project in which we have surveyed 400 SMEs in the London area and drawn up a number of detailed case studies of innovative online marketing initiatives. We show how the Internet has created mechanisms whereby these gifted amateurs can raise their business profile in a systematic way through blogging, online networking and judicious use of search engine optimisation techniques. Our findings suggest that competency in Web 2.0 marketing offers gifted amateurs a skills advantage when competing with larger organisations whose managers are often prevented by their IT departments from dabbling in 'amateur' or 'experimental' web-based technologies.

INTRODUCTION

In this paper we examine how SMEs run by individuals we have termed 'gifted amateurs' are drawing upon Web 2.0 technologies in order to 'punch above their weight' in terms of reputation and in their dealings with larger competitors and customers. This means that they can appear to be more dominant in their sectors than they really are. Our findings are based upon the early results of an ongoing research project in which we have surveyed 400 SMEs in the London area and drawn up a number of detailed case studies of innovative online marketing initiatives. We show how the Internet has created mechanisms whereby these gifted amateurs can make use of other people's connections to raise their own business profile in a systematic way through blogging, online networking and judicious use of search engine optimisation techniques. We argue that competency in Web 2.0 marketing offers these small firms a skills advantage when competing with larger organisations whose managers are often prevented by their IT departments from dabbling in 'amateur' or 'experimental' web-based technologies.

More specifically, the analysis that we put forward is based on the following main strands of evidence:

Telephone survey	Completed by 400 SMEs in West London from the food, logistics, Internet and media sectors. There were 205 micro businesses, 140 companies between 10 & 49 employees and 33 companies between 50 and 249.
In depth interviews	30 detailed case studies compiled of 'early adopter' small firms using Web 2.0 marketing techniques

We begin by summarising the characteristics of small businesses in general and our gifted amateurs in particular. We then review what we have learned from our research so far about the ways in which the latter are using web 2.0 technologies to 'punch above their weight'. The implications of these strategies for business growth are discussed in more detail in Harris and Rae (forthcoming), and the operational marketing techniques that they are pursuing are explored in Harris and Rae (2007). We draw upon a number of examples from our case studies to compare and contrast the 'gifted amateur' approach with prevailing marketing strategies in the corporate sector where the organisational IT policies tend to be far more restrictive of such experimental initiatives. Our findings suggest that traditional models of the diffusion of innovation are not appropriate in these circumstances, and we present an alternative model based upon our empirical evidence. At this stage our conclusions are speculative as they are based on a small sample of corporates, so we aim to investigate their marketing initiatives in more detail for the next stage of our research.

Small businesses, the Internet and the role of the Gifted Amateur

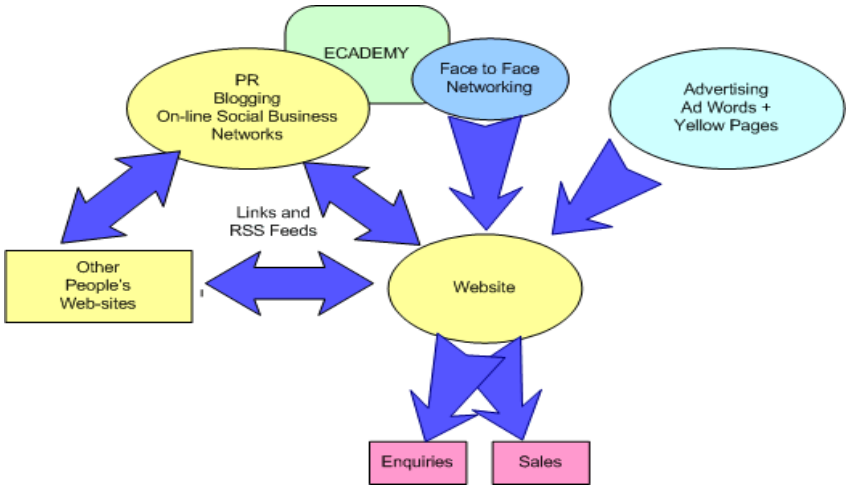
The SME sector accounts for 46.8% of employment and 36.4% of total turnover in the UK (Small Business Service, 2006). SMEs are therefore an important component of the economy, but research shows that they tend to fail at a disproportionately higher rate than larger firms (SBS, 2003). Historically, SMEs have been shown to struggle under resource constraints; often lacking capital, skills and technical knowledge which means that their investments in new technology can offer disappointing returns (Levy and Powell, 2003; Simpson and Docherty, 2004; Fillis *et al*., 2004). Our research suggests that Web 2.0 technologies offer SMEs the opportunity to help overcome these traditional barriers, and we challenge traditional models of technological adoption (Rogers 1995) in which SMEs are considered to be

relative latecomers or ‘poor relations’ in comparison with larger organisations when adopting new technologies.

Specifically, the Internet provides leverage for small businesses because it has massively reduced the cost of marketing versus the traditional promotional mix. It has created mechanisms whereby individuals can make use of other people’s connections to raise their own business profile in systematic ways through blogging and online networking. The gradual growth in understanding of how online marketing works with today’s increasingly functional web 2.0 technologies has allowed our ‘gifted amateur’ small business owners to ‘punch above their weight’ in a competitive environment. We have interviewed owner managers from a number of these firms. Our findings indicate that many small businesses tend to face some difficulty in that while they are delivering they can’t sell, and while they’re selling they can’t deliver. For our interviewees, the way out of this dilemma is to create a marketing process that effectively automates the prospecting process so that a flow of warm, qualified leads is generated. This process usually needs to be carried out as inexpensively as possible because of the resource constraints described above. The Internet gives small businesses the opportunity to get much more leverage than was possible in earlier times, for example the website can be used as the ‘hub’ of a marketing ‘wheel’ which allows qualified sales and enquiries to be generated. However, customers do not easily find the web-site on their own, they have to be driven there. In essence, our gifted amateurs are grappling with the fundamental principles of marketing, which is a matter of working out what the ‘story’ is that connects them with a key set of customers, and then going about the business of telling that story as part of an ongoing, integrated online and offline marketing campaign.

The diagram below illustrates a number of ways that the gifted amateurs we studied are doing this. We have discussed the particular marketing techniques they have adopted elsewhere (Harris and Rae 2007) but the key point is that material is being easily created by our gifted amateurs with free blogging software and effectively fed to strategic points such as the web site front page, using a technology called RSS (Really Simple Syndication). Interested parties can pick up the feed and automatically receive any further words of wisdom or other communications that originate from that source. So it is possible to pick up a discussion thread that is going on in a blog and reproduce it in a content aggregation tool like a Squidoo lens. This effectively means that the ‘switched on’ marketer can make the same information appear in various different locations, all of which can be arranged to point

back to the same source. This boosts traffic to their website and hence its Google page ranking rises, making the business appear bigger and more influential than it actually is.



Our gifted amateurs have the necessary ‘can do’ attitude to succeed in this fast changing environment. They combine good face to face personal skills with both an understanding and appetite for the e-enabled world. They are more interested in exploring ideas and connecting with people than building an empire, and their watchword is ‘just enough’ IT structure. This means that they will seek to minimise the costs and complexity associated with technology, and generally favour laptops, mobile phones and basic networks over dedicated servers and bespoke systems. The gifted amateur explores new technologies as they become available – adopting the ones that seem useful, and discarding the ones that are not. Working on interesting projects is the driver, and change is viewed as an opportunity rather than a threat. They gather knowledge of how things work, package it and make it available to interested parties. They collaborate with others to address specific knowledge gaps, but are also realistic about the extent of the expertise that they can acquire and are prepared to outsource technical tasks where necessary.

With the progressive reduction in freedom for manoeuvre accorded to those who work in the academic and corporate worlds, the increasing redundancy of middle level, middle aged knowledge workers in these sectors, dissatisfaction with corporate life or desire to improve the work/life balance, the numbers of those who are potentially interested in working in the ‘gifted amateur’ space are growing. Corporate

restrictions are almost ‘forcing’ knowledge workers to the web, in order to find more efficient methods of achieving their daily tasks. The ubiquity of Web 2.0 sites, ease of use of the applications and the associated reduction in training and infrastructure costs make a growing case for more people to work in this way.

A recent article by Mulholland (2007) expressed concern about the prevailing relationship between corporates and new web-based technologies. He noted that corporates tend to react either by ignoring pressure to change or trying to control it through heavy handed policing and ‘lock down’ policies:

> *“Neither approach looks set to succeed against the overwhelming user demand for such services. Much like the data centre manager having to come to terms with the PC and networked IT replacing standalone computing, today’s CIOs need to wake up to the opportunities as well as the benefits that this new type of technology and its users can bring…as IT literacy continues to grow and the iPod generation begins to reach the boardroom, CIOs must work to shift the role of their IT departments from helpdesk to user enablement, and refocus on a new role of organising and orchestrating enterprise processes and procedures.”*

In contrast to these restrictions on creativity within the corporate world, our gifted amateurs clearly have far more scope to take advantage of recent developments in Web 2.0 technology and ‘punch above their weight’. A report by WebTrends (2007) found that only 5% of UK corporations blogged on a regular basis, and only 4% made use of podcasts. In the US the situation was similar, with blogging only carried out by 6% of the Fortune 500 companies. Leadbeater (2007) sums up the current situation well:

> *“Sitting in your office at Microsoft, working your socks off, meeting constantly updated plans imposed by impatient managers who want you not just to deliver relentless growth but to do so with a smile on your face, while endorsing all the nauseating corporate brand speak, it must be bewildering. You are being beaten by a bunch of people who mainly work from home, create products for free, because they enjoy it and with no one telling them what to do. When you are on a plane to Redmond, Seattle, Microsoft’s head quarters, to account for your latest deviation from the corporate plan, hoping*

to save your bonus, these open source guys are probably in the pub, and they still do a better job. How did that happen?"

In the table below we have summarised some specific observations from our research which highlight the differing ways in which gifted amateurs and large corporates are approaching web 2.0 marketing against a range of criteria. At this stage we have just three detailed corporate case studies upon which these observations are based. The next stage of our research will develop this aspect in more detail.

	Gifted amateurs	Corporates
Agility	Freedom to test free or cheap web-based tools as they become available. Business owner is empowered to make decisions as and when required. Complete autonomy on the computing environment	Tied into complex and bespoke IT systems and traditional organisational structures. Permission required for change, which might take time and disrupt the existing complex environment and thus may not be granted at all.
Security	Are not bound by corporate 'red tape' on security policies. More willing to take risks in this area through 'trusting' others in the Web 2.0 world. Privacy is not a perceived issue.	Social networking regarded as threat to system via spam, phishing etc. Also concerned about the lack of control on how others will use the data on a social network. Fear that trade secrets might be given away. Downloading from web is prohibited or restricted. Hence 'lock down' policy is implemented to enforce control.

Creativity	Willing to experiment to add spice to the promotional mix, for example with tools such as Second Life, Skype, Twitter, YouTube, Google Maps, Pownce or Podcasts.	Limited by IT policies and a fear of sensitive data being breached. Corporates tend to live in “walled gardens”. Creativity is supposedly ‘incubated’ in house, using out of date tools which often stifle creativity, such as the Web CT online learning platform in Universities.
Acceptance of change	Actively sought and encouraged. The existing environment is constantly changing. How can things be done quicker, cheaper and faster?	Regarded as threatening and disruptive Unwilling to change the status quo, on the basis that “if it ain’t broken don’t fix it” Change is perceived to be ‘expensive’. CIOs do not welcome that.
Tolerance of ambiguity	High. Prepared to try out experimental technologies. Prepared to ‘fall off the horse’ and get back on again. Learn from mistakes	Low. Guided by specific rules of IT policy. Want to be sure a system will work before committing to it. Again, fear of failure and bad publicity to the firm.
Expert IT knowledge	Enough IT skills to ‘pick and mix’ technologies that work for them, seeking expert assistance where necessary. Gifted amateurs are ‘generalists’.	Contained within IT departments.Tends to be specialist in nature, very few ‘generalists’ or ‘jack of all trades’

	Knowledge is gained through open collaboration with others on any IT issue	No open collaboration.
Culture	Collaborative, open, knowledge is for sharing. Motto is 'givers gain', meaning proactively offering help to others without expecting a specific return.	Knowledge is power, 'sharing is a curse'
Brand image	Reputation based upon owner's expertise which can be showcased via blogs and google profile "My Business, My Story"	Adhere to corporate standard. Concern that inappropriate blog posts by employees or customers might damage brand and reputation
Level of financial investment in technology	Low.	High, through support costs
Implementation of tools	Perceived to be easy	Perceived to be difficult

Discussion

The above observations on corporate attitudes to experimental technologies are supported by the following quotation from a corporate security policy which was drawn up in accordance with national guidelines:

"Any non-professional use of mobile equipment facilities is strictly forbidden. This includes, but is not limited to the following:

- *Any changes to the standard Internet/Intranet browser configuration.*
- *Any use of the mobile equipment with internal or external modem or GSM phone to access the Internet while the mobile equipment is attached to the network.*

- *Downloading and/or installing personal software, shareware, freeware, games, etc. into the computing equipment.* ***ONLY*** *the IT department can install new software.*

- *Installing without IT support any non-standard devices such as Personal Digital Assistants, digital cameras, printer/photocopiers, scanners, etc. without the express permission of the IT department*

- *The use of passwords in any automated log-on process.*

- *Employees are not allowed to subscribe to payable information services at the company's expense without prior management approval.*

- *Internet access can be restricted or limited at any time without any prior notice. It is crucial to the business and the reputation of the company, that employees comply with the rules on the use of the Internet since the Internet access is not anonymous and can be traced back to the company.*

To ensure compliance with the policy, the IT department reserves ***the absolute right*** *to reload the standard computing environment at any time. The IT department reserves the right to remove any unauthorized software without any prior warning to the user.*

Any illegal or inappropriate use, as described in section 4, of the policy constitutes a breach of the terms of the employment and may result in dismissal and criminal prosecution".

Source: Desktop Computing Policy, 2007, Section 4 – Inappropriate Computing Usage

Of course it is rightly to be expected that companies should take security and privacy seriously, but the total 'lock down' policy as described above removes any scope for creativity and innovation. The BBC is very cautious about blogging because of the danger of losing its impartial stance on news coverage, but its blogging policy is much milder in comparison to the above:

"When a blogger clearly identifies themselves as a BBC person and/or discusses their work, the BBC expects them to behave well when blogging, and in ways that are consistent with the BBC's Editorial Values and policies. Many bloggers, particularly in technical areas, use their personal blogs to discuss their BBC work in ways that benefit the BBC, and add to the 'industry conversation'. These guidelines are not intended to restrict this, as long as confidential information is not revealed." BBC Blogging Policy, 2006

Some of our gifted amateur interviewees (many of whom had a background in the corporate sector themselves) were heavily critical of the corporate attitudes towards the exploitation of Web 2.0 technologies. Here is a selection of their comments:

> *"You can't be opinionated in a corporate. Conformity is driven by paying the mortgage and the idea that you have to have a process for everything that is then written into software means you lose intimacy."* (Thomas Power, founder of Ecademy)

> *"In most corporates they have abandoned coffee machines. In Google they still have the free food and drink that means you can carry out informal trouble shooting. However corporates and the public sector hate informality. People don't use creativity – they come in with their skinny latte, sit at their machine and receive information and answer messages. You can't speak in a corporate – they've lost trust."* (Thomas Power, founder of Ecademy)

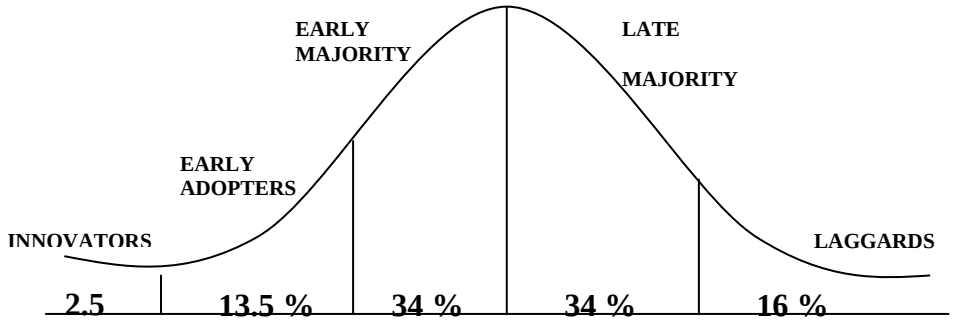
> *"It makes me laugh so much when the corporates say we don't believe in it, we've got nothing to say, it's too difficult to do, we have to get approval or, we've got the lawyers to think of. I think fantastic, don't do it! Because there are tons of small businesses out there that are better than you, but haven't got the large corporate advertising spend. Small businesses use Web 2.0 tools cheaply and get a foothold in the market. I don't care about the corporates, I care about people who have a passion for their business and that's usually the smaller people. (Heather Gorringe, founder of Wiggly Wigglers)*

> *"The corporates are building walls round their staff…they are afraid of spam, terrorism, fraud and phishing and they see that this is what social networks are full of. They hid behind their firewalls. I was at BT the other day talking to*

an IT director who said 'it's not safe for me to use Ecademy – you're in the red zone'. They say things like 'what's it like out there?' The only ones who come onto Ecademy are those who are expecting their interview with 'El Bow' the Spanish Archer…." (Thomas Power, founder of Ecademy)

These examples illustrate that corporate attitudes to new technology are handing a huge marketing advantage to more proactive and flexible gifted amateurs.

Finally, we would like to propose an alternative version of the traditional diffusion of innovation model based upon our research findings to date. (Rogers, 1995) provides a conceptual framework for analysing the rate of technological adoption. It suggests that new technologies are adopted at different rates which can be classified into a number of adoption categories. Roger's diagram below illustrates how the continuum forms a curve when plotted over a period of time, with the innovators and laggards at bottom ends of the curve, and the majorities representing the middle part of the curve.



This classification of adopter categories provides a useful way of simplifying the complexity of adoption patterns to explain broad group dynamics and trends. More recent work has advocated the Rogers model on the basis that it is easy to use and it provides mutually exclusive standardised categories through which results can be compared and contrasted. For example, Ram and Jung's (1994) study on adopter characteristics involved identifying 'use innovativeness' with personal computers, defined as the degree to which an adopter uses a previously adopted product to solve a new problem. They found that early adopters have greater levels of involvement with the innovation, and have higher usage variety than late adopters. For example, they used more features, options and software than early and late majority adopters did. Jacobsen (2000) suggested that early adopters tend to be use innovative and exploit the diverse variety of uses to which a computer can be put.

She classified this group of users as ‘enthusiastic beginners’ who were not necessarily highly skilled, but were nevertheless enthusiastic to use the technology and tackle a steep learning curve. Hamilton and Thompson’s (1992) study into the development of an electronic communications network illustrated that during the diffusion process, the role of the early adopters was critical as they made their adoption visible to potential adopters, and therefore influenced subsequent adoption. They recommended that network developers identify and encourage early adopters who will enhance the process of diffusion to others through their enthusiasm and example. There are clear similarities here with the characteristics we observed in our gifted amateurs.

Traditional models of new technology diffusion assume that the expertise of innovators and early adopters tends to reside within large organisations which have the skills and resources to exploit the innovation, with small businesses lagging some way behind. Our research with gifted amateurs in small businesses using Web 2.0 technologies suggests that the reverse may actually apply in this case. The following table summarises the particular observations from our empirical research as described in the previous section against the traditional Rogers categories.

Innovators are considered to be risk takers with a significant interest in innovation. They understand and apply detailed technical knowledge and possess the ability to cope with the uncertain future of the innovation. Despite the small size of this group, innovators play a crucial role in the diffusion process as they provide a catalyst for the more widespread process of adoption.	Gifted amateurs
Early Adopters represent an essential constituent of the adoption process because of their willingness to adopt an innovation and perceived status as role models. They decrease uncertainty about the adoption of the innovation and	Gifted amateurs

potential users look to early adopters for information and advice regarding the innovation.	
Early Majority is a large group which, once convinced by the experiences of the early adopters, provides a critical mass of users to project the innovation into the mainstream.	Corporates – Knowledge workers
Late Majority is another large group of 'followers' who approach innovation with a certain level of scepticism and caution, and often adopt it only in response to peer pressure. They expect the innovation to be established and have adequate support provided. In other words, any uncertainty needs be removed before the late majority decides to adopt.	Corporates – IT middle management
Laggards tend to be suspicious of innovation and expect a well established track record before they are prepared to make changes to established routines.	Corporates – CEOs, CIOs

Conclusion

To date we have concentrated our work upon the activities of gifted amateurs, but the next phase of our project will test the above model by focusing in more depth on the corporate perspective. We have highlighted the characteristics and practices of an emerging group of 'gifted amateur' early adopters who are taking advantage of the opportunities presented by Web 2.0 technologies. We have shown that exposure to the currently evolving tools of the Internet means that small businesses can take for granted modalities and means of Internet-based communication that are denied to people operating in the corporate and public sector environments. This does have the effect of limiting the effectiveness of how large corporate organisations can understand what's going on in the Web 2 area, since being able to deploy these tools effectively in a marketing environment requires a certain critical mass of

understanding about how they operate. In the Web 2.0 world the innovators and early adopters are most likely to be small firm gifted amateurs who are experimenting with new developments in technology in both systematic and creative ways.

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