Interviews

How to be friended and influenced by people — Interview with Terry White, Chief Innovator for Amway Japan

Terry White

was recently made Chief Innovator for Amway Japan, after five years as Chief Communications Officer. Terry comes from an interesting background — first as a career Army officer in military intelligence, and subsequently in diplomacy as a diplomat for the Australian Department of Foreign Affairs and Trade. He joined Amway in 2001 as the result of a chance meeting with a headhunter at the Japan Rugby Union. In 2006, he was seconded to Amway's headquarters in Grand Rapids, MI where he first designed the metrics set for Amway's global Business Intelligence initiative and afterwards led the Social Media team for the Global Web 2.0 project. He is a sought after speaker and has considerable experience in print, AV, direct response and digital marketing over the web and mobile platforms. He has lived in Tokyo for over 18 years with his wife Cheryl and family. His passions are food and wine, and he is an enthusiastic blogger and Wiki contributor.

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Abstract Michael Moon interviews Terry White, Chief Innovator for Amway Japan, on Amway's journey through brand and identity, innovation, analytics, mobile devices and best practices for building global brands through social networking.

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MM: Today we're with Terry White — Chief Innovator for Amway, Japan. Truly, a renaissance gentleman farmer of the 21st century, in terms of being a generalist — a master generalist — across many disciplines in the brand marketing and marketing operations.

Terry, if you would, let's start off with just a quick little summary in terms of Amway, Amway Japan and your current focus, and what you've been doing there.

TW: Sure. Amway Japan is a billion-dollar company. We serve roughly around a million distributors and customers. We touch the lives of maybe 20 million people in the course of what we do.

My role there for the last five years has been as the chief communications officer. That means picking up responsibility for all of our customer-facing communications — from print through video, websites, mobile, social media. All of it.

And being part of the executive team, trying to lead us back into a growth approach to the market. We've been around that billion-dollar mark now for a few years. It's time to move on and grow past that. The fact is, if we do our job right, we'll blow through double that amount

provided we stay committed to our value-proposition and passionate about our brand.

MM: One of the things that struck me, Terry, as rather unusual is that in North America, Amway has a certain brand as a function of its multilevel marketers. Usually somebody's friend or a family member try to sell them Amway products or sell them as a distributor.

But in Japan, at least my experience of the Amway brand in Japan and Korea and other parts of APAC is that the Amway brand has really emerged as a youthful, upscale, aspirational brand. It might even compete head-to-head with a Shiseido or a Clinique or an Estée Lauder, say for example, in the personal care products. Or basically top-flight consumer brands. Can you speak to that a little bit, and perhaps correct me if I've misrepresented that?

TW: Yes. I think all in all, that's a fair statement. At the same time, upfront, we've had some reputation problems in Japan, as well. For a start, we don't allow distributors to sell videos, tapes and DVDs — an issue that our business faces elsewhere in the world. So we can focus on getting great products to consumers.

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Our reputation for quality products is outstanding. Customer satisfaction is the order of way above 90 per cent. Do we compete with Shisheido and some of those other brands? We like to think we do. We dominate some market spaces. In others, we regard those guys as fair competition.

I think our brand is not where we want it to be. But rest assured that we are well on track to take it to the place that you describe. I think your statement is reasonably fair about where we're positioned.

MM: So as you're looking at how to grow — it's not just to grow Japan — but also to grow other areas of the Amway family... Is that right?

TW: Absolutely. The reality, Michael, is that the days where we could grow our business by expanding geographically are over. We're in well over 80 countries and jurisdictions. We're not going to get significant growth just by looking for other places to go.

Given that reality, we have to move to a place where we grow through innovation. We'll grow by bringing great products that consumers want to buy into the marketplace and helping our distributors sell those products to consumers.

That has to happen all around the world, now. In some markets, the challenge is in different areas. In Latin America, we just don't get the sort of market share numbers that we can be comfortable with. We've got to go out and reconfigure the business. In Japan, we actually have to find more people who want to run an Amway business. In other parts of the world, it's about keeping people in our business, and making sure that more people get to make more money earlier on, and are able to generate a retailing business.

So it's a global focus on three core strategies. Three strategic directions.

The first is we have to develop a culture based on innovation. The second thing we have to do is to become consumer-focused. For the last 20 years, we've been focused on our sales force. That's fine, but it's only one side of the coin. The third thing we must do is become performance-driven.

It is too easy as a marketer and a communicator to make decisions based on intuition. It's the old, "This is all about magic," and, "I know what copy works and I know what images work."

But that's not true. It's 90 per cent science. So we need the hard data. Ninety per cent science,

10 per cent magic. I'm there for magic — I support people who make magic every day. But at the end of the day, we have to become performance-driven.

MM: From a perspective of a CMO — and as you're looking forward — you've nicely summarized three broad-ranging dimensions of the company, in terms of focusing on innovation, and becoming more consumer-centric and performance-driven.

From a CMO's perspective, as they are now beginning to think through how to execute that strategy, what are some of the issues or constraining or hindering factors that you see against those three drivers?

TW: The problem that we face is just the increasing speed of the innovation cycle. Japan is a really good example of this. You know that major beverage suppliers in Japan are contracted to supply the five big convenience store chains with products every quarter?

What's happening? Let's use Coke as an example. Say Coca-Cola is providing 15 new products per quarter. Reformulations. Repackaging. Recampaigning. Per quarter. Into the convenience store format in Japan. You've been there. You know what the consumer interaction is with the convenience store format in Japan. What's happening is that the consumer is saying, "I'm loyal to you, but what have you done for me lately?"

I think innovation cycles are the greatest barrier to being successful — particularly for large global organizations. Just like the market entry barrier for start-ups.

Think about just the mobile phone market — you've got a new phone coming out every week. How do you get across a message about a device like that, that's different? Can you keep saying, "You can talk, and look cute on our phone. Love — Nokia"? I think cycles are the first major problem in innovation.

I think the second major problem with innovation — to tell you the truth — is expectation. As brand managers and brand ambassadors — we haven't done enough to manage the expectations of our customers.

In a 21st century environment where we're all connected to one another ubiquitously all the time, we're not getting across to our consumers our aspirations for our brands and our products and services. I think those are the

two major problems. I think those are the two key issues that Chief Marketing Officers really have to deal with.

I think from the perspective of consumer focus — the problem is, Michael, we're no longer in charge of our brands. My nutrition brand, Nutrilite, is not what I say it is, any more. It's what Google says it is. It's what Facebook says it is. It's what's happening on YouTube. The challenge for marketing is to come to terms with that reality and not deny it. Not get involved in more noise in the marketplace. It's to deal with that reality.

MM: You were saying that as we'd come back and look at consumer focus, we have to first of all acknowledge that the consumer now co-owns the brand or is now controlling many aspects of the brand.

TW: The consumer defines your brand. A brand is nothing more than an emotional interaction between product/service and a consumer. And there's a lot invested in that, and it's a very complex subject that you and I have spoken about many, many times in the past.

But the consumer is actually now in charge of the brand.

MM: Terry, I just ran across a great example that perhaps frames and clarifies and maybe takes what you're saying just one step further. As we think about brands — and I was thinking about going in and out of the six different coffee shops here on the street where our offices are in Oakland... It seems that there's a certain commitment to the brand experience. So when you go into a Starbucks or a Peet's, there's a certain level of commitment to the experience.

Not everyone shares the same level of commitment, but you could say one aspect of a brand — or one dimension of a brand — is a commitment to the experience of it.

TW: Absolutely.

MM: The other offsetting dimension of that is the degree to which that commitment has been socialized. How many communication interactions and collaborations have you had with others around the commitment to the experience?

If you think about this as an XY plot and that magic corner up there in terms of high commitment and high interaction, you have what you might call "Brand Theater." Where everyone has a role. They hit their marks. They

say their lines. And they create brand experiences for their other actors in the theater.

TW: Yes.

MM: It's how user-generated content and social networks create the value that users attract. Now it's just simply a matter of looking at brand theater as an intersection or interaction of — one — how many people have a deep commitment to the experience of the brand, and then, how many people interact with each other around that commitment?

TW: I agree completely. I have to say that the notion of "brand theater," brings to my mind the idea of master practitioners practicing an art. We all know that some people are good at theater and some people are not. I think that's true for brand, as well.

MM: That comes to another thing that I think you've done brilliantly. Excuse me for tooting your horn, here. One of the challenges that I see and have seen all around the world is how you communicate the value proposition of a brand to multiple stakeholders in one elegant phrase or brand-stand.

You developed this slogan called "*Growing Beautiful Together*." I thought that was brilliant. It spoke to growing the business — the Amway distributor business. It got to this underlying natural products, good ingredients and high-quality products. And as you've mentioned to me many times before, Amway is one of the largest manufacturers of green detergents. One of the largest manufacturers of natural ingredient personal care products and cosmetics. One of the largest manufacturers of herbal supplements and vitamins.

TW: Correct.

MM: So that whole notion of "*Growing Beautiful*," as opposed to "*Aging Gracefully*," is like you've collapsed or brought many dimensions into that one phrase. Many threads of a multi-stakeholder brand value proposition.

TW: Thank you.

MM: Yes. That was great.

The other thing about it that kind of syncs up to what we were talking about in terms of brand theater. Every effective brand tells a story.

The best brand stories not only have a beginning, middle and end — but they become part of the culture. Such that we have other people repeating and augmenting and making their own brand story.

TW: Yes.

MM: As we talk about consumer focus and how the consumer now has taken hold of the brand, this naturally kind of segues into social networking and social media. I'm curious what you've been up to in that area. Not the least of which, I should remind people that are listening in or reading this — Amway from the get-go was one large social networking platform.

TW: Well, we were the original social network.

MM: Explain that.

TW: The way that people interacted with one another. The way that people had friends and they had a desire to start a business. They wanted some supplemental income. They went out and found some products. We found some products that people wanted to buy.

People then began to proselytize the products and sell those products with a lot of passion to the people around them. Suddenly it turned into a huge business.

When I say that, it's not luck. But the fact was that we took on the shape of peoples' personal networks, and we didn't do this deliberately...

MM: But now that you've done it, it can be reverse-engineered, and can inform many things that we do online.

TW: Absolutely.

I think the place that I get to on this is, if we were the original social network, then the obvious place for us to play now is online in a similar social network piece. I've been spending some time maybe the last year or so — meeting colleagues from all around the world — looking at how we might do that.

How do we take that passion, the best parts of what we do and what we say? How do we take that and allow people to play in a brand space — inside a social media space that gives full range of expression to what people feel about us and our products and our business opportunity?

You have to be really careful about it. Apart from generating advertising revenue, I don't think anyone has yet been successful in putting together an effective business model for a company to operate in the social media space.

If you look at what people have done in FaceBook or MySpace or Second Life — none of it is stunningly exciting for the bean counters. There's not a whole lot of revenue flying around in that space without trying to dominate the consumer — without taking away the voice — without letting people feel free to express their

opinions and recommend stuff to one another. Or recommend against stuff.

How do you do it in such a way that you're not afraid of the outcome? How do you do it in such a way that you actually build confidence in your brand by having people interact about it? You're not going to get 100 per cent positive feedback. Certainly, any company that I can think of off the top of my head will not do that.

We've been spending a lot of time trying to figure out how we might do that. I think we'll get to a place pretty soon where we figure out how we bring in trusted experts outside of our organization to actually coordinate that emotional soup that social media represents. I think it will be a fascinating process.

I've got to say that unless we do it well, it could really backfire. But I have every confidence we can do it well. I see what people do in a social media space, and we've got teams of people out there who are actively trying out the different social media spaces. They're trying to figure out how to integrate all of these things.

If somebody would just come out with the ultimate aggregation tool that allowed me to bring all of my social media streams to a single screen and interact with them all seamlessly in a web services environment... That's where I think we have to end up.

MM: Yes.

TW: I'm pretty confident we can do it. And I'm pretty confident it's not going to cost a lot of money.

MM: Tell me about things you've been doing in Second Life — you spend some time in a female avatar out there. Right?

TW: Yes. I do. The reason I do that is not because I'm kinky or weird. The reason I do it is that it's a lot easier to walk around as a girl. You don't get bothered as much.

MM: Really?

TW: Yes. And people are a lot more friendly and open, actually. And the gear is much nicer.

MM: How has this informed you as a brand marketer?

TW: I think Second Life or any virtual experience, I think, is all around brand experience. For a company like ours, in that space, I think what we have to do is not try to generate a commodity trade. I think what we have to do is provide people with brand experiences.

We're not talking about operating Amway's business in Second Life. We're not talking about buying products and walking into shops and doing all of that sort of thing. The challenge for our creative strategists is to figure out how we make a virtual world — an Amway Brand experience that has meaning and relevance, and is not just some roller-coaster ride — or that I can test-drive what looks like a new car, or something like that.

How do you actually carry it off? The trouble that any actor has at any time. How do you actually carry meaning into that piece of theater?

MM: In the past, you'd mentioned or talked about the "Amway Experience Center."

TW: Yes.

MM: Can you share with us a little bit about some of the things you did there?

TW: In virtual environments?

MM: Yes.

TW: We haven't released it quite yet. The problem being that what we're trying to do is build the right expectations in our user community about what it will be, what sorts of behaviors we will tolerate in that space and how we allow people to freely interact.

One of the problems that we face in that environment is being too good. The more attractive we make it, the more meaningful we make it, the more we can take people to our farms and guide them through the way that we grow our organic ingredients, put them inside the production phase, or even talk about how we might indicate or demonstrate the effect of a particular supplement, or the effect of a particular cosmetic application...

The more attractive we make it, in fact, the more it becomes effective as a recruiting tool. We don't want recruiting to take place in that space. We respect what Second Life is about. We respect what the pioneers tried to set up.

And we respect the anarchy in the space. We're trying not to commoditize it. We're trying not to regulate or monetize the beautiful anarchy that exists in the Second Life space.

But it allows us to, 24/7 — around the world, regardless of age, location, geography or time — is to take people through the Amway Experience. To say, "This is what we stand for. If somebody told you we stand for something else, they're wrong. They're plain wrong."

MM: So what are the aspects of the Amway Experience?

TW: I think it comes down to a few things. I think you can count them on the fingers of one hand.

Amway offers a lifestyle experience to people — regardless of background, regardless of social status, regardless of education. Regardless of what you may have been up until now.

Inside that lifestyle promise, we bring great products to market — in terms of our nutritional supplements — that are all about optimal health. We bring great cosmetics to market. We make sure that people can get access to all of the things that they need to, to enjoy life to the full.

We bring social merit. We let people interact with one another. We let people share passion.

The most popular thing I do in Japan is still our recipe site. We have hundreds of thousands of people interacting with us every day around our pots and pans. That's a remarkably human thing to experience.

MM: If I understand what you've just said — because you've just dropped this little pearl... First, the brand is really a framework. It's a framework in which social interaction occurs. This social interaction occurs around values or facets of the brand.

As all of this is communication interaction around the brand, ultimately it tells a story. It weaves a story. Maybe one meaningful experience at a time.

But if we were to stand back and abstract, we'd say, "Yes. There is a story." There's the Amway brand story. Then there's the Artistry. The personal cosmetics story. Then there's the nutritional story. But it's all part of a larger narrative.

TW: Absolutely.

MM: As this narrative takes more concrete, visual expression in Second Life or other social media spaces, it really becomes visual storytelling. Visual or architectural storytelling. Three-dimensional storytelling. And people move through this narrative structure.

TW: Correct.

MM: In the West, we have this wonderful 3,000-year old tradition called Aristotelian Poetics. The Greek dramatists and so on. That basically gives us a pretty good set of DNA.

Conceptual DNA for how we move people through a story space.

TW: Yes.

MM: So there are some underlying principles. Some tried-and-true, transcendental, always-there facets of this story dwelling — to use another time we've used in the past. As people move through this story-dwelling at one level and a deeper level and a deeper level, the brand begins to take much more of a multidimensional living, breathing, it's-alive kind of dimension.

At some point, it almost takes on a life of its own.

TW: And it should.

MM: And it should.

TW: The worst thing that brand managers could actually want to do is own a brand. The brand belongs to the people that consume it. A brand is the sum of the emotional relationships that people have with a company or a product or a service.

MM: Yes.

TW: If you take that tradition that you so eloquently spoke about — I see it like a bit of a tapestry. If you look at the Bayeux tapestry, it's a remarkably brilliant creation. But from the perspective of art and from the perspective of how one interacts with it, it's very uni-dimensional.

If you think about how art changed and developed through the Renaissance and through the wonderful froth and bubble of the France of Louis XIV and through that whole enlightenment period — What began to happen to the experience of life?

The story that you're talking about — the theater that you're talking about — it's somebody telling me their experience of life or a life event. Whether it's painted, whether it's spoken theater, whether it's poetry or song — It's somebody trying to convey to me their experience of life or a life event.

MM: And in such a way that it evokes something in me akin to recognition.

TW: That's what separates us from the rest of God's creation. The fact that we have emotional responses to things we see and experience.

MM: Right.

TW: What happens as we look today in 2008 at the tools that we have as brand marketers and communicators — this thing is no longer uni-dimensional. It's no longer the Bayeux tapestry.

It's not the Mona Lisa. It's not Cubism. It's not the Theater of Molière. It's grown way beyond that.

What Second Life brings is not three-dimensional theater. Second Life brings five-dimensional theater. It allows people to interact with one another as they're experiencing that life moment.

MM: The key point, Terry, is that it's the interaction among them that produces most of the juice.

TW: Absolutely.

MM: Most of the value.

TW: In those social media spaces, you want to understand the tone and volume of the conversation. From my perspective, the more volume, the better. The more people talking in a social media space, the better.

What we're trying to measure here is passion. Whether it's positive passion or negative passion doesn't matter. The key point for brand marketers and companies is that unless you decide to take action about what people are telling you inside those spaces, you may as well forget it. They won't come back.

If they keep telling you that you need to change the design of that light switch and you don't do it, they'll stop telling you. They'll go away and they'll never talk about your light switch again. And soon it gets very dark.

The point is, that is what we have in the social media environment today. Through each of all the tools that are available to the brand marketer today, from the printed piece all the way through the catalogues through television through all of the media that we've been talking about — We're privileged enough to have the opportunity to occasionally listen in when people are now talking about their experiences with one another.

MM: Yes. Great.

So that would suggest one or two lines, here. One would be to drill a little deeper into the customer experience of the Amway brand. You'd mentioned in the past doing Air Chuggers and things like that.

TW: Yes.

MM: Or perhaps now it's time to make the hard left or hard right into the analytics. What are the appropriate analytics that underlie or undergird social media and the social networks?

TW: I love analytics. I just spent six months working on designing metric sets for our global business intelligence exercise. I've got to tell you, that was some of the most fun I've had in a long time.

Hey, I'm a communicator. What am I supposed to know about math? But the reality — as I said earlier on — is that what we do is 90 per cent science. If you don't understand your math and you're not dealing with the numbers and you do not understand what's happening, then you should get another job.

MM: The bridge for this, Terry, is a conversation that we'd had a while ago. You'd brought forward the distinction, perhaps from the ClueTrain Manifesto folks or whatever — that it's now a conversation with the consumer. Right?

TW: Absolutely.

MM: I said, "Yes. But the problem with the conversations is they tend to be talk-talk," without a lot of listening and intelligent response to what was being said.

TW: Yes.

MM: In the case that I was making in our conversation, then — from a marketer's perspective, yes. It's about listening. Yes, it's about having a conversation. But perhaps most importantly, it's about the fine and polished art of argumentation. That is an intelligent, logical, rational and civil way of responding to somebody who has not, "gotten it," yet — or who has a different point of view.

TW: And it's completely different from "reputation."

MM: Absolutely.

Reputation tends to lead to conflict. And shouting matches.

TW: Yes.

MM: All we have to do is turn on cable television to get our fill of that in 15 minutes.

TW: No one ever sold a packet of soap by arguing with somebody.

MM: That's right.

And media — and more specifically — most of the cable media or those "niche" kinds of programs — they sort for conflict. If there's no conflict, there's no story.

There's nothing wrong with conflict and there's nothing wrong with sorting for conflict. But there's more to life than conflict and polarization.

TW: Particularly if you're trying to market a brand.

MM: Yes.

It seems to me that as we begin to settle in and accept that, yes, this whole Marketing 2.0 or whatever you want to call that — It starts with a conversation with a customer about the brand and about the brand experience. But it's also then developing the ability to engage in civil, polite argumentation around, "What is the brand, and what's the brand experience to which you're committed? And how do we get people more aligned with that?"

TW: Yes. I think I'd prefer the word, "discourse," to the word "argumentation." I think, "argumentation," is way too loaded as a word.

MM: You're absolutely right. I'm using a technical term here, as it really derives — again — from the Greeks.

TW: Yes. I understand that.

MM: It's the fine art of rhetoric in public speech.

TW: Correct.

MM: But without the sophistry. Without the argument for argument's sake.

TW: I think you're very right. Here's the problem that we face, then. We want to have conversations with customers. All of us do. Everyone who markets any brand is trying to have conversations with customers.

Today we've been enabled to do that in diverse and wonderful ways that speak more of Merlin's magic than they do of any particular piece of technology. The problem is, Michael, that at any one point in time, there are millions of conversations going on about your brand.

MM: Right.

TW: You can't listen to a million conversations. You can't go and build conversation-mining tools that will go out there and tell you what everybody's saying about you on all the blogs all around the world in all the different languages. You just can't put a consistent logic together that allows that to happen. You can't crunch those terabytes of data quickly enough.

MM: Right.

TW: I think the ubiquity of social media in the US and the advanced economies has evolved to a place where we get a chance to listen in to conversations. We can start or seed conversations. But once those conversations start, if you've done it correctly, you don't have a chance to get

your word in edgewise. There are so many people buzzing around your brand.

Yes, you have to give people the knowledge and the tools and the facts that they need to talk. They need to be able to conduct a civil discourse around something. But we can't expect logical, rational behavior from emotional human beings in an environment where all rules are off the table.

MM: Sure.

TW: We need to understand that. I was talking to some of my colleagues from a neighboring market recently about how we use these social media tools. Somebody started to ask, "Well, how do we control the conversation? What if somebody says something we don't like?"

My response was "Get over it. There's nothing you can do about it." There's no reason why you would want to intervene in that conversation. Take the time to listen. Respond to the person. Ensure that civil discourse is going on as a brand.

This is not just about our brand. Ensure that civil discourse is going on. Take the opportunity to listen to what people are saying. And change your business. Change your brand to respond to what the madding crowds are telling you your brand stands for — and what your business delivers.

We are almost out of control of our brands. The only way that we can, I believe, be successful is to design our brands effectively from the outset.

MM: Terry, that suggests three or four things. One is, it suggests that you have a social brand architecture.

TW: Yes.

MM: A brand architecture that accommodates social networks and social media as an expression of the brand.

TW: You must.

MM: It also suggests that you have many brand touch points at various places out there.

TW: Absolutely.

MM: Whether it's Facebook or MySpace or Second Life.

TW: That's why I want an aggregator.

MM: Yes. It also suggests that you have advocates — your sea captains. Your communication captains. Your friends — blogging on your behalf.

TW: Yes. It doesn't have to be a formal relationship. But you allow your advocates the opportunity to blog on your behalf. Yes.

MM: Does this also entail, then, having the rank-and-file of the organization also blog?

TW: We're back to the Cluetrain, aren't we?

MM: Kind of.

TW: Yes. Your employees are already blogging. Get over it.

MM: The question is, do you want them blogging on their own private blog on their own time? Or do you want them also to be blogging on a corporate or some sort of federated blog? That is, maybe it's not sanctioned, but it's condoned?

TW: We do that. We encourage our employees to blog on our online blog spaces. All we ask of people is, obviously, not to be abusive or sexist or agist. To speak the truth and to be responsible for what they say. That's the limit of the obligation we ask for from employees.

They're just as entitled to be critical and to suggest ways we can improve as any other citizen. Yes, of course we do. The reality is, these guys are already doing it.

Our employees are already writing on their private blogs. Why would we not encourage them to write in our space too? Our Opportunity Zone blog space here in the US is a good example of that. People like to see stuff they're thinking about written right there.

Some of those people are pretty straightforward about the ways they tell us we can improve. That's a great thing.

MM: Terry, let's circle back on that one notion of a social media dashboard as the bridge to start talking about these analytics.

TW: Sure.

MM: Do you want to speak to your vision of this social media dashboard? As we've talked about it in the past, it's browser-based.

TW: It has to be browser-based. Because it has to deliver in real time. It has to provide data in metaphors that are obviously intuitive for people to understand.

So that the bean counters understand them and the sales people understand them, and the high-job people understand them.

MM: But underlying that is data. Right? So you've got data.

TW: Yes.

MM: How you visualize the data. How you aggregate and visualize it will speak to the individual user — be they the financial analyst or the brand marketer. Right?

TW: But at the end of the day, the most difficult argument that communicators and marketers always face is telling other people in the business about the value that we add.

MM: Right.

TW: That's why I was getting at the interface and the way that we package things to people. You can have as much data as you like. Unless you're showing people what it means to them, in the role that they have in the business, it's useless.

MM: Speak more about what would show up on this dashboard that would depict how we're adding value to the business.

TW: Let's limit this to social media space. I think we've got to talk about the tone and the volume of the conversation. I think you've got to at some stage say there are eight million people out there and they're talking about "us and me," and these are some of the things they're saying.

I think you've got to say that "this is how we're supporting the conversation." "This is what we've learned." I think notions like headcounts and hits and blog post numbers are meaningless.

You've got to move your thinking to a place where you say to people that "tone and the volume in a particular channel" — let's say YouTube — "is number x." And "it's changed this way in the last month or week or day." "Our ability to connect with people has changed in this particular way."

I think if you get into the mechanics and the raw numbers, you lose the ability to make any difference to what's happening inside your organization. Let's face it — the actual number doesn't matter. It's the delta that counts. It's the insight that counts. It's the actionable recommendation that's going to materially effect your business in one way or another

MM: There would be a window there that would say, "Here's what we're doing relative to Facebook."

TW: Absolutely. There would be a tab, for example, for Facebook that one would click on.

MM: And when I'd hit the tab, for example... Right now in Facebook, for the most part, you have people. Right?

TW: Correct. There are some companies in there, but... Yes.

MM: Do you anticipate that in the future, brands will have their own Facebook page?

TW: Yes. A brand is as much a personality as Michael Moon is.

MM: Some would argue that. I wasn't talking about brands, either.

TW: Brands are personalities. In a space like Facebook, what we're talking about is a collection of personalities. A collection of identities.

MM: Then if you accept the premise that a brand corresponds or correlates to a personality, could you then invoke a framework of personality types?

TW: You could.

MM: That would be the underlying metrics or facets that you'd measure against these particular things. "My brand right now in Facebook corresponds to this particular personality type."

TW: If we say that brands have identities and brands are conversations and brands are emotionally responsive and all of these things, then the easiest way or the easiest metaphor to draw for that — I think — would be a personality.

MM: Are there any particular personality profilings or psychometric models that you like as you've researched this?

TW: I'm not far enough down the track to say which particular models I'm being attracted to. I think you could use any one of them. As long as the language that you were using to describe it in your dashboard was understood by the people who were interacting with that dashboard, then I think that would be valid.

It's about the interface. Why is Wii so successful? From a technology perspective, it runs a poor third to the other two platforms.

MM: This is Nintendo Wii?

TW: Nintendo Wii. Yes. Why is iPod so successful when there are many other MP3 players that technologically are much better?

MM: Fortunately or unfortunately, I have personal experience and anecdotes that go to why those two things succeeded. In the case of Wii, the designer back in Japan — I forget his name... a Japanese fellow — basically, when they developed the Wii console, he anticipated downloading lots of games over the net at night.

In particular, he wanted to go for a very low-power CPU. I think it's the ARM chip. Whereas

Sony and Xbox were chasing Moore's Law with the IBM cell processor or the super... I can't remember what's in the Xbox, but I'm sure it's an Intel chip.

TW: It's the Cube chip, I think.

MM: Yes.

Nintendo went to a low-power, low-performance chip. That meant they could not be driving anywhere near the high-resolution graphics or the polygons and the pixels that the Xbox or Sony Playstation 3 was driving.

TW: Sure.

MM: Instead, they shifted the value — the entertainment value — out of the box to the social interaction among players, with their joystick. Right?

TW: Yes.

MM: The top of my head blew off when I saw grandmothers playing tennis with granddaughters over the web.

TW: Correct.

MM: I said, "Oh, my God. That changes everything."

They figured out a way of bringing social — and I would say with the other half of the family... the women... now part of the game-playing space — as a function. They didn't need the CPUs. They just needed the controller by which to control the various actors online.

TW: Yes. That's the point I was getting at. The brilliance of the Wii, the brilliance of the iPod. The brilliance of the telephone is that the interface that sits there. The Wii interface that human beings interact with turns all of the technology into magic.

MM: Yes.

TW: Arthur C Clarke said that technology is perfect once it turns into magic. So, yes. When I picked up this telephone and dialed you and I put in a 14-digit number to get to your particular extension, I didn't think about the cables and the switches and the satellites and everything else that was being used to do it. I can dial somewhere anywhere in the world by inputting a certain string of digits.

The interface is what is brilliant. The Wii — when you play tennis, you hit the ball like you would hit a tennis ball. You hit the golf ball like you would swing a club. And that's the point I'm trying to make about analytics.

MM: Before we go there — a friend of mine — Bill Volk — now down at MyNuMo was the

CTO at Activision. He did a brilliant presentation at the computer game-developer conference years ago. He had one declaration that was the core of his presentation.

"The interface is the game — the game is the interface."

TW: Absolutely.

MM: There was no distinction between game play and the interface.

TW: Absolutely correct. I wish I'd known about that before. It took me 49 years to understand that it was the interface that was the most important thing. That's the problem with our analytics.

I can talk to you about the elegant mathematics that sit behind the impressioned count rate that I ported out to our workers in Japan, and how I aggregate print, television and web all from a single impression base. It's a wonderful statistical model. But it doesn't mean anything. The interface is wrong.

In the dashboard that I'm talking about and in that whole analytics engine, I have to present that in a way that makes sense to people. So if they glance at it, they understand what's happening.

MM: You're really talking about two things, here, Terry. First of all, you're saying that there's a disconnect between feedback and strategy. I'm seeing this. They want to change. People are complaining about this. But there's a disconnect between that perception — that "aha" or that insight — and how then to execute a change using that input.

TW: Yes.

MM: So there's a disconnect in terms of translating data into insight, and insight into strategic realignment or strategic execution.

TW: At least an actionable recommendation. Yes.

MM: Yes. The second thing that's probably to that is this. To what degree do you really need to be an analytic wonk to infer meaning from the data?

TW: To very little degree.

MM: That is... "Is it believable?"

TW: As long as you can demonstrate the veracity of the data source and you can present it to people in a way that they understand it, then you have got the meaning across. You've been a great communicator.

MM: I don't think that's so, though.

TW: Why?

MM: It's a little bit like when my friends were getting their pilots licenses. As I was watching my friends, they would pick me up with their instructors and such. It was fascinating to see at what point the student pilot trusted the instruments as opposed to his line of sight and inner ear.

TW: Absolutely. The same is true for marketers. They shouldn't get a license until they trust the instruments. It's not the data that matters. You know I'm a data freak. But data doesn't matter. It's the delta on the data that matters. It's the change.

MM: That's just looking at the altimeter and your pitch and yaw. You can see the data. You can intellectualize, "Gee. I'm on a slight up-climb, here. I'm not level." But where does it register if I keep on this? Where do you take action, based on this metaphor?

If you climb at a certain rate, at some point, you stall.

TW: Correct. Before that happens, you've got a stall alarm that's going, "Whoop, whoop, whoop," and...

MM: They put the stall alarm in there because a lot of pilots were not paying attention. They didn't take action on the data.

TW: Correct. So you put in a stall alarm.

MM: What are those in a marketing analytics perspective?

TW: You need to determine those. People need to try to set boundary conditions around what would look to be normal behavior in terms of their data and what wouldn't be. The only way you can do that is experientially.

The same way, if I took your metaphor about learning to fly, Michael — people get to the point of being able to trust their instruments and fly at night or fly through a cloud, because they've had enough experience as they've been learning to fly to know that the instruments aren't lying.

From the analytics perspective, we want to say to people, "Don't worry about how this thing works. Tell me what you think would be unacceptable behavior at the top end and what would be unacceptable behavior at the bottom end. We'll work together to gradually refine those, or make them wider or do whatever it is we need to do with them, so that you can look at this in a way that's intuitive to you."

That's a huge step forward. We could talk about brand franchise value and deltas on impression rates from cross-media sources. People would pay attention to that. But people reading an article about the mechanics or listening to a podcast would go to sleep.

MM: That's right.

TW: I think where I still haven't got my head sorted out is around the mobile space, in terms of that.

MM: Yes.

As a footnote, you sell some \$600m of products a year through mobile users?

TW: Some \$600m through web and mobile. Slightly more than half of that is mobile.

MM: That makes Amway Japan one of the largest mobile transaction mobile commerce sites in the world.

TW: I guess. I haven't thought about it, but I suppose. There are other websites — mobile sites — in Japan that would be of similar size.

MM: But from an American or Western Hemisphere perspective, you've already hit the wall and worked through a whole bunch of issues that people are now beginning to address or don't even know are around the corner for them.

TW: Sure. We had to.

MM: What are some of the things you've learned in the mobile marketing and mobile content space as a quick reprise of the last three or four years? Then, moving forward, what are the things you see?

TW: I'm glad you asked the second question. I'm not really interested in history.

I think the first thing people have to realize about the mobile — particularly in the North Asian environment and I'm referencing Taiwan, Japan and Korea — what I've found is that it gives us the ability to port applications. That's a whole other conversation.

These things are ubiquitous. People do not use them for telephone conversations anymore. People use their mobile phones for digital interaction with the world.

In Japan, as an example of consumer behavior with the mobile phone — let's say you're in an equivalent of a Wal-Mart. You walk up and there's a range of products there with a barcode. You take a photograph of the barcode with your mobile phone and it reaches out to the website of that particular product. It pulls back the

ingredients, the suggested uses and the price per gram or whatever it is. The information that you're after.

At the same time, as you walk past the checkout in the convenience store with your can of Coke, the store register charges your mobile phone account for that can of Coke. And as you walk onto the train, your mobile phone bills you for the train ticket and then gives you broadband access. It knows where you got on and where you got off and charges you accordingly.

We needed to understand that people want to use their mobile phone in those economic interactions as a tool.

MM: Terry, this gets to a conversation that we had a while ago around how most people have two hands. Yet there's a new cohort that has a third digital hand.

TW: Sure.

MM: It's quite literally an extension of their core identity. They make no distinction between the mobile device and themselves. Or the interaction. They assumed that everything — It's just like, "Well, I reach out and I touch it and I get it."

TW: Absolutely. The mobile phone is my identity to the world. It's the way I interact with the world. It's always within a yard of me.

MM: Yes.

TW: It's always on. It knows where I am. It knows what I'm doing. And it serves as a metaphor for interaction with the real world.

It's amazing. In Japan, right now, one of the most popular new trends that emerged in 2007 — mobile blogging.

MM: Yes.

TW: I mean — get out of here! So you've got kids — typically under 30 years of age — sitting on a subway or at a Starbucks or somewhere else. They're writing their blogs from their mobile phones. They're uploading it to the servers. When they get home at night, they'll upload their photographs onto their PCs or elsewhere. This thing is an extension of who they are.

Imagine Facebook. Imagine Blogger. Imagine all of these things replicated over a mobile network. Imagine walking past a bus stop that's got an advertisement on it, and it says, "Hey, Michael. What flavor pizza do you want me to deliver when you get home?" And it knows

when you're about to get home or when you go through three or four waypoints, because the phone cells are picking up your location.

It's ubiquitous. That's the future of where this whole thing is headed. How do we as marketers understand the implications of ubiquity? I don't know the answer to that. I wish I did. I'd make a zillion dollars if I did.

MM: You've learned some things. Right? What are some of the things you've learned as a marketer in that space?

TW: The first thing we've learned is the transactional piece. The mobile phone is ideally suited for transactions. Just make sure that you're providing people with photographs rather than SKU numbers. That took a little while for us to learn. SKU numbers are typically like nine digits long, and people type them in wrong.

But primarily, the first thing to understand is that the mobile is a transactional engine. Make sure the transaction is smooth and seamless, and as fast as possible for the user.

It doesn't matter whether you queue that data up on a server somewhere — as long as to the user, it's transparent and fast.

What we're seeing now is that video delivered over the mobile phone network is a far more powerful selling tool than text. Obviously. But in the Japanese — North Asian — environment where you have 4G phones picking up live-to-air broadcasts from the television stations as well as dedicated mobile television stations — you really have to have high-quality video in order to make an impact on people.

The other thing that we're finding with mobile telephone or mobile computers... let's call them computers, because that's what they are. These things have got more memory than our Apple 2Es ever had. Right?

MM: Yes.

TW: They're wonderful for impulse transactions. Remember, the mobile phone knows who you are. It's got a credit limit on it. It knows where you are. If you begin to think about some of the implications that has for retail environments — I think that it would blow the top of your head off.

It's got a chip in it that automatically identifies you. Let's not worry about getting an RFID chip injected under our forearm. Let's not worry about what it says on my hat about

who I am. The world knows who I am. Think of the privacy implications of that sort of thing.

But again, for a marketer, I think the first lesson that people have got to take onboard and really think through is to remember — this thing is always on, and it's typically always within a yard.

MM: Right.

TW: So you have 24/7 always-on two-way communication with consumers.

MM: In your dashboard, what sort of things would you have shown up in the dashboard relative to your mobile point of presence?

TW: Right now, we track in real time the interaction that we're having with customers in their transactional piece. That's it.

MM: That's straightforward.

TW: Well it's not necessarily straightforward to do it in real time, but yes — when you think about offers and when you think about trying to do split testing on marketing propositions to customers, it's freaky. You're now going to be able to do this in real time. Over a mobile device.

With the population on the move, in a place of high urban density like Tokyo — it's a major proportion of population. Remember — you have 12 million people a day move through Tokyo's railway station.

MM: Yes.

TW: I think we see ourselves looking for people who have got our applications on. As we send more stuff to the mobile screen and people are able to download it to the screen, we've got applications running Native and Java, whatever. We'll be porting applets out to the mobile phones. We'll be looking for the interaction that occurs off of that.

We'll be looking to see whether — again — the tone of the conversation and the volume of the conversation in and around the mobile devices is going up or down, or staying still. I think tracking things like users and whatnot — it's like, "Whoa. Stop." For the average user, there are two mobile phones for every person between the ages of 10 and 19 in Japan. I'm not going to track that. Everyone's got a mobile phone. I'm not going to track their accounts or what devices they're using. There's no sense in doing that.

There's so much diversity and such huge speed in innovation cycles at this point. I think

again, it's got to be around what we have to be showing to people. Particularly older people. People of our age, Michael, think that mobile phones are for talking on! And people of our age, Michael, are decision-makers in companies!

MM: Yes.

TW: When you try to talk about this being something we'd like to do on the mobile phone space, because we think this might be cool — they're saying, "Hang on. That's what I use to make a reservation at a restaurant. Not have a hugely rich emotional interaction with a customer at a time and place of the customer's choice."

MM: Yes. This begins to loop back to one of our initial points around brand interaction.

TW: Sure.

MM: The facets of a brand interaction.

As I have shared with you a brand interaction model that has a federated search and search optimization and versions and social media webcast theaters and collaborative selling — the inherent challenge that many marketers have today is that they have no personal experience of various aspects of — for example — webcast theaters or social media spaces.

TW: Sure.

MM: If you have no experience of it, then it doesn't show up as a resource that I can leverage or harness or direct. As a function of that, their marketing strategies have these huge holes in them, as a function of not having had an experience of what this particular technology or capability or service provides the customer.

TW: Yes.

MM: So then as we start to put together these marketing plans and some 30-year old or 35-year old marketing manager comes in — and I'll say as, "she" comes in and makes the presentation why they should have this whole social media strategy... the graybeards of the world are going, "Wow. What did she drink this morning?"

TW: Yes. "Where can I get some of that stuff?"

MM: It's like, "Wow. This is too wild. This is not credible."

I'm sure you've had similar kinds of interactions there in your company around ideas that have come up from the younger members of your team proposing some concepts that initially sounded like, "Way out," and then ultimately turned out to be the thing to do.

TW: Sure.

MM: Any personal anecdotes along those lines?

TW: Yes. You've met some of the people that I've had the fun and the thrill of working with. For the first little bit, I was in the graybeard space, thinking, "How do I come to terms with this? I'm not ever going to be able to be a wizard in all of these particular pieces."

What struck me one day like a bolt of lightning was what I had to do was to define the play space. To say, "Here's a broad vision about what I think we should do. Unless you hear to the contrary, the stuff that you're thinking about is included in this playground. And if you can come to me with a business case of why you want to do a particular thing or try a particularly thing, then we're going to talk about it in terms of, 'Is it *in* the playground or *out* of the playground?'"

"If you bring me the numbers, then we'll have a conversation around the efficacy of that particular piece or technology or medium."

MM: What are some of the numbers of a kind of left-field emerging technology capability? Oftentimes a lot of these new emerging technologies have no formal business case. I mean it takes a couple of years for people who have experiences in data to really report back.

When you've got something that's brand new and innovative and potentially a game-changer, in lieu of a formal business case where you've got an investment analysis to justify a purchase or procurement decision — what are some of the things that you need?

TW: You need to guess.

I've had this conversation with a lot of people all the time. If we don't know, then let's try to make an educated guess.

MM: What are the elements of the guess?

TW: Let's take Second Life as an example. What drove a decision for us to want to play in Second Life? Was it because it was "way cool," and people got to put on funky gear as avatars? No.

The question was "Do you think people are coming in or will be coming into this space? Are people in this space? If they are, is this a place where we could talk about our lifestyle propositions?" If the answer is "Yes," and we think we can generate a certain number of brand interactions, we're going to be all over that idea.

MM: So let's presuppose that you already had a sufficient maturity around a lifestyle proposition.

TW: Absolutely.

MM: And you also had the assumption that it was more than just a one-way broadcast of, "Here's what we do." Rather, it was more reciprocal. It was really about creating the conversation with others around or with or using our lifestyle proposition.

TW: Sure.

MM: And that you had meaningful things to contribute to a conversation.

TW: Absolutely. People who broadcast are merchandisers — not marketers. I can print a million leaflets and put them on the windscreen wipers. That isn't going to achieve anything.

MM: I'm just trying to tease out some of the unspoken or hidden assumptions. The always already taken-for-granted assumptions, here.

The other dimension of that is that Amway is already a social network. So then the idea of expanding the social network to online — that kind of intuitively makes sense. There's no, "Why are we in the social networking business?"

TW: This is a business made up of people. There are three million people around the world who are Amway distributors. They already are in these spaces.

MM: So, "Follow your customer."

TW: Well, you've got to follow the customer. But it becomes a natural extension of what we do. If our people are there, that's where we go to talk to them.

MM: I understand. So when somebody came to you and said, "Okay. Let's put together an Amway Experience Center..." Right? You say, "Okay. Well, our customers are already out there. They're already setting up versions of themselves and/or their brand franchise or their business units." They're already setting that up out there. They're doing their stuff. They're talking about us, but there's no formal footprint. There's no formal point of reference. There's no formal stand for Amway in that conversation.

TW: Sure. But Michael, at the same time, a lot of it's intuitive.

MM: I understand.

TW: One of the skills I think I bring to these sort of environments is that when a guy like my friend, Max Perelman — when he comes and says, "You know, I think we should be thinking about something over VOIP or telephone."

People take photographs of their face, and then we run a little app that lets them put on some lipstick and eye shadow. It blows the top of your head off. You say, “Yes. We want to do that. Yes. I want to be in Second Life. And Max — what I want you to do is to create a brand experience center in there.” Because it’s the perfect space.

MM: But is it a 10m yen or is it 100m yen?

TW: 100m yen.

MM: How do you right size those investments, given the scant information you have about things like that? You were saying you have to make the case.

TW: You make the case. You determine whether you’re going to get hard material benefit out of it as you would for the transaction model in the mobile telephone. Or whether you’re going to get brand value added and you’re going to increase the value of your brand franchise out of doing it. Or whether you’re going to be in a space like Second Life or FaceBook or some of the blog spots in Japan. Whether you’re being there to take a position — to say, “If you’ve got questions about our brand or our brand experience, come see us!”

MM: And here’s how to interact with it?

TW: That’s not an economic argument. That’s a brand voice argument. And the brand voice argument is just as valid.

MM: Sure.

TW: I’m lucky to be blessed to work in a place where people understand the importance of brand voice. They understand intuition. We’re trusted to do our jobs and make decisions. And we get away with doing some crazy stuff. It’s a blast!

We also understand that we have to figure stuff out — there has to be a point where we need to make a decision of whether it’s working or not. If it didn’t work, why? But that decision point is always somewhere in the future of the day you’re making the go-ahead decision. There’s wheelbarrow loads of value in the lessons learned.

You’ve got to have a bunch of wonderful people working with you to understand that “I’m going to give you permission to be in the playground. But you have to think about it from a business perspective”.

It’s then my responsibility to go to the board. It’s my responsibility to get the financials together in such a way that it makes cogent business sense. I’m working on the passion that my people have when they come to me with an idea.

MM: Yes. That’s a great place to summarize and end on this. Terry, I want to thank you for sharing your experiences and insights with us. At this point, I’m going to turn off the thing.

TW: Thank you, Michael. It was fun.