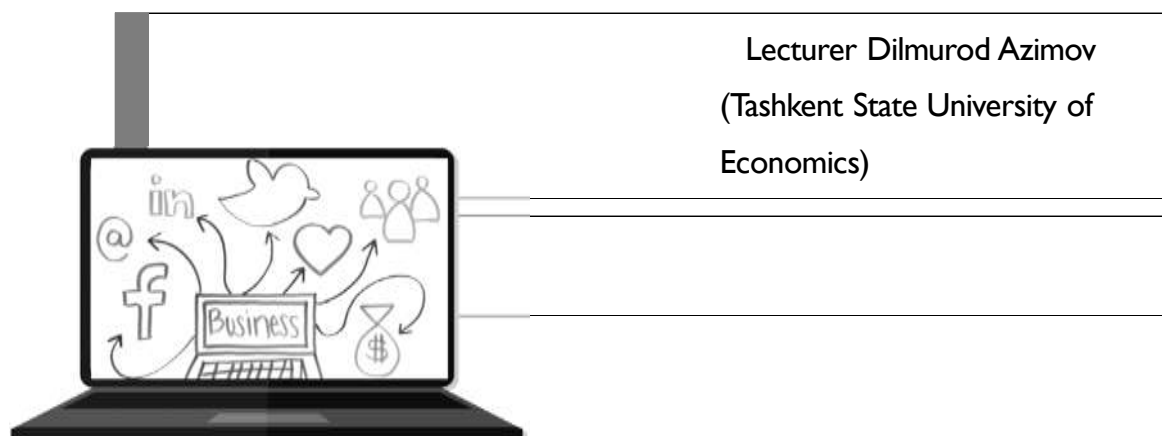


Smart Contents and Social Business



Contents

- Customer's Online Habit
- Contents & Social Business Models
- Class Activity: Business Model Development

Customer's Online Habit

▶ 3

Marketing:

The study and management of exchange relationships to create, keep and satisfy the customer

[wikipedia, 2018]



▶ 4

Marketing Disaster?



▶ 5

Purpose of Marketing

- ▶ Build and maintain meaningful relationships with consumers
- ▶ Marketing Disaster
 - ▶ 80% of new products → fail in the market
- ▶ Habit (Consumers' habitual thinking)
 - ▶ 95% of consumer behaviors are dominated by unconscious thoughts [brain science & cognitive psychology]

▶ 6

Power of Habit



Bill Gates (1955 ~ , former CEO of Microsoft)

The key to product success is to identify the buying habits of consumers with the greatest potential to become customers.

Most people think of design as an outside cover. Design is the soul at the center of man-created objects.



Steve Jobs (1955 ~ 2011, former CEO of Apple)

▶ 7

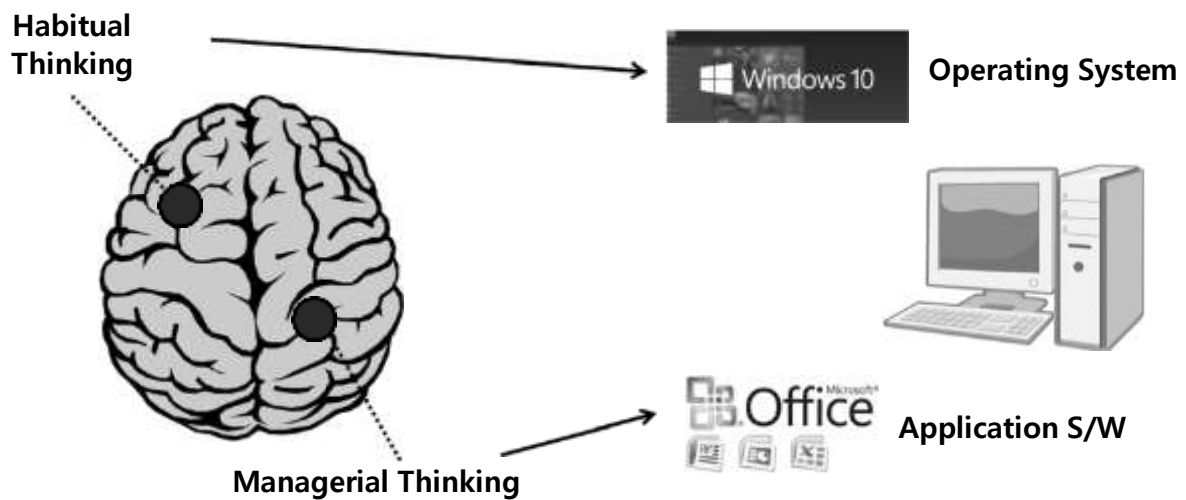
Consciousness vs. Unconsciousness

- ▶ **Managerial Thinking:** part of the brain that directs the conscious processing of information
 - ▶ Recognition, storage, and playback of information
 - ▶ Intentional processing and logical problem solving
- ▶ **Habitual Thinking:** part of the brain responsible for unconscious information processing
 - ▶ Thermoregulation and body temperature control
 - ▶ Storing learned behaviors in memory

▶ 8

Secrets behind Bill Gates' Success

- ▶ Succeeded in building habits for PC users



Habitual thinking controls 95 % of human behaviors.

▶ 9

Heuristics-based Shopping

- ▶ Making decisions using past experience or knowledge rather than objective facts
 - ▶ Minimize unnecessary trial and error



Most customers move according to the order they choose and habitually select and purchase products.

▶ 10

Omega & Delta

▶ **Omega Rule**

- ▶ A set of rules hidden in the consumers ' repetitive purchasing behaviors
- ▶ A checklist that consumers have in mind
- ▶ Customers gain empirical knowledge through repeated learning, but once formed as a habit they forget the learning process

▶ **Delta Moments**

- ▶ Situation in which the target is evaluated consciously
- ▶ The moment a customer wakes up to a new choice

Market Position & Strategic Choice



▶ **Market leader:**

- ▶ Important to ensure that Delta Moments, which are evaluated consciously by consumers, do not occur

▶ **New entrant:**

- ▶ Important to capture Delta Moments to consciously evaluate competing products to break consumers' existing habits

Attention Mechanism

- ▶ Attention
 - ▶ Required for storing specific information in managerial thinking
 - ▶ Mechanism for selecting important information
- ▶ Key to marketing success
 - ▶ Attacking the human attention mechanism
 - ▶ Brand, Logo, Jingle  
 - ▶ Link between emotion and stimulus



Memory Reinforcement

- ▶ Repetition is the most effective way to enhance memory
- ▶ Memory by Repetition: Cost vs. Complexity
- ▶ Slogan: 3-4 words are the most effective



Advertising Strategies to maintain habits

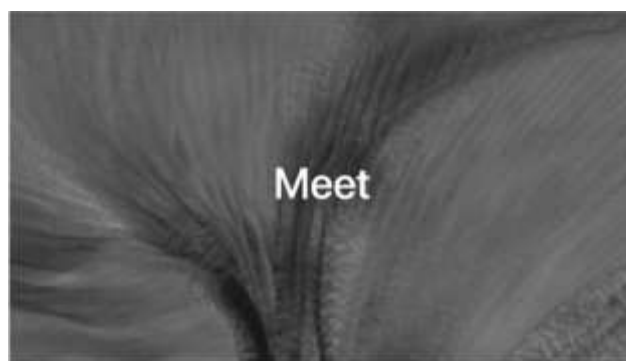


- Most customers don't know the difference between actual flavors of cola
- Proven by blind tests
- What about Coffee?

The reason why we still spend a lot of money on advertising is to maintain customers' habits.

Which one do you prefer?

1



2

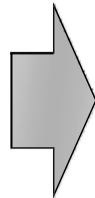


Marketing Tips for Online BM

- ▶ All markets are driven by customer habits
- ▶ Products vs. New Products
- ▶ Maintaining habits vs. Destroying habits
- ▶ Youtube, Telegram, Facebook: Habits formed in social relationships are the key to success

Contents & Social Business Models

Innovation of Content Business



Online Content Market

Traditional Content Business

Why Contents?

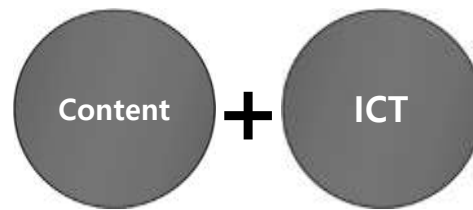


David Mill



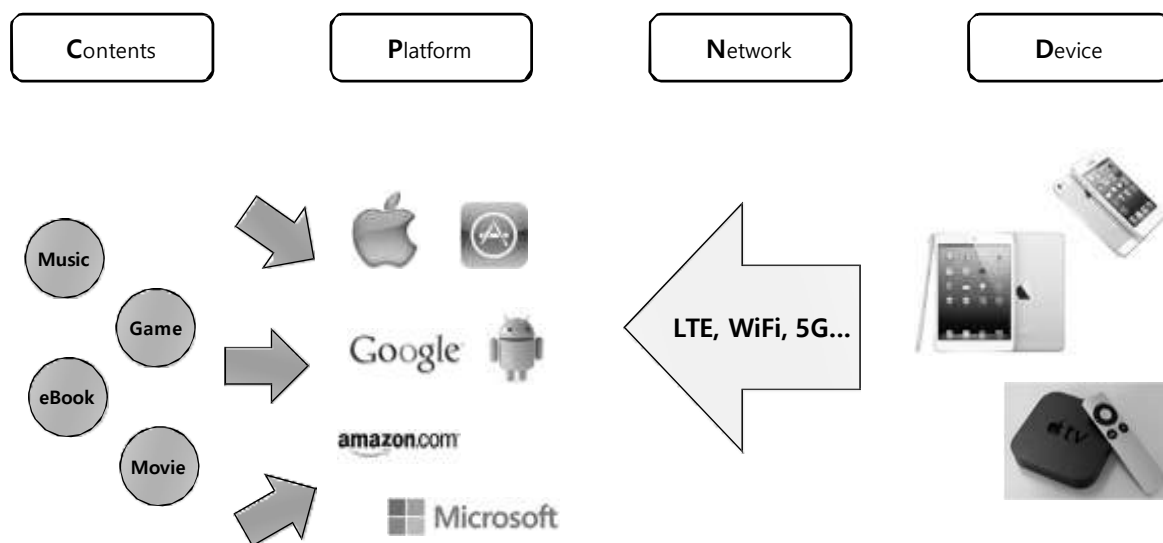
- **Future National Power to Improve Economic Wealth and Cultural Quality**
- **The key areas of the economy where creativity can be best expressed or shown**

Smart Contents



- Key to Global Success
- Online distribution to overcome time and cost constraints
- Increased demand for content due to consumer involvement in creation
- Device Independent: Value determined by content
- Content: expanded to include diverse cultures and information

Vale Chain of Content Industry



- **Korea: C & P weakness, N & D strength**

Evolution of Smart Contents: Production

- ▶ Increased demand for rich contents
 - ▶ Rich Contents: Innovative content with dynamic visual effects and interactive communication using a variety of multimedia technologies
 - ▶ ex) Augmented Reality, 3D contents
- ▶ Content integrated with user experience
 - ▶ UI linked to movement, voice, eye tracking, brain wave, emotion, etc.
 - ▶ Context-Sensitive Computing
- ▶ More content producers and more user engagement



Evolution of Smart Contents: Distribution

- ▶ Proliferation of Cross Platform
 - ▶ Appropriate content formats and storytelling for platform and device characteristics
- ▶ App / Web Store as Content Distribution Platform
- ▶ Cloud-based content distribution
 - ▶ Music streaming service
- ▶ Economics of access
 - ▶ 'End of Ownership' : Ownership → Access
- ▶ Freemium Business Model Strategy: combination of free and charged
- ▶ Micro Content



Importance of UI/UX

UI: User Interface

- Physical or virtual media designed for temporary or permanent access to communicate between people and objects or systems, particularly between machines and computer programs
- independent contact point

UX: User eXperience

- Total experience that users have and feel as they use any system, product or service directly or indirectly
- The customer's perception of the brand is the result of the overall user experience
- total experience

Change of Content Ecosystem: Supplier market → Consumer market

▶ 25

Cutting-edge UI Technology

- ▶ Palm Recognition
- ▶ Fingerprint Recognition
- ▶ Face Recognition
- ▶ Iris Recognition
- ▶ Voice Recognition



▶ 26

Virtual Reality

- A space designed to create a realistic environment and provide interactive experiences through human senses



- ▶ Oculus Rift HMD (Head Mounted Display)
- ▶ Merged by Facebook in 2014



Google Cardboard

증강현실 (Augmented Reality)

- Technology that combines three-dimensional virtual images or additional information into the actual world that users view



Movie 'Terminator 2'



**Hyundai Genesis HUD
(Head Up Display)**

Types of Social Media I

▶ Social Networking

- ▶ Features and services connecting people
- ▶ Blog is also a type of SNS
- ▶ Facebook, Twitter, Instagram



▶ Social Contents

- ▶ Sharing social experiences and information through content
- ▶ Sharing information via tags and comments
- ▶ Youtube, Flickr, afreecaTV



Types of Social Media II

▶ Social Attention

- ▶ Sharing attention, a limited resource of society members
- ▶ Social filtering through bookmarks and recommendation
- ▶ del.icio.us, digg.com



▶ Social Collaboration

- ▶ Service enabling people to work together for a task
- ▶ Google Docs, Office Web App., Open Source, Wikipedia



Class Activity:

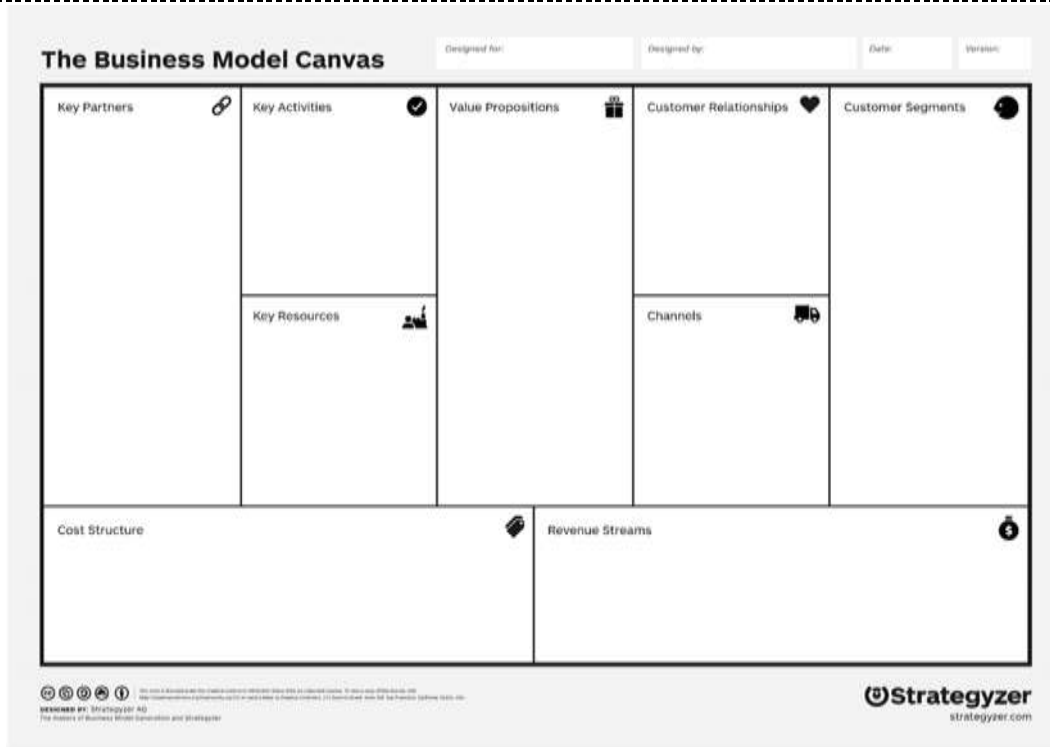
Business Model Development

▶ 31

- Fill out ‘a Business Model Canvas’ for the new product or service of your company

▶ 32

Business Model Canvas



Business Model Canvas – How To

How can you
describe your
Business Model?

Questions to Answer I

▶ Customer Segments

- ▶ For whom should we create value?
- ▶ Who are the most important customers for our company?

▶ Value Propositions

- ▶ What values should we deliver to our customers?
- ▶ What products or services do we offer to different customer segments?

▶ Channels

- ▶ Through what channel does each customer segment want value delivered to them?
- ▶ Which channel is the most effective?

Questions to Answer II

▶ Customer Relationships

- ▶ What customer relationship have we established?
- ▶ How much does it cost?

▶ Revenue Streams

- ▶ What values are customers willing to pay for?
- ▶ How much does each revenue stream contribute to the overall return?

▶ Key Resources

- ▶ What key resources are needed for our value proposition?
- ▶ What resources are needed for channels, customer relationships and revenue streams?

Questions to Answer III

▶ Key Activities

- ▶ What key activities are needed for our value proposition?
- ▶ What key activities are needed for channels, customer relationships and revenue streams?

▶ Key Partnerships

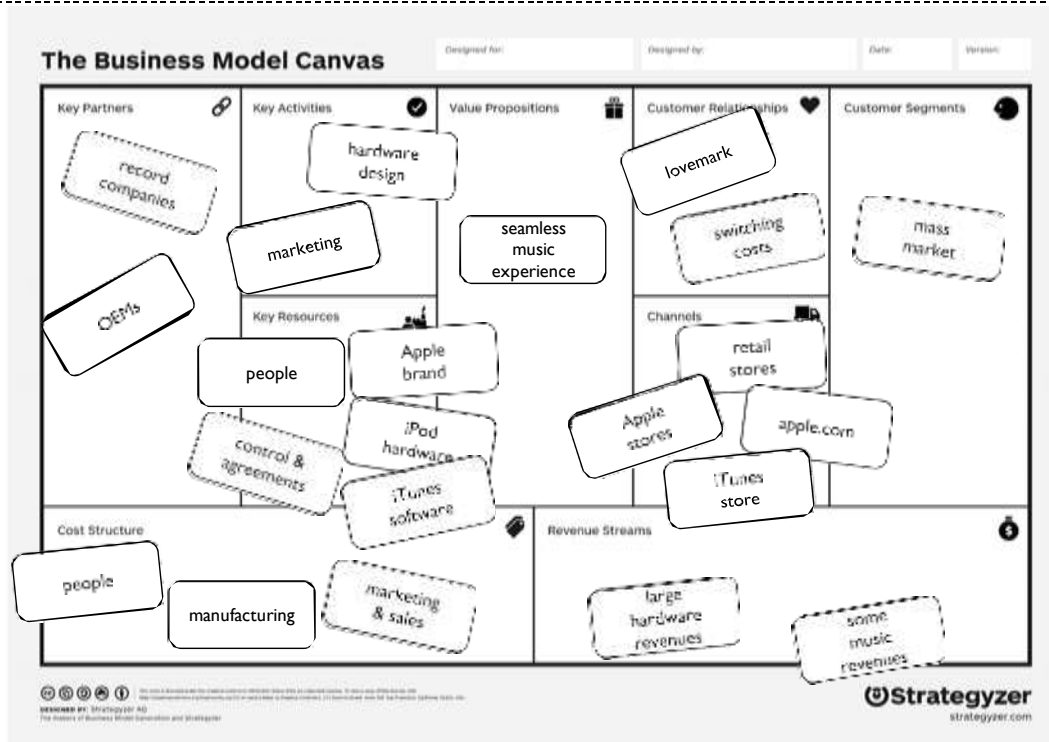
- ▶ Who are the key partners?
- ▶ What key resources are available from partners?

▶ Cost Structure

- ▶ What is the most important cost to our business model?
- ▶ What key resources/activities are most expensive?

▶ 37

Apple's iPod/iTunes BM Canvas



▶ 38

[Source: Alexander Osterwalder, Yves Pigneur, Business Model Generation, 2010]