

Powerful Communities

Marketers perceive value but wary about targeting social media channels

BY PAUL GILLIN

FOR THE PAST year, business professionals have connected to each other online as never before. Now marketers are trying to figure out a way to monetize these new networks.

The MySpace effect finally seeped into the business world, triggering explosive growth for the new darlings of social networking: Facebook and LinkedIn. Both networks had breakout years, with Facebook breaching the 60 million-member mark. LinkedIn, with 20 million members, broke from the pack to become the place where business people make contacts, find jobs and develop professional relationships.

Social networks are proving to have the kind of stickiness that marketers have long dreamed of. People give up all kinds of details willingly in the name of furthering friendships. Facebook's early 2007 decision to open its platform to developers has created a gusher of 16,000 new applications. While few have gained much traction, marketers are pushing ahead in hopes of inventing a megahit like Scrabulous.

The battle for supremacy in the broad social network market is effectively over. MySpace and Facebook together account for 88% of all visits to social network sites, according to HitWise (LinkedIn wasn't included in those totals). Although MySpace holds a three-to-one advantage in total visitors, users actually spend more time on Facebook, according to comScore Inc. Emory University surveyed its incoming freshmen last fall and learned that 97% had Facebook accounts.

YOUTUBE A BIG WINNER

Another big social networking winner is YouTube, with 66 million videos. Although

widely perceived as a playground for backyard videographers, YouTube has had some notable b-to-b successes. IBM's tongue-in-cheek "Mainframe: Art of the Sale" videos have grown traffic to its associated blog tenfold. JetBlue Airways CEO David Neeleman took to YouTube to explain the February 2007 crisis that left thousands of travelers stranded.

Social networks are now springing up in

Need to know 5 simple rules for effective social media marketing

1. Don't start with the tool. Define the business objective and then select the tools to achieve them. Often it will be a combination of channels, including video, podcasts, discussion groups and social media.
2. Get employees involved. Online customers are likely to be more knowledgeable about your company and market than most prospects. Deputize your employees to speak for the company.
3. Be respectful and open to criticism. Ignoring or (even worse) deleting negative comments will only make you look arrogant and defensive.
4. Be personal. Social media are about people. Whatever you do, let the human voice come through. Include bios, photos and statements by the employees who will be engaging with the community. Mix personal and professional topics and invite visitor response.
5. Take a long-term view. You're forming relationships, not delivering messages. The first 13 weeks are just a starting point. Successful campaigns may stretch out a year or longer. Choose topics that have staying power and contributors who are passionate about interacting with their constituents.

vertical professional communities. Sermo claims to have 50,000 members in its online physicians network. Big winners overseas are virtually unknown here. They include Orkut.com (Brazil), Cyworld.com (Korea), Mixi (Japan) and Grono (Poland), to name a few.

Now the vexing question is how to market to these groups.

Social networks have remained stubbornly resistant to promotional campaigns. Many experts believe that's because the intensely personal interactions between members prohibits

traditional interruption marketing. MySpace has made the most progress. Researcher eMarketer expects it to generate \$820 million in advertising this year, nearly four times the estimate for Facebook.

But there have been disappointments. Google's subpar fourth-quarter results were blamed, in part, on MySpace advertising shortfalls. And recent data has indicated that social network traffic is leveling off.

B-to-b marketers have been wary about social network campaigns. For one thing, the conversation is unpredictable. Reliable metrics still don't exist and the paucity of success stories has also dampened enthusiasm. Then there was the outcry over Facebook's social shopping experiment, called Beacon, which let members see each other's purchasing activity, sometimes without their knowledge. Marketers wrestle with how to engage an audience that shuns messaging.

Social media thus stands at an awkward transition stage: businesses overwhelmingly understand its importance but are unsure of how to take advantage of it. While 78% of respondents to a Coremetrics survey said social media marketing is a way to gain competitive edge, they're spending less than 8% of their online marketing budgets there.

BLOGS GO MAINSTREAM

They aren't nearly as curmudgeonly about blogs, however. Corporate activity in the blogosphere has ramped up even as the hype has died down.

Recent entries into the blogosphere include Marriott, Johnson & Johnson, Toyota and Wal-Mart. Even the Transportation Safety Administration has gotten into the act, giving five midlevel employees the green light to blog on behalf of the organization about the practices that befuddle frequent travelers.

There's a trend here. B-to-b marketers are finding that employees can be powerful and persuasive advocates of the company message. Microsoft and Sun both claim to have more than 5,000 employee bloggers, and corporate giants like Southwest Airlines and Kodak have structured their blogging initiatives around ordinary employees and even customers.

The surprise social media winner has been podcasting. Those downloadable radio programs have turned out to be a hit with time-challenged business people.

EMarketer estimates that the U.S. podcast

new-product development—then a private community can be invaluable.

What are the three most important elements of successful community building?

Schlack: 1) Visible and ongoing facilitation;
2) Active and responsive listening;
3) Creating a trusting, relationship-based environment.

What are examples of the payoff for clients?

Schlack: In the b-to-c domain, Kraft

RESOURCES

The numbers

Social network audience numbers for February 2008:

Site	Monthly visitors	Monthly visits
myspace.com	66,744,241	955,057,928
facebook.com	28,563,983	326,418,930
classmates.com	11,978,068	22,488,912
myyearbook.com	3,019,068	20,022,490
bebo.com	3,540,465	19,282,335

Source: Compete.com, March 2008

Year-over-year

From February 2007 to February 2008:

■ MySpace traffic grew 11.6%; time spent on site declined 10.4%.

■ Facebook traffic grew 78.6%; time spent on site declined 1.1%.

Source: Compete.com, March 2008

Bookmarking sites

Largest social bookmarking sites, by combination of inbound links, Google page rank, Alexa Rank and U.S. traffic data from Compete and Quantcast:

1. Digg
2. Technorati
3. Delicious
4. Propeller
5. StumbleUpon

Source: ebizmba.com, February 2008

Follow the money

Ad spending worldwide on social networks totaled \$1.2 billion in 2007, a 155% increase from 2006. That number is expected to grow to \$2.1 billion this year, up 75%.

Source: eMarketer, December 2007

audience grew 285% in 2007 to 18.5 million people and will hit 65 million people in 2012. More importantly for b-to-b marketers, Arbitron reported that 72% of podcast listeners are older than 25 and 48% are older than 35. General Motors, Purina, HP, IBM, Kodak, Wells Fargo and many others are using them to reach business influencers.

It all adds up to a chaotic scene, although there are signs that consolidation is setting in and the flood of new services is slowing. □

ASK THE EXPERT

When should a business move from listening to public conversations to managing private communities?

Schlack: Mining public conversations is great for tracking trends and observing common perceptions and buzz about brands, but it tends to be less effective for understanding challenges and unmet needs. You get a snapshot in time of an aggregation of comments, but about all you know about those customers is that they're vocal online. Private customer communities add dimension. You can delve into brand perceptions and gain insights into the feelings, needs and desires



Julie Wittes Schlack
Senior VP,
Innovation and Design,
Communispace

that people don't necessarily articulate. They're also a safe place where brands can co-innovate, test new concepts and engage in iterative work with their customers. So if your objective is largely to measure buzz and gain some high-level characterizations of customer sentiment, listening to public conversations works well. If you're trying to surface unmet needs and gain insight into the lives of your customers—or even engage them in