

# A Primer in Social Media

Examining the phenomenon, its relevance, promise and risks

A smashLAB White Paper by Eric Karjaluoto

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**Executive Summary:** Social media represents a broad change in how people communicate with one another. This is exciting for businesses as it presents new channels and methods of reaching consumers. As such, early adopters have encountered both successes and failures in developing strategies that incorporate this new paradigm. smashLAB advises groups to remain strategic and pragmatic in employing social media.

## An introduction to social media

### Background

In the past, broadcasting was limited to those with the financial resources to access mass media. The emergence of low-cost and highly accessible communication tools, however, has changed all of this. Now, anyone with an internet connection has the ability to share their message with a worldwide audience.

### What is social media?

The term “social media” represents media that users can easily participate in and contribute to. Forms of social media include blogs, forums, virtual worlds, wikis and social networks.

### What characterizes social media?

Although definitions vary, a few key characteristics are common amongst social media platforms. Most of these properties thrive on the notion of participation and

making connections. Part of this is informed by the notion of a flat community, in which all parties engage in open dialogue. Influence and credibility are prized in this arena, as the user’s reputation can often be a key motivator for one to remain active in the dialogue.

### How it’s different

Perhaps the biggest difference between traditional media (newspapers, television, radio, books, etc.) and social media is the dynamic and flexible nature of the latter.

Social media can change with time and be edited by the author and, in some cases, the community. Likewise, the audience can interact with and republish social media. It lends itself to being archived, indexed by search engines, and shared by users in many ways.

### Why it’s important

Although there are many reasons why social media is notable (which we will address later in this document), there is one reason that stands above the rest: the people. Social

media brings with it the power of every user on the planet. Its growth and future potential is enormous.

### Consider that there are:

(at the date of this paper’s preparation)

- 112.8 million blogs tracked on Technorati<sup>1</sup>
- 66 million users on Facebook<sup>2</sup>
- 72.6 million videos posted on YouTube<sup>3</sup>

### What it means for companies

Traditional marketers are accustomed to carefully honing messages. This allows for control, but the results are difficult and costly to measure. Social media turns this whole scenario around. With it, control is shared with the crowd, and real feedback becomes immediate.

Organizations now have the opportunity to collect detailed information on users and their habits, elicit real feedback and suggestions, and refine their offering and

messaging to better suit user demands. Although there are trade-offs with this new way of communicating, the opportunities for companies to understand and work with their customers have never been as great.

## Social media in action

### REAPING THE REWARDS

A few organizations have experienced success in employing social media. Some companies have even been fortunate enough to have their brands championed without their involvement.

### Fountains of publicity

In September 2005, Steve Spangler made a television appearance in which he dropped a Mentos candy into Diet Coke, resulting in a “cola geyser”. A video of this was later posted on YouTube, inspiring more than 12,000 similar experiments, most

famously “The Extreme Diet Coke & Mentos Experiment”.<sup>5</sup> Pete Healy, Mentos U.S. VP of Marketing, estimated the value of the buzz generated by the effort to be “over \$10 million.”<sup>6</sup>

### A little less evil

After joining Microsoft in 2003, Robert Scoble started blogging about the company. While promoting certain products, he also publicly criticized his employer and even applauded their competitors. He was incredibly open with his audience, even encouraging them to call him in person with problems they were experiencing.<sup>7</sup> As a result, he shifted public opinion about the organization. “[He] has also succeeded where small armies of more conventional public-relations types have been failing abjectly for years: he has made Microsoft ... marginally but noticeably less evil to the outside world...”<sup>8</sup>

### March of the Penguins

Washington, D.C.-based moms Gretchen Volgenzang and Paige Heningler run

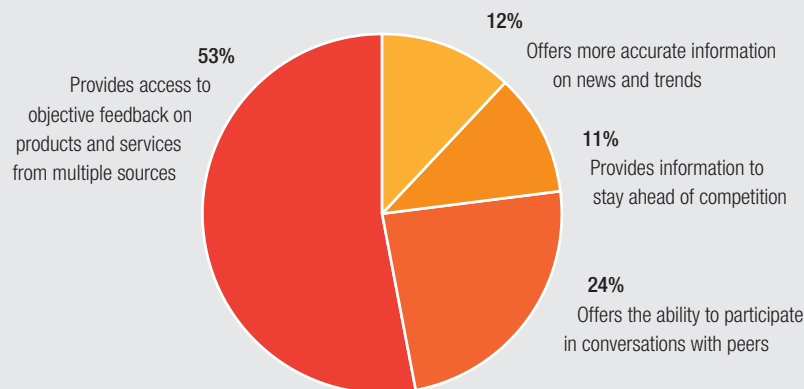


Fritz Grobe and Stephen Voltz's “Extreme Diet Coke & Mentos Experiments” have been viewed online by approximately 20 million people.

Source: [www.eepybird.com](http://www.eepybird.com)

**Figure 1: Social media's influence on IT purchasers**

ITtoolbox Surveyed 400,000 of its members, to learn what aspects of social media IT decision makers and influencers found most valuable in relationship to purchasing.



Source: ITtoolbox/PJA IT Social Media Index: Inaugural Survey Results: June 7, 2007

a podcast from their home called MommyCast. After enjoying the film *March of the Penguins*, they spoke favorably about it on their podcast. The ensuing publicity was enormous. The film went on to generate \$100 million in revenue, and Warner Bros. attributes 25% of the film's revenue to this single podcast.<sup>9</sup>

### SOCIAL MEDIA BLUNDERS

Meanwhile, other companies have (sometimes undeservedly) experienced just how rapidly social media can expose weaknesses. Some early adopters have also had social media campaigns backfire.

## Common forms of social media

**Blogs** (short for web logs) are websites that typically feature posts, by an individual or group, which readers can comment upon. Blogs vary widely in nature, but tend to be popular as they often provide an unvarnished, insider perspective on a particular topic.

**Forums** are areas in which multiple users can create topics and then comment on these topics. They are commonly used as resources for those interested in a particular topic. For example, guitar players might all take part in a forum on this topic in order to share knowledge.

**Content communities** are sites that allow users to post and share content. Such communities exist around anything from videos and photos to stories and links. Some of these sites include voting functions that allow the community to determine the relevance of content.

**Virtual worlds** represent one of the most novel areas on the web, in which users can engage in immersive worlds. Some of these spaces closely mirror real-world notions such as community and economics.

**Wikis** are community-generated documents and databases. Approved users can create content and augment that of others in the interests of creating better resources. Wikipedia is arguably the best known wiki, with over 2 million<sup>4</sup> articles in the English edition alone.

**Social networks** are virtual communities that allow users to connect with others. Some of these venues appeal to broad groups (i.e. Facebook) whereas others are built around particular niches and demographics (i.e. LinkedIn).

Although many other forms of social media exist (including news aggregators, microblogging, podcasts, and mash-ups) the examples presented focus mainly on the forms listed above.

### Krypto-nightmare

Perhaps one of the blogosphere's earliest cautionary-tales was in 2004, when Kryptonite Locks found itself in the midst of a public relations nightmare. Videos<sup>10</sup> circulating on the internet showed how certain locks could easily be compromised with a simple ballpoint pen. Although Kryptonite's Public Relations Manager refutes this point,<sup>11</sup> many criticized the company for not responding quickly enough to the situation. Regardless, the damage to the Kryptonite brand was done.

### Community-generated dissent

Embracing community-generated content, GM teamed with *The Apprentice*, and invited users to create their own ad for the 2007 Chevrolet Tahoe. The campaign did in fact become viral, but perhaps not in the way intended. A number of users created videos that criticized the SUV and its impact on the environment. As a result, phrases such as, "because you hate mother nature"<sup>12</sup> became the ad-copy for the Tahoe. Although GM representatives accepted that they would, "get some bad with the good",<sup>13</sup> it's hard to imagine them repeating the campaign.

### Asleep on the job

Comcast subscriber Brian Finkelstein uploaded a video entitled "A Comcast Technician Sleeping on My Couch"<sup>14</sup> to YouTube. In his brief video, he overlays criticism of the company atop video footage of a Comcast technician asleep on the couch, while on hold with the company's central office.<sup>15</sup> At the date of this article, over one million had watched the video.

## WHAT COMPANIES ARE DOING WITH SOCIAL MEDIA

While the above examples primarily reference efforts independent of the organizations, it must be noted that some early adopters have had success with their own social media efforts.



The Chevy *Apprentice* user-generated ads often reflected a sentiment that perhaps wasn't what the company had anticipated.

Source: [www.youtube.com](http://www.youtube.com)

### Target connects with freshmen

During the summer of 2007, Target employed a social media campaign in which their Facebook page was themed as a "Dorm Survival Guide." In it they offered aid to anxious college newcomers through design advice, recipes, and the like. By the end of the campaign, the effort had attracted over 7,000 members and has been lauded as a success. This is partly due to Target building a dialogue with visitors instead of trying to immediately sell their wares.<sup>16</sup>

### Dell gets out of Hell

After much criticism for poor customer service, the direct-sell computer company earned the rather unfortunate moniker "Dell Hell." (Googling the term results in a long list of links largely tied to customer dissatisfaction.) In response to this, Dell executives worked to improve customer relations and actively join in the conversation.<sup>17</sup>

Dell has even developed the property *IdeaStorm*—a community driven forum in which customers are invited to note problems, share suggestions with the company, and even assist fellow customers.<sup>18</sup> Since then, some past

critics have praised the company for their improvements and negative blog posts about the company have purportedly dropped from 49% to 22%.<sup>19</sup>

### A community with substantial ROI

Proctor & Gamble seems to have hit a home-run in the social media space with the creation of their *beinggirl* community. It may be surprising to some that the site does so well, given the overt product references and slurry of marketing messages; nevertheless, the content seems to resonate with the site's audience.

The site has been informed by both health care experts and teenagers in order to maintain accurate information in a language that resonates in this community. The site sees over 500,000 monthly visitors, and its "Ask Iris" advice section receives more than 3,000 questions each week.<sup>20</sup> P&G's internal assessment purports that every dollar they spend in this community is four times as effective as the same dollars spent on television.<sup>21</sup>

## Opportunities in social media

Social media brings with it a great number of opportunities; in the interests of brevity, however, let's concentrate on a few key considerations for businesses. Each organization's experience will be unique and it stands to reason that many will find alternate gains in this arena.

### Connect with passionate users

High-quality fishing line; methods for steam-lining packaging; precision drumming hardware; regardless of the topic, there's likely an audience for it somewhere, and never before has the opportunity to reach interested parties been so present. Applying the principle of *The Long Tail*<sup>22</sup>, companies can now employ social media

strategies to reach audiences who are receptive to their messages.

As advertisers, we no longer need to interrupt everyone with a message; instead, we can engage interested parties through social media, and give them good reason to be our advocates. Apple is perhaps the best example of a company whose users take a personal interest in promoting the brand they love. There are even a few long-running sites dedicated to sharing rumors and theories about potential product releases from the company.

### Build relationships

While the notion of the "relationship" is looked upon with reverence by many, the old methods of building them were time-intensive and hardly effective. Being called upon by a sales person rarely seemed like anything more than an intrusion. Social media, however, provides potential customers the opportunity to interface with your company on their own accord.

Even by simply presenting insider expertise, companies are finding that they can generate increased traffic for their websites and interest in their products and services. Some are even exploring ARGs<sup>23</sup> and Branded Entertainment<sup>24</sup> that help imbue their brand values. Although these venues may not immediately lead to sales, the awareness generated often results in valuable long-term returns.

The economy and reach of social media tools make it possible to improve the experience that users have with companies. In fact, a 2002 study by AT&T found that community users remain customers 50% longer than non-users.<sup>25</sup> Using web-based support and forums in addition to call-centers affords users full-time access to your assistance, while building a repository of knowledge and user-based insight that remains in the webosphere indefinitely. Intuit's community features over 100,000 people who help one another with their problems while providing the company with insight into customer needs.<sup>26</sup>

### Create higher levels of engagement

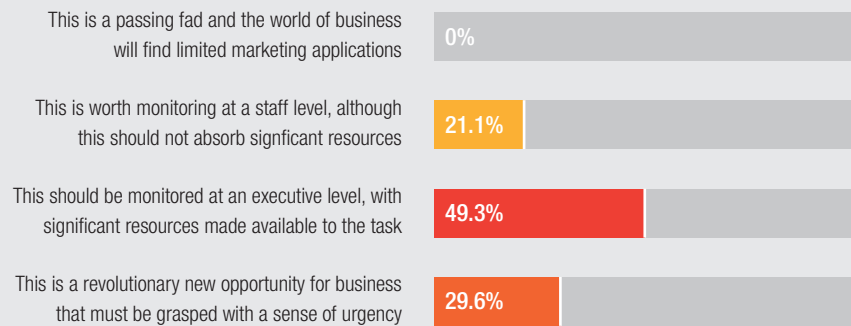
The advertisements featured during the Superbowl are recognized as an opportunity for Madison Avenue to show off its very best. They come at a premium, with a cost of \$2.5 million for a thirty second spot. With

the 2007 event, however, the limelight came within reach of the consumer. Prior to the event, Frito-Lay invited users to create their ads and asked the community to pick their favorite five. One was chosen and aired at the event.<sup>27</sup>

This represents a pivotal shift from *sending* a message to *engaging* the recipient in it. Companies can invite discussion, allow users to share experiences, or involve them in adventures. The point isn't in how it's done; rather, it's in the multitude of ways we have to extend and enhance the brand experience that consumers voluntarily choose to commit to.

### Figure 2: Senior marketing executives recognize social media's relevance

Respondents in a TNS media intelligence/Cymphony study were asked to select which of the following statements best reflected their belief in the potential impact of social media on business.



Source: TNS media intelligence/Cymphony

### Access unfettered customer response

Companies are always looking for ways to access accurate customer responses and insight. Feedback forms are cumbersome and rarely telling of much, whereas blogs represent a much more effective method of reviewing community sentiment.

Yahoo's Senior Vice-President, Jeff Weiner, notes, "Never in the history of market research has there been a tool like this."<sup>28</sup> We can now tap into timely responses from the public, at very little cost. From here, organizations are learning to modify their offerings to better suit their clients and mitigate PR challenges by addressing and minimizing issues before they become damaging.

### Value, measurement and refinement

Forrester Research recently pointed to the impressive value of social media, particularly in relation to million-dollar advertising campaigns: "Even more sophisticated programs like a full-blown customer community typically don't cost more than \$50,000 to \$300,000 to get going."<sup>29</sup> This, compounded with the ability to measure the effectiveness of campaigns and re-tool them for greater effectiveness, presents a compelling proposition for marketers.

## Suggestions on social media

Although organizations will increasingly employ social media in their marketing efforts, certain perils do exist for early adopters. The following are smashLAB's suggestions for those looking to employ a social media strategy.

### Determine and measure goals

At smashLAB, we share the notion presented in *Good to Great* that, "When used right, technology becomes an accelerator of momentum, not a creator of it."<sup>30</sup> As such, we ask that organizations first examine the challenges they are facing and then seek out tools (social media, or otherwise) that will address these specific issues. The efforts undertaken should be measured with the same scrutiny as traditional marketing efforts.

### Offer value

Those who have been least successful in social media have often been so as a result of applying traditional messaging to an environment that it doesn't resonate in. Forrester's Jeremiah Owyang cautions, "Just like going to a cocktail party, the savvy attendee will know how to dress and won't jump into any conversations before understanding the context."<sup>31</sup>

Just like in real-life, these communities tend to respond best to authentic, honest and respectable dialogue and conduct. Organizations should concentrate on delivering value to interested parties without immediately concerning themselves with the need to sell product. Effective social media efforts build relationships between companies and consumers.

### Consider it a "conversation"

Wal-Mart has on numerous occasions entered into the social media space, but to this date, never successfully. These challenges have been partly due to Wal-

Mart's efforts to fabricate and control such ventures, as they did in their "Wal-Marting Across America" in which "Jim and Laura" traveled across the country speaking with employees who all love working for the retailer. The blog was later revealed to be organized by the public relations firm Edelman.<sup>32</sup>

Groups who choose to employ social media should remain transparent in their efforts and start dialogues that allow openness. Companies who have been heavy-handed in restricting dialogue have often suffered from such tactics.

### Recognize the need to experiment

Given the rate at which social media has become part of the marketer's responsibility, it is important to not hold the bar unreasonably high. The landscape is shifting daily and groups have to accept that their efforts may not work out immediately.

Social media does present brands with added risks, and it is impossible for these efforts to be controlled in the fashion that traditional media was. That being said, the opportunity to improve a company's offering can (in the spirit of the medium) be informed through the help of the community.

Ask for feedback and listen to what customers are telling you. The signals travel both ways now.

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403 - 318 Homer Street, Vancouver, BC, Canada V6B 2V2  
604 683 2250 hello@smashlab.com

**smashLAB**