

Marketing

through

Social Media

1. introduction

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1. Why is social media relevant to marketing
2. What is social media?
 - *how did we get here?*
3. The value of a social network

1. Why is social media relevant to marketing

Today consumers are either reinforcing marketing efforts or beating marketers at their own game by directly sharing their own experiences and thoughts with each other.

Because **consumers tend to trust conversations between themselves** much more than they do advertising, marketers are finding their messages held up for verification in forums over which they have little or no control.

In late 2008, MarketingSherpa surveyed social media marketers about the effectiveness of their practices.

Large majorities rated social media marketing effective at influencing **brand reputation**, increasing **awareness** and improving **search rankings** and **site traffic**.

US Social Media Marketing Professionals Who Believe Social Media Marketing Is an Effective Branding Strategy, December 2008 (% of respondents)

	Very effective	Somewhat effective	Not effective
Influence brand reputation	39%	53%	8%
Increase brand awareness	37%	54%	9%
Improve search engine rankings	38%	49%	13%
Increase Website traffic	33%	55%	13%
Generate leads	17%	48%	35%
Improve internal communications	17%	39%	45%
Increase online sales	13%	41%	46%

Note: n=1,886

Source: MarketingSherpa, "Social Media Marketing and PR: Benchmarks and Best Practices," April 6, 2009

Marketers thought the best specific tactics were user reviews, relationships with bloggers and discussion groups. But they also found those tactics difficult to measure—only around 10% of respondents thought they were “very accurately measured.”

Social Media Tactics that US Social Media Marketing Professionals Feel Are Measurable and Effective, December 2008 (% of respondents)

	Very accurately measured	Very effective tactic
Blog or social network advertising	32%	16%
Online news release distribution	18%	36%
User reviews or ratings	15%	47%
Blogger or online journalist relations	11%	46%
Forums or discussion groups	11%	42%
Blogging on a company blog	9%	34%
Profiles on social networks	7%	22%

Note: n=1,886

Source: MarketingSherpa, "Social Media Marketing and PR: Benchmarks and Best Practices," April 6, 2009

Social media was considered less effective, but still good, for internal communications and driving online sales.

Measuring effectiveness can't be easy, though, when companies don't have a strategy in place for social media marketing. While **one-third of larger businesses** had a written policy to manage brand communications, **only 13% of smaller business** did.

US Social Media Marketing Professionals Who Have a Social Media Policy to Manage Brand Communications, by Business Size, December 2008 (% of respondents)

	Small business (<500 employees)	Large business (500+ employees)
We don't need a social media policy	27%	9%
We recognize a policy is needed but don't have one	48%	39%
A policy is in the process of being written	12%	19%
We have written and implemented a policy	13%	33%

Note: n=1,886

Source: MarketingSherpa, "Social Media Marketing and PR: Benchmarks and Best Practices," April 6, 2009

Even among large businesses, 39% had no policy despite recognizing its importance, and 9% believed it unnecessary. Three-quarters of small businesses had no written policy.

Such a policy can be particularly valuable when it comes to responding to user feedback.

Social media marketing is a conversation, and brands must be ready to respond to consumers.

“A lot of the time, brands will put up a corporate blog or Facebook profile and think that’s social media marketing,”

Lou Cuming of social media marketing agency DEI Worldwide

“You really have to continue to nurture the conversation, otherwise it just dries up—it’s like having a one-way conversation, and if people aren’t listening, it does damage to the brand.”

The idea of ‘trust’ is perhaps the point on which most of the objectionable ad practices have common ground with each other - that is to say, **they lack trust** - and the central issue on which they acceptance of social media is being built.

*“If you have to **interrupt** or annoy me to get your ad across, how valuable can what your offer really be? If you think I’m dumb enough to fall for this, how can I trust you?”*

Social Media involves a **natural, genuine conversation** between people about something of **mutual interest**, a conversation built on the thoughts and experiences of the participants.

It is about **sharing** and arriving at a **collective point**, often for the purpose of making a better or more-informed choice.

2. What is social media?

a definition:

Social Media: Participatory online media where news, photos, videos, and podcasts are made public via social media websites through submission.

According to Wikipedia

Social Media has three fundamental elements:

- it involves a number of different social channels
- it changes over time
- it is participative: the ‘audience’ is contributing content

how did we get here?

a brief history of social media:

Early 1990's: *Usenet was the first center for most of the high-end discussion. The first online social media etiquette standards evolved into what was called netiquette.*

Late 1990's: *Online forums and SixDegrees (1997)*

First Wave of Web 2.0: *Friendster (2003), Delicious (2003), Flickr (2004), MySpace (2004), Facebook(2007).*

Second Wave of Web 2.0: *Twitter, StumbledUpon, Digg, Google Wave & Google Buzz.*

3. The value of a social network

Social Networks: The power of the collective

Let's look at how networks are evaluated. It's a bit geeky but it's worth taking a look to see where the real value lies.

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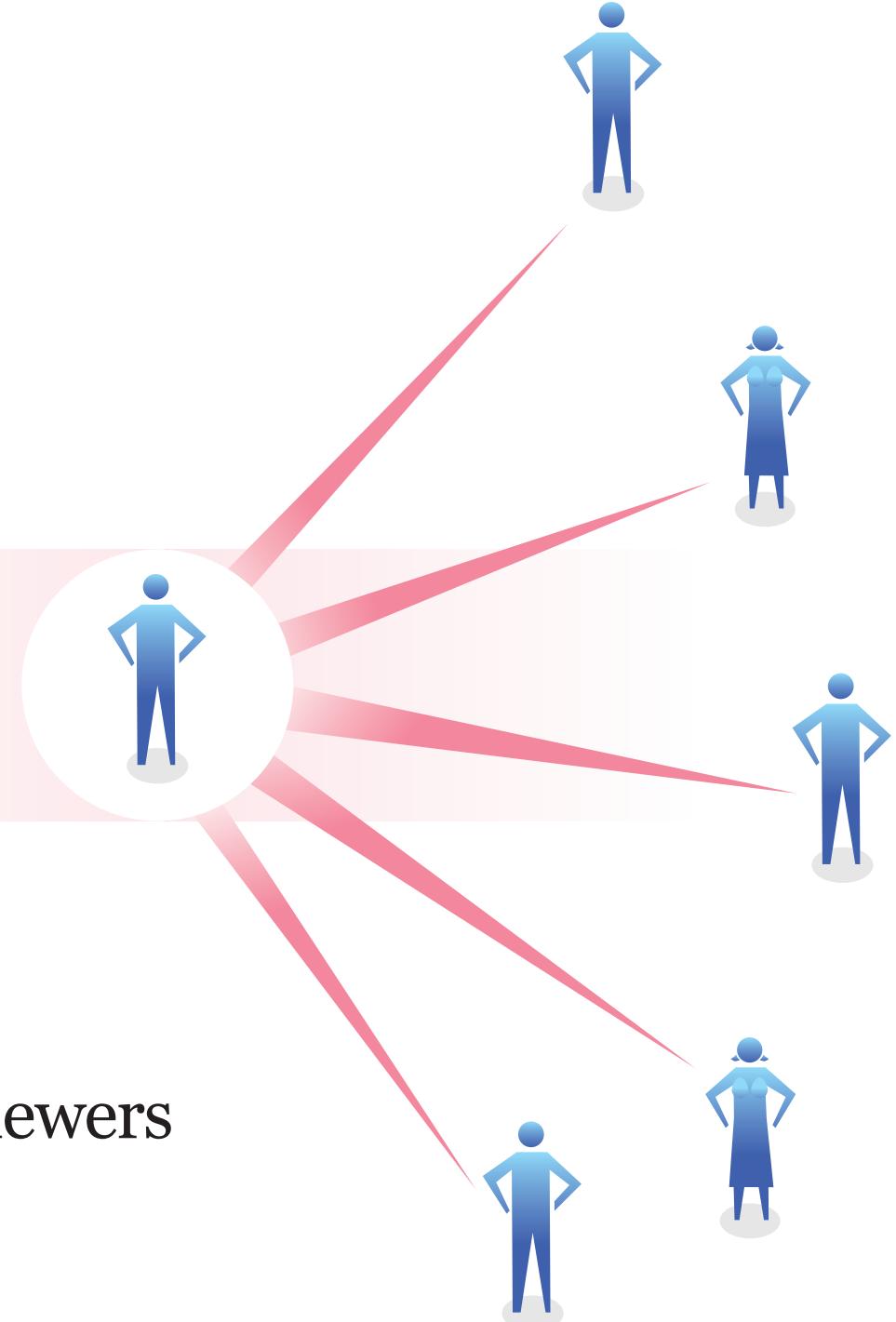
There are three basic laws of networks that attempt to ascribe a potential value to any given network. These laws are presented in order of increasing importance with regard to the use of social media.

Sarnoff's Law

The value of the network increases in direct proportion to the number of listeners/viewers on that network.

ex.

Network A has 100 people and is 10 times as valuable as Network B that only has 10 people.



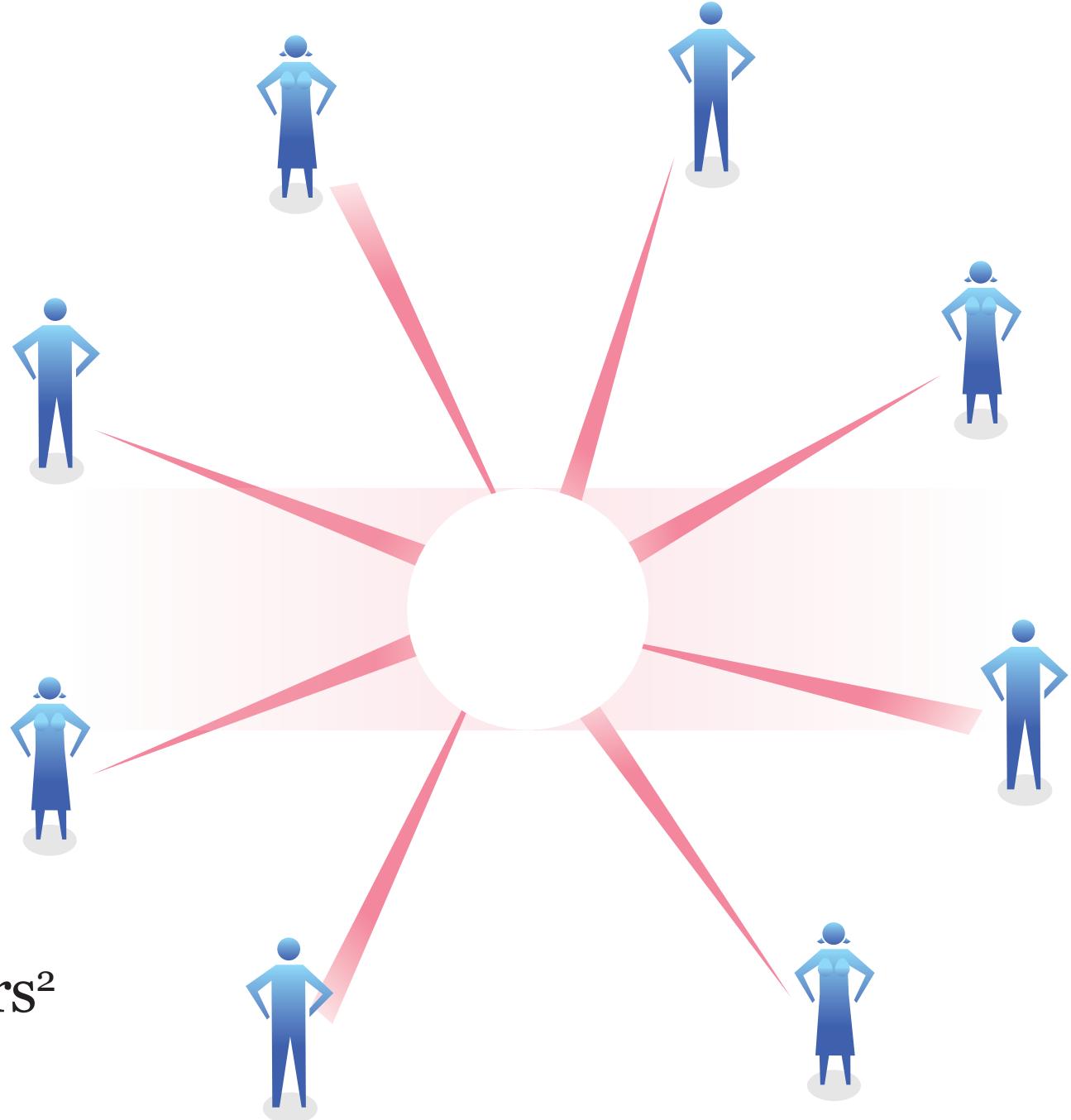
**value
of network = number of viewers**

Metcalfe's Law

The network value grows as the square of the number of users. People can talk in both directions, and with more than one conversation occurring simultaneously.

Network A with 100 people is roughly 100 times as valuable as Network B of only 10 members.

$$\text{value of network} = \text{viewers}^2$$



Reed's Law

Also known as “the law of the Pack” - holds that the value of the network grows more powerfully than either Sarnoff or Metcalfe would suggest with the formation of groups.



value
of network = viewers² +

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