

Probing Question: Are social networking sites useful for business?

2 April 2009, By Adam Eshleman

(PhysOrg.com) -- If you're reading this, odds are you have an Internet connection. And if you have an Internet connection, chances are good that you also have a social network profile. Facebook and Myspace — the two most popular social networks — have more than 285 million users worldwide, and Facebook users collectively spend an average of three billion minutes on that site daily.

With all that traffic, these sites are drawing businesses like moths to streetlights. But how should marketers approach promoting themselves on these new venues?

Cautiously, suggests Arvind Rangaswamy, Penn State marketing professor and research director of the University's Center for Digital Transformation. "In broad terms, I would say businesses should not jump into [social networking](#). They should observe, they should listen, they should participate, they should experiment."

Dubbed Web 2.0, the second-generation Internet has undergone a metamorphosis, shedding traditional one-way media consumption in favor of user interaction and participation, says Rangaswamy. Social networks are a defining feature of this new model, and conventional marketing "won't work as well" in this environment. To succeed, he says, businesses need to rethink the way advertising is done.

As an example of innovative marketing, Rangaswamy points to a strategy Burger King employed earlier this year. The company created a Facebook application that produced a free Whopper coupon after a user deleted ten friends from his or her list. "The idea was a Whopper was more valuable than a person's so-called friends," explains Rangaswamy. "Some people have thousands of friends at Facebook, many of whom they've never met in person, and Burger King was tapping into people's obsession with social networking." In eight days, Facebook users traded

240,000 virtual friendship ties for burgers, before Facebook intervened, claiming this campaign undermined the network's essential purpose: connecting people. "In a way, this marketing strategy was successful because it did get a lot of attention," observes Rangaswamy. "But since Facebook cut it off, it was ultimately not a successful approach."

To businesses, the sheer volume of potential consumers makes social networking sites irresistible. "By population count, Facebook and Myspace together are the size of the world's fourth largest country," Rangaswamy notes. Businesses also covet the ease with which they can target specific demographics. Social network users can join a menagerie of groups to connect with people of the same interests, no matter how obscure or absurd. For example, Facebook has more than 500 "I love bacon" groups and even a group for the peanut allergy sufferers of Vancouver. This allows marketers to easily zero-in on target audiences. "Offline," Rangaswamy notes, "it's very hard for marketers to find like-minded people — they are all scattered. But using social networks, market research could make it much easier."

Recently, Facebook announced that it is developing software to gauge an individual's mood based on the language he or she uses in messages to friends on its site. With this information, ads displayed within the Facebook environment could be tailored to fit a user's specific — and ever-changing — frame of mind, leading to a whole new level of personalized ad content. Just lost your job? An ad for a headhunting firm might be displayed. Got a promotion? You might see an ad for an expensive local restaurant. That's the micro-level application, explains Rangaswamy. On a macro-level, this technology could potentially measure the sentiment of an entire region or country. "Facebook is a global audience," he notes. "So you can get global sentiments instantly. You can get people's pulse. It's something that gives a sense of the trends."

Other advantages for companies? Customers can post candid commentary on their products or services to businesses' profile pages. "I think there is potential for social networks to be good feedback mechanisms," says Rangaswamy. "And right now a lot of people are undervaluing this." Social networks also give businesses a way to publicly attach themselves to a social cause. "If a company wants to have a 'greener' image, it could join environmental groups on social networking sites and get its name out that way," he hypothesizes. "That's a good balance to aim for. You're there but you're not in people's faces. You're participating. You're not an advertiser, but you're still advertising, you're still doing P.R."

However, "people are there to connect with each other and not to connect with marketers," emphasizes Rangaswamy. "In this new environment, marketers have to have a different role. They have to think of themselves as participants and listeners, not as people who are interrupting everybody with messages. It's a user-controlled medium; it's not a marketer-controlled medium. That's why it's called Web 2.0."

Provided by Research/Penn State (By Adam Eshleman)

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