



Book Socialnomics

How Social Media Transforms the Way We Live and Do Business

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Recommendation

From Facebook and Twitter to YouTube and Wikipedia, the social media are redefining human interaction and business. Online marketer and columnist Erik Qualman carefully assesses the social and commercial impacts of these online tools and uses that information to advise companies and businesspeople who want to benefit from them. He emphasizes that the social media democratize opportunity for anyone who has a great product or something worthwhile to say. Through colorful case studies and examples, Qualman shows how businesses have already profited from major social media trends and provides new strategies and tips. *BooksInShort* suggests his detailed, clearly written analysis of social media trends to marketing and advertising professionals, and to anyone interested in how the social media are evolving and changing society.

Take-Aways

- The social media are radically changing how businesses operate and how people act.
- Savvy companies can capitalize on several social media trends, such as:
- Consumers increasingly rely on the social media to decide what to buy. They heed product recommendations from members of their social networks.
- The time people spend using social media makes them more, not less, productive.
- Anything people – or companies – say or do can get picked up by social media sites, so individuals and firms are becoming more careful about their behavior.
- Social media users are developing “braggadocian behavior” because they want to impress people who read their status updates and posts.
- Social networks offer only minimal customization options for profile pages, so small businesses can have as notable a presence as huge corporations.
- The social media can shape politics, as Barack Obama’s presidential campaign shows.
- Due to social media, people are developing one consistent personality for work and nonwork environments. “Social schizophrenia” is on the wane.
- Effective marketing involves engaging consumers and hearing their needs.

Summary

Social Media on the Rise

Cyberspace is undergoing a sea change. Internet users are employing social media in revolutionary ways. This online development is affecting the offline world, changing how individuals interact and conduct business in an increasingly “people-driven economy.” Previously, marketing influenced a large part of consumer behavior. Now social media outlets matter most. They have become the “largest referral program in history,” and marketers who ignore them will find that their companies fall behind. To be successful, your firm must go beyond merely digitizing its product information and posting it online. Make social media the focus of your business activities.

“Social media platforms...are fundamentally changing the way businesses and consumers behave.”

Social media help people manage the vast amount of information on the internet. Rather than using a search engine, many people turn to Digg and other social bookmarking sites to find articles relevant to their interests, or they do research on Wikipedia. People also receive and distribute information – for example, about the best products to buy – through posts on their social networking websites, like Facebook and Twitter.

“Anytime there is a macroshift, a small window of opportunity is unlocked where companies and people can benefit.”

Traditionally, the public relied on print media, such as newspapers and magazines, to stay current on events. But with the rise of social media, that model is quickly becoming a thing of the past. Now, “we no longer search for the news – it finds us,” via social media contacts and automated free subscriptions. Whereas social media sites provide free, instantaneous news updates, magazines and newspapers must make a profit. They struggle to compete with bloggers and other nontraditional news sources that report on news because it interests them, not necessarily because they need to make money.

“A Touch of Bacon Salt on Your Social Media”

Social media sites can help a product or service go viral. Bacon Salt is a good example. This relatively new product, a powder that adds bacon flavor to any dish, began as a casual idea between two Seattle friends, Justin Esch and Dave Lefkow. After Lefkow created a MySpace profile for Bacon Salt, he and Esch found more than 35,000 people who referred to bacon in their MySpace profiles. The two men queried these individuals to see if they would buy Bacon Salt if it became available. MySpace bacon lovers immediately began to order the product – before it even existed. Internet word-of-mouth quickly developed, so Esch and Lefkow began to manufacture and distribute the salt. In their first 18 months of operation, they sold 600,000 bottles.

“Search engines are, rightfully so, viewing social media sites as competition.”

The Bacon Salt story offers many pointers for businesses that are struggling to compete online. Social networks provide an excellent platform for creating fan pages, profile pages and group pages easily and quickly. Since social networks do not enable users to customize their pages extensively, a small business can have the same presence as a big corporation. Everything boils down to the appeal of your product, rather than the “glitz” of your website.

Someone’s Always Watching

Anything people say or do can get picked up and distributed by social media sites, so individuals are becoming more careful about their behavior. The social media act as the cops on the beat – keeping an eye on people to prevent mischief. Companies, too, are subject to scrutiny. As a result, businesses now pay close attention to social networks and, in particular, microblogs like Twitter to learn what people are saying about them and their products. Comcast even employs someone whose sole job is to monitor online conversations about the company.

“Water cooler conversations are now happening online in real time.”

Consumers are aware that companies are listening to them, so they are posting more and more online comments about products and services. Publishing their opinions takes only seconds, and the buzz builds quickly. Indeed, the “30-second review, tweet, post” and “status update” are quickly replacing the “30-second commercial.” Traditionally, people who had poor consumer experiences would tell six to ten other individuals about it. The social media are increasing that number drastically. For example, the average Twitter user “follows” 100 people, so even if only a small percentage of someone’s followers pass along a negative review to their own contacts, that number has the potential to grow exponentially.

New Ways to Market

Social media users may be growing more cautious, but they’re also becoming boastful. “Braggadocian behavior” naturally evolves from people’s desire to look good to those who read their status updates and posts. This behavior is not a vice; rather, it drives people to live better, more satisfying lives. For many, routinely updating their status with their latest activities provides a “real-time inventory” of what they are doing, helping them see whether they are moving ahead. Companies can tap into this competitive, boastful behavior to reach potential customers. Take Nike’s “Miles” avatar, which people can download to their computers. Miles enables runners to track the distances they run and compare results with other members of their networks. The avatar also notifies users about “local weather, running events and promotions,” providing a valuable service to consumers while unobtrusively marketing Nike to them.

“Reality TV has been replaced by reality social media – it’s all about my friends and my own reality.”

Email was once the internet’s killer application. However, social media sites are replacing it as the “new inbox.” Many young people don’t use email at all. Instead, they post quick comments to their “friends” on social networking sites or write them instant messages. Companies need to adjust to this new paradigm to stay connected to their customers.

“What happens in Vegas stays on YouTube.”

Young people now use the internet to engage with brands “on a daily basis.” In the “Young Adults Revealed” survey of more than 12,000 18- to 24-year-olds, 28% reported that they had conversed about brands on discussion forums, 23% said they had enhanced their instant messaging service with “brand-related content” and 19% said they had included branded content on their homepage or “favorite social sites.” Moreover, 10% said they sent viral ads to their contacts. Companies should develop their online relationships with this important marketing segment, and social media present the best opportunities.

The Social Media Take Washington

In the 1960s, John F. Kennedy’s presidential campaign benefited from the then-new medium of television. Similarly, Barack Obama’s 2008 presidential campaign received a boost from the emerging social media. In fact, Arianna Huffington declared on The Huffington Post, “If not for the internet, Barack Obama would not be president or even the Democratic nominee.” Numerous groups and fan pages formed to support Obama, and people all over the U.S. made \$5 and \$10 donations online, collectively contributing millions of dollars. Obama’s Twitter followers numbered 113,000, whereas his opponent, John McCain, had only 4,650. Obama’s YouTube channel had 10 times as many views as McCain’s. Recognizing social media’s power, the Obama administration created a new cabinet position, chief technology officer.

A Gold Mine of Knowledge

Demographic analysis of search data can play a crucial role in containing disease. For example, Google now provides a “Google flu trends” service, which helps predict flu outbreaks by monitoring the number of people who search online for information about the flu. People tend to search phrases like “flu symptoms” or “flu remedies” before they actually see their doctors, so Google’s flu tracking is approximately two weeks ahead of the Centers for Disease Control and Prevention. Google can also provide similar information about other diseases. MIT professor Thomas W. Malone explains, “We are just scratching the surface of what’s possible with collective intelligence.”

“In a study conducted by Jupiter Research in 2009, it was found that 50% of internet users consulted a blog prior to making a purchase.”

Online search data also hold great value for marketers and politicians. Imagine the significance of knowing which brand name people enter most frequently: “Pepsi” or “Coca-Cola.” Or consider whether people entered the name “Obama” or “McCain” more before the presidential election. Such results can tell you a great deal. Indeed, according to “Google Insights data,” searches for Obama outnumbered those for McCain by a 3:1 margin a month before the election.

People Who Need People

“Socialommerce” rests squarely on the proposition that “people value the opinion of other people.” According to Nielsen, 78% of people “trust their peers’ opinions.” People love to share their views with others, and social media sites make that easy. They enable people to advise others instantly, “Read this outstanding article” or “Buy this great new product.”

“The average person on Facebook has 150 friends – there is a lot of viral potential when one person posts a story or video.”

Consider this hypothetical example of the special advantages social media sites offer. Steve needs to purchase a baby seat for his car. He could type “buying a baby seat” into a search engine, but he would have to sort through many unrelated search results and sponsored ads. Alternatively, he could enter the same phrase as a search query in one of his social networks and get specific, relevant results. For instance, he could learn how many of his contacts have recently bought a baby seat, and which make and model was most popular among them. He could learn the average price of that model and whether any of his contacts was looking to sell. Moreover, he could find product videos, articles and reviews that his network members had tagged. Armed with this valuable product research, he could confidently make a hassle-free purchase.

“The Death of Social Schizophrenia”

Most people assume different personas for various social environments, such as work, parties or home. As a result, “Al the Accountant’s” co-workers may never suspect that he’s known solely as “Al-Valanche” within his bowling crowd. However, the social media are quickly changing that by making human lives more transparent. Instead of maintaining sundry personalities, which is taxing and “disingenuous,” people will develop one authentic “essence.”

“Social media is helping to drive the transformation of mobile devices being the dominant internet access point instead of computers.”

Businesses can benefit from defining their essence, too. Rather than striving to make your company “well rounded,” focus on emphasizing its “core strength” or niche. Though it can’t “be the best at everything,” it can excel at one specific target by concentrating its efforts and resources. Stand out from your competitors by developing a single message and sticking to it.

Social Media’s Remarkable Influence

The social media “reward first-class behavior and punish improper behavior,” not only in people but also in companies. Develop great products and services, and social media users will applaud you – and tell their friends about you. Turn out inferior products and services, and negative reviews about your firm will increase exponentially as people distribute them on social networks.

“Companies that engage in brand marketing have always known that it is best to keep the message simple and convey one salient point...the beauty and curse of a 140-character world is that there is no longer a choice.”

Thanks to the social media, marketing is no longer about the “sizzle of the message and brand imagery.” Instead, it concerns “listening, engaging and reacting to potential and current customer needs.” Smart executives welcome negative comments as heads-up alerts about product quality. That stance helps them constantly improve their products, which is a requirement for staying competitive in the social media age. Traditional promotion is passé in cyberspace, so companies that do well “will function more like entertainment companies, publishers or party planners than as traditional advertisers.” They will help people get the most out of their products and services.

“We never know what is exactly right for the customer; that is why we are constantly asking and making adjustments.”

Businesspeople must engage with online social networks proactively. Companies whose marketers don’t engage will quickly fail. Because the social media are relatively new, you and your colleagues may be reluctant to use them. However, if your company has a notable commercial presence, and certainly if it is a well-known brand, online social networks are already talking about you. The best way to improve your firm’s reputation is to join these discussions.

“Don’t build your own *Field of Nightmares* by building or replicating a social network for your company. If you build it they most likely will not come.”

Is your company ready to make the important transition to using social media? It had better be. The social media have thrown out the old marketing rulebook and moved the goalposts. Winning consumers’ attention is now a whole new game.

About the Author

Erik Qualman is the vice president of online marketing at EF Education, a private education firm. He is a columnist for the Search Engine Watch, a website, and for *SES Magazine*.
