

Internet Marketing 1985–2010

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Today, computer usage is a pervasive part of our lives. It's hard to believe that wasn't so just a little more than a generation ago. Even so, Internet marketing and social media aren't exactly new concepts. Even the earliest online services included a variety of marketing options to help businesses tap into this vast new marketplace of consumers. How did the industry evolve over the years?

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The Humble Beginnings of Social Marketing

We all enjoy life through a series of defining experiences with friends and loved ones in our social circles: people who attend the same school, live on the same street, work in the same company, or root for the same team. The jeans they wear, the phones they use, and the brands they favor to some extent encourage us to think positively or negatively about ourselves and others. They're consumers just like us, and they shape our thoughts and opinions in profound ways that we rarely notice.

All of us have been pitched products in advertising from memorable spokespeople: Spuds McKenzie, Joe Isuzu, the lonely Maytag repair guy, Max Headroom, Charlie the Sunkist Tuna, the California Raisins, to name just a few. We remember catchy phrases and sayings like “Just Say No,” “Where’s the Beef?” “Kibbles and Bits and Bits and Bits,” “Calgon, Take Me Away!” and “We thank you for your support.” We respond to their honesty, their humor, and their brute force and take on their marketing messages by making subtle, subconscious changes to how we live, what we consume, and what we think.

For years, experiences were lived largely “offline.” Our interactions have been in person, in front of a television, or through headphones. But times are different. Internet technologies and social media have enhanced our online experiences. We enjoy interactivity, video, audio, and pictures just as much from computer screens as from offline experiences. We want to learn, share, and interact from the comfort of our computers and mobile devices more than ever.

For me, it started when my parents bought a Commodore 64 in 1984 along with a 300 baud modem. Connecting to other users in the “online world” was a novel concept at the time—it was 1985 after all! But we wanted to experience the future firsthand. Our first taste of social computing was on a service called Quantum Link (Figure 1.1). Q-Link was one of the very first online services that combined electronic mail, public file sharing, and games. It was fascinating. To play games, I didn't need to get permission from my parents to invite people over. I could do it from the comfort of my own bedroom and at any time of the day or night. The only problem was the pesky usage fees. Mom and Dad didn't seem too excited about a big bill for “plus” services. Nonetheless, I got my first taste of social computing on Q-Link.



Figure 1.1 Quantum Link home page

Online Services v1

Three major competitors—Prodigy, CompuServe, and America Online (AOL)—evolved over the following few years. All three took online services to an entirely different level with improved user interfaces made possible by advances in computer hardware and operating systems. Some of the first real-time online services were made available via Prodigy in the early 1990s—news, sports scores, weather, and so on. It was the primary way I kept up with my favorite baseball team, the Chicago Cubs, for a few seasons. Prodigy also offered premium content from the Mobil Travel Guide and Zagat’s Restaurant Ratings, to name a few. But perhaps most important, Prodigy had very well-integrated message board and e-mail services that allowed people to meet, discover similar interests, and communicate with one another. These were the “killer apps” behind the growth of the Internet in the early 1990s. They were, in effect, the first generation of modern social networks. Figure 1.2 is a screen shot of the Prodigy login screen, which may be familiar to those of you who used the service many years ago.

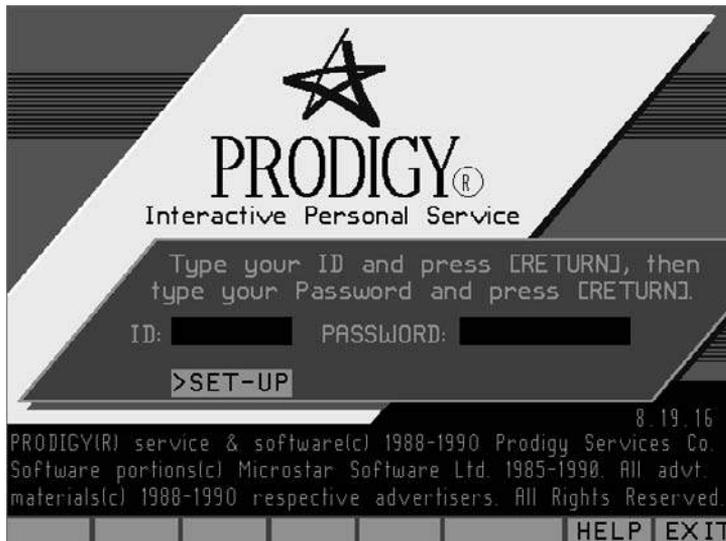


Figure 1.2 Prodigy login screen

While Prodigy, CompuServe, and AOL were pioneers in the online services business, none of them were particularly interesting channels for e-commerce or Internet marketing. Most notable was Prodigy’s classified ad experiment with *USA Today*, whereby Prodigy offered advertisers the opportunity to reach parts of the Prodigy user base for as little as \$60/month for an approximately 250-character text advertisement. Prodigy also made screen space available to advertisers through “teasers,” or what would be viewed today as banner advertising, at the bottom of each screen. If a consumer was interested in the advertisement, they could click the advertisement to

get more information via a larger version of the ad and then buy the product or service being offered. But neither advertising option became sufficiently popular and effective for Prodigy or any other online service. Internet advertising was only a \$55 million industry worldwide in 1995; it was just too early for people to respond well to the advertising of goods and services on the Internet. Compare that to the \$25.7 billion Internet marketing business in 2009 and it probably seems a lot smaller. Because Internet advertising was so ineffective early on, Prodigy, CompuServe, and AOL focused primarily on growing consumer subscription revenue by increasing subscribers in the mid-1990s.

Emergence of the World Wide Web

The proliferation of proprietary first-generation online services came to a stunning halt with the emergence of Mosaic, the first widely available web browser. In 1994, with Mosaic and a web connection via an ISP (Internet service provider), a user could spend an unlimited amount of time surfing the Internet and send an unlimited number of e-mail messages. This was a departure from existing services that relied upon tiered hourly service and other usage upcharges for profitability. Fueled by the wealth of new online services, applications, and a proliferation of websites, consumers moved to the World Wide Web en masse starting in 1995.

As users flocked to the Internet, the first experiments in Internet marketing were already underway. HotWired, an online Web magazine, was the first company to sell banner advertising to corporations, in late 1994. Figure 1.3 is the first banner ad ever sold, an AT&T advertisement. Banner ads were long, rectangular advertisements usually 468 pixels wide by 60 pixels tall with information and/or graphics designed to entice a reader into clicking them to visit another website. They were sold for a flat rate per 1,000 impressions or views, which is now referred to CPM (cost per mil). Around the same time, a number of experiments popped up to guarantee clicks and not just impressions. The idea was that advertisers wanted visitors and not just views.



Figure 1.3 The first banner ad ever displayed on the Internet

The mid-1990s was a revolutionary period for the Internet as millions of people got online. The possibilities were endless, as were questions about how advertising could be used to build new businesses, new opportunities, and new communities. How would people interact with each other? How much would the Internet change purchase behavior? How would business be conducted differently in the age of the Internet? What new business opportunities would be possible? All of the possibilities led to an unprecedented level of entrepreneurial activity from both new companies and

established corporations. Everyone wanted an opportunity to participate, to reap the spoils.

As a result, the Internet advertising business grew tremendously through banner advertising. Sites could devote a certain amount of space to banners to generate revenue. It was a good deal for advertisers as well because at the time it was the best way to reach people and get them to learn about another site on the Internet or a product, service, or other offer. For no less than five years, banner advertising was the best Internet marketing opportunity available to people who wanted to connect with consumers on the Web. This dynamic led the developers of many early popular websites to turn their sites into *portals*, sites that would help users get a wide range of information that would be helpful in a personal and sometimes professional context. By building an effective portal, a company could create a thriving and growing Web property that would generate revenue and profits through banner advertising.

Search and the Decline of Banner Ads

The number of websites continued to proliferate well beyond people's expectations. Consumers needed a way to sort through all the noise to find exactly what they needed at any given time. A number of companies built sites to help with this exact problem. Yahoo! indexed sites by subject matter and added a rudimentary search function that helped users find resources quickly. Others didn't rely on a proprietary directory but instead depended on scanning the full text of web pages to determine relevance for a particular search term. Popular search engines from this period included Magellan, Excite, Inktomi, AltaVista, and Lycos. Later, other search engines such as MetaCrawler and Dogpile emerged, combining search results from individual search engines to provide more accurate and complete results to users. Over time, these search engines became the "starting point" for many users. Rather than logging into a portal like Go.com or MSN to get information, users began to frequent search engines.

Before long, it became apparent that users preferred an effective, powerful search engine to all other means of finding relevant information on the Internet. Enter Google. I remember the first time I used Google in early 1999. I was stunned by how it so easily and quickly pointed me to the exact information I needed at the time and, more important, how consistently effective the search engine was regardless of the search term used. It took just a few times for me to realize that Google was revolutionary. Like a lot of other Internet users, I ditched every other search engine I had used before and converted to Google. Contrary to popular belief, Google did not immediately revolutionize Internet advertising. It was primarily a great search engine for several years while the company experimented with a variety of different business models.

The world continued to buy and sell banner advertising as the primary means for generating demand on the Internet, although banner advertising certainly peaked in the late 1990s for a few reasons. For one, the proliferation of websites meant that

the number of advertising options increased significantly. Less scarcity = lower prices. Negotiating power shifted from the publisher to the advertiser, who now had more available options for ad spend. Second, the novelty of Internet advertising wore off to some extent. Click-through rates on banners dropped from as high as 2 percent to well below 0.5 percent, and with that drop came a reduction in prices. No longer were companies blindly sinking thousands of dollars into banner advertising. Advertisers demanded results, which was increasingly working against banner advertising. Third, consumers experienced some level of banner ad fatigue. These ads were everywhere on the Internet by 1999, which also made them somewhat easy to ignore. This created an environment ripe for the emergence of a new, effective, and trackable way to reach consumers.

The Rise of Google and Clickthrough Ads

Around this time, Google emerged as perhaps the world's greatest and most accurate search engine. In just a few years' time, it launched a search engine that was superior to rivals such as HotBot, AltaVista, Lycos, and others. It quickly gained market share but ironically launched an impression-based advertising business in 2000.

Advertisers were tired of spending a lot of money on ineffective banner ads, and consumers were ignoring them. Realizing this, Google abandoned its impression-based advertising program in favor of experiments with click-through advertising, text-based ads for which the advertiser would only pay if a user clicked the ad (Figure 1.4). This invention was named Google AdWords, and the rest is history.

The screenshot shows a Google search for "coffee mugs". The search bar at the top contains "coffee mugs" and a "Search" button. Below the search bar, the page displays organic search results on the left and sponsored AdWords ads on the right. The organic results include links to DiscountMugs.com, Pier 1 Dinnerware, and Amazon.com. The AdWords ads are positioned at the top and down the right side of the page, featuring various coffee mug products and promotional offers.

Figure 1.4 Google AdWords click-through ads appear at the top and down the right side of the search results pages.

Google AdWords was a self-serve advertising service similar to services offered around the same time by competitor GoTo.com, later renamed Overture by Yahoo!. Advertisers would enter the text for a relevant ad that adhered to style guidelines and character limitations. The advertiser would then add the search terms that would trigger these ads along with the highest bid they would be willing to pay for the click. The final step was setting a daily budget; without a budget, a lot of money could be spent on these ads! Using an automated auction system, Google would serve ads based on the total bid and the amount remaining in the budget for each bidder.

It may seem simple now, but this was a revolutionary shift in Internet advertising for a few reasons. First, an advertiser could effectively guarantee traffic to a website by simply bidding high enough and devoting enough budget on a daily basis to the advertisement. Now this wasn't particularly difficult in 2002—many click-throughs cost as little as a nickel a piece, so 100 new visitors for a website per day could cost as little as \$5.00. Not a bad deal. But more importantly, Google realized that the folks clicking on these ads weren't just any users. They were highly targeted users by virtue of the fact that they had searched for a specific term in a search engine. This was a stark contrast from banner ads, which generally were not targeted to specific users looking for specific things. So in summary, Google took an increasingly large audience and made it available to advertisers on a relatively inexpensive, self-serve basis. It was pure genius.

As with any auction model, prices increased significantly as more people jumped in. I remember first getting into Google AdWords in the fall of 2002 with my third startup, a lead generation business that found qualified leads for consumer products from Google. I could buy tons of clicks, send these visitors to a website where I qualified them and converted them to leads, and then resell them to customers who wanted incremental business for 5 to 10 times the cost of generating the leads. But in less than a year, I started to see the bids increase substantially as larger corporations, ad agencies, and other entrepreneurs had discovered this “new” opportunity. This trend continued for years as Google maintained and grew its search share. From 2003 to 2008, Google was the one place to go to tap into large numbers of Internet users interested in a particular subject matter or topic.

The Emergence of Social Networks

As Google asserted its click-through dominance, a number of social networks began to emerge and reach mainstream consumer audiences. There wasn't anything particularly new about social networks. Online communities had formed at every evolution of the Internet, dating back to well before the World Wide Web. The difference by 2003 was the fact that people had grown increasingly comfortable with interacting with one another on the Internet, and at times in plain view of other users. Social networks, after all, work better with a larger number of engaged users sharing more and more details about themselves.

The first notable companies from the social networking era were Classmates.com and Friendster. Classmates.com allowed people to associate themselves with certain graduating classes to keep in touch with friends from various schools and points in their lives. The concept of *profiles* on Classmates.com was very basic, and many features of the site were ultimately hidden behind a paid subscription. Friendster emerged six years after the launch of Classmates.com and exposed more features to users. Friendster was the first social network to successfully integrate the profile concept whereby a user could enter personal data, preferences, and so on. Friendster grew aggressively just after its launch in 2002 but endured a number of technical problems that disenfranchised early adopters and new users alike. Further, Friendster exposed profile data and actions to people within several degrees of separation from a user, which later, more-successful social networks did not do. Despite the fact that neither Classmates.com nor Friendster achieved mainstream worldwide success, both sites continue to operate today, each with a large user base. Table 1.1 summarizes the top social networks from 2000 to 2009—note how the early pioneers have faded as Facebook and MySpace now dominate the social media market.

► **Table 1.1** Popular social networks as of July 2009

Social Network	# Users	Notable Facts
Facebook	350 million	Most users of any social network in the world.
MySpace	125 million	Most popular social network from June 2006–April 2008.
Twitter	75 million	
LinkedIn	55 million	Most popular social network for business.
Classmates.com	40 million +	As much as 10% are paid subscribers.
Friendster	90 million	90% traffic comes from Asia.

Source: comScore, Compete.com, ComputerWorld.com, official statistics released by each company

MySpace in many ways was the beneficiary of Friendster’s inability to turn into a mainstream global phenomenon. The service launched in mid-2003, not as a new startup but rather as a side project of parent company eUniverse. With support and resources from a larger company, MySpace was able to scale from a handful of users to several hundred thousand very quickly. MySpace and Friendster had many of the same features, such as profiles, friends, blogs, and comments, but MySpace did not always share data with friends of friends. A direct friend connection was required to view specific information about a person. Care over sensitive data created an environment in which users were much more willing to add personal information to profiles. MySpace also allowed users to customize their profiles with different types of information, special layouts, and unique background images.

All of this had the impact of fueling the growth of MySpace in a relatively short time. MySpace went from launch in mid-2003 to being the most popular social network in the world in 2006. It became very popular with younger demographic groups

in that period of time. comScore estimated that over 60 percent of users of MySpace were under the age of 34 in 2005. As such, it became an essential marketing tool for musicians and bands that sought to engage with fans through the site. Over and above that, users of MySpace got more and more comfortable with the idea of living their lives online—communicating important life events and mundane details to friends on the Internet. See Figure 1.5 for a sample MySpace profile.

myspace. | People | Search | POWERED BY Google

Home Browse People Find Friends Local Music Video More Tom Log In Sign Up

Tom www.myspace.com/tom

I'm so happy for MySpace Records very own Kate Voegelé. Her new CD is done listen to it on myspace! Click here: <http://lnk.ms/04GPY>

Mood: chill at 6:20 PM May 23 view more

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Tom Anderson
33 / Male
Los Angeles, California, US
Last Login: 7/23/2009

Send Message
Add to Friends
Add Comment

music Pop Out Player

99 Times
Kate Voegelé
00:10 - 03:28
Kingstones Add Buy

99 Times by Kate Voegelé

Gravity (Album... by Nino Vega

Burn Burn by Nino Vega

Even Now (Acous... by Dashboard C.

Us Against The... by Christina Millan

Someone Somewh... by Jason Ree

Under My Wheels... by Alike Cooper

Rain by Jeremy Geneve feat Riosman

From Her Lips T... by Against Me!

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Mar 25, 2009 2:23 PM [photo editing, profile 2.0 updates, and myspace toolbar!](#)

Mar 15, 2009 6:56 PM [MySpace gets easier with full names](#)

Blurbs

About me:

I'm Tom and I'm here to help you. Send me a message if you're confused by anything. Before asking me a question, please check the FAQ to see if your question has already been answered.

I may have been on your friend list when you signed up. If you don't want me to be, click "Edit Friends" and remove me!

Also, feel free to tell me what features you want to see on MySpace and if I think it's cool, we'll do it!

Figure 1.5 Sample MySpace profile

Having collected information on users through profile data, MySpace became the “next generation” way to target consumers. Google pioneered learning about consumer interests through search. MySpace did the same in 2006 to 2008 through information such as profile data and interests. Think for a moment about the types of information available through a social media profile:

- Hometown
- Current home
- Date of birth
- Interests
- Likes/dislikes
- Hobbies
- Marital status
- Activities
- Education
- Political views

Access to this amount of information about a person is a marketer's dream! All of it was unlocked by social networks that created a relatively safe and fun environment in which people were encouraged to willingly share this information with friends. This data has not, to date, been used by advertisers to communicate directly with individual users, but it has been used in the aggregate to target groups of people interested in a certain thing. For example, through social networks, a marketer can do the following:

- Send banner ads to the 47,000 users interested in bowling in Ohio
- Update 2,809 fans of the fictional band Orangebunny Wahoos about a new concert tour
- Tell 13,287 single New Yorkers interested in kite flying about an upcoming event in Central Park

For more information on this phenomenon, I recommend reading “To Aim Ads, Web Is Keeping Closer Eye on You” by Louise Story of *The New York Times* (www.nytimes.com/2008/03/10/technology/10privacy.html). The article does a great job of explaining how different online services compare to each other when capturing consumer data and making it available to advertisers.

Emergence of Facebook

While MySpace continued to grow between 2004 and 2008, Facebook emerged as its chief rival in dominating the consumer social network industry worldwide. Conceptually, Facebook was very similar; it had just about the same profile data as its predecessors. But it did not allow data and profile backgrounds to be customized by users as MySpace did. This had the impact of providing some standardization to data and the overall experience of browsing profiles. Facebook did offer users a rich set of tools to limit or expose data to only certain people: friends or people in particular networks. But aside from this, the design philosophy behind Facebook was to make experiences consistent. Users could expect similar data and the same look and feel when browsing profiles.

Facebook initially launched at Harvard, where its founders originally used it to encourage classmates to get to know each other better. Check out Figure 1.6 for an early screen shot of the Facebook home page. At that time, many colleges actually provided printed facebooks to students that included biographical information, interests, areas of study, and so on. After getting half the undergraduate class at Harvard to create profiles, Facebook expanded to other Ivy League schools. The company later expanded to other colleges and universities, high schools, and finally major corporations before releasing to the general public in late 2006. This strategy of exclusivity in the early years gave Facebook the advantage of gaining critical mass within networks of people who were likely to keep in touch with one another. A high concentration of

people interacting inside Facebook provided great insight into what people would do and how they would share information with one another, and most importantly, it provided an idea of the features and enhancements that would help Facebook compete with rivals.



Figure 1.6 Early Facebook home page

The battle between Facebook and MySpace became yet another in a long line of “Coke vs. Pepsi” battles throughout late 2006 to 2008. In early years, MySpace had a loyal following in younger demographics, but Facebook slowly gained the attention of college students. The visual customization aspects of MySpace made some profiles very difficult to read, while the lack of data standardization meant that users could say anything they wanted without necessarily making it readable for the viewer. Others believe that the Facebook/MySpace preference fell along class lines. One such critic was danah boyd, a fellow at the Berkman Center for Internet and Society. In her June 2007 essay, “Viewing American Class Divisions through Facebook and MySpace” (www.danah.org/papers/essays/ClassDivisions.html), Ms. boyd argues that Facebook’s origins in Ivy League schools and its original “by invitation-only” method for signing up new users set it down a path to be the preference for affluent and upper-class early adopters. MySpace was positioned as a place for young people interested in bands and those who were not particularly popular or into extracurricular activities in high school and college. MySpace users were not likely to become Facebook users because their friends were not on that network and vice versa. *Forbes* (www.forbes.com/2007/07/20/facebook-myspace-internet-tech-cz_ccm_0723class.html) and other major publications covered Ms. boyd’s observations in great detail. It was, and remains to be, a compelling argument.

A Researcher's Perspective on Social Networks

danah boyd, Ph D, is a researcher at Microsoft Research New England and a fellow at the Harvard University Berkman Center for Internet and Society. She maintains a website at www.danah.org where she blogs and includes links to her latest academic research and essays.

Dr. boyd's dissertation, "Taken Out of Context: American Teen Sociality in Networked Publics," focused on how American youth use networked publics for sociable purposes. She examined the role that social network sites like MySpace and Facebook play to develop her theories on how social networks reflect social structure and norms.

- Q:** *Do you still think the choice between Facebook and MySpace is dictated mostly by class identification? Has the situation changed significantly?*
- A:** Choice was never dictated by class identification. Choice is and continues to be dictated by social relations. People choose to go where their friends are. That said, people's connections are not random. There's a concept in sociology called "homophily" which means that "birds of a feather stick together." People are friends with people who are like them. There are all sorts of social divisions in friend networks and these are reproduced online.
- Q:** *You've pointed out that class differences are arguably the main difference between Facebook and MySpace. Is there anything necessarily wrong with this? Or does it simply mirror the differences that already exist in society?*
- A:** My argument is that Facebook and MySpace are making visible everyday social stratification based on the patterns by which American teens have adopted these two sites. Self-segregation is a part of everyday life and it is not particularly shocking. But when we treat social network sites as public places, when we expect everyone to be present, we've got a problem. For example, when universities only do college recruiting on one site or when politicians only reach out to constituents on one site, we have to think about the ways in which they are biasing the population they're connecting with.
- Q:** *Where do you think we're headed with the use of social media? I know you don't have a crystal ball. But knowing what you know about Facebook, MySpace, Twitter, and other emerging technologies, will people connect better or will divisions in society be even more apparent as social media matures?*
- A:** Technology is not going to magically solve social ills, but it will continue to make visible divisions that exist in society that we may be uncomfortable addressing. As for where things are going ... mobile. And social media will continue to be about friends, not strangers.

After expanding beyond education, Facebook slowly began to eat into MySpace market share for a few reasons. Applications such as Photos, Notes, and Gifts were easy to understand and very well executed—and all three helped encourage users to interact with one another. Status updates and news feeds gave users the opportunity to passively keep in touch with friends. But perhaps the most important development was the May 2007 release of the Facebook Developer Platform, a framework that allowed developers to write custom applications that ran inside Facebook.com and took advantage of each person’s unique social graph. All of a sudden Facebook made its audience available to third-party developers. This opportunity led to a quick proliferation of new applications on Facebook. Games were most popular, but all sorts of applications were created over the subsequent 12 months. Two main things contributed to Facebook’s success in this arena: valuable supporting applications and the elegantly executed strategy to encourage developers to write applications for Facebook. Finally in early 2009, Facebook overtook MySpace in several key usage metrics and was poised to be the dominant player in social networking.

Rise of the Real-Time Feed and Beyond

It’s likely that 2009 will go down as “the year of the real-time feed.” Early in 2009, Facebook redesigned its home page to highlight the News Feed, which is made up almost entirely of status updates, links, photos, and other updates from Friends and Fan pages. This turned Facebook into more of a real-time communication channel for friends to communicate with one another.

The change was initially met with major resistance. Reportedly as much as 94 percent of Facebook users did not like the change at first. In fact, several Facebook pages were created to protest the new home page design. One such page has over 810,000 members as I’m writing this chapter! That said, the fury over the site redesign quickly dissipated as people became more familiar with the new approach.

A new competitor, Twitter, also began to gain significant customer traction in early 2009. Twitter is a lightweight social network that is built around simple 140-character messages that are ordinarily shared for anyone to read. Figure 1.7 shows these real-time messages from other Twitter users. It is ostensibly the Facebook Status Update, turned into a product with limited functionality and a slightly different policy for becoming a friend of a particular user. According to Compete.com, Twitter increased its unique users by 400 percent over the first few months of 2009. The success of Twitter has already resulted in a series of changes for Facebook, and it’s likely to result in further adjustments over time. We’ll talk more about these changes and Twitter later in this chapter.

Overall, the Web has evolved into a significantly more transparent and social technology with the evolution of social media over the years. Over time, users have

gotten increasingly more comfortable with sharing personal information online and in social networks. People live their lives offline and report on what happens online. Yesterday’s privacy intrusion is today’s opportunity to share life’s intimate details with friends, acquaintances, and sometimes strangers alike. From a marketer’s perspective, we’ve never had an opportunity like this, where so much information is available about consumers. Information that was once trapped in databases is now accessible in aggregate form from Facebook and its competitors. We have an unprecedented opportunity to use these technologies to share the value of our products and services not with the general public, but rather with people who are very likely to be interested in hearing from us. So let’s turn our attention to a snapshot of what we know about social media usage and how we may be able to use social media most effectively when marketing products and services.

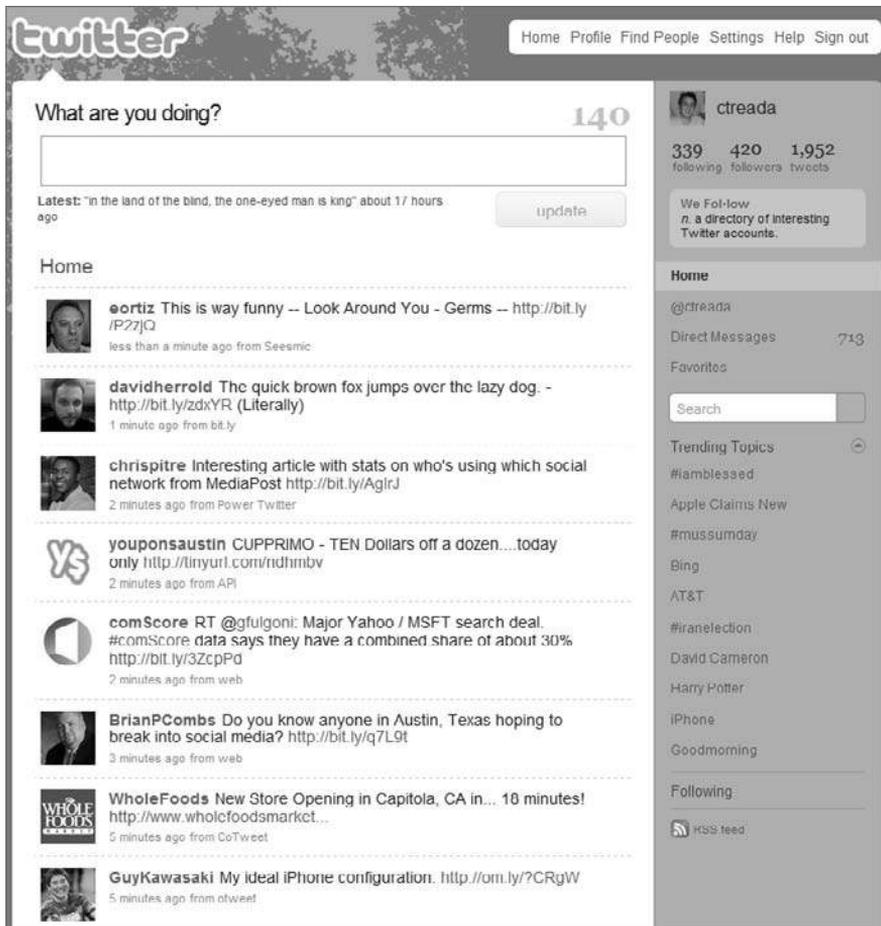


Figure 1.7 Twitter home page

Social Media by the Numbers and by Feel

Let's take a moment to consider just how pervasive social media and particularly Facebook has become for Internet users. An April 2009 study by Harris Interactive revealed that 48 percent of all American adults had either a Facebook or a MySpace account. It took Facebook eight months to go from 100 million to 200 million users. Contrast that to the growth of the United States—it took the good ol' USA 52 years to go from 100 million to 200 million inhabitants! If Facebook were a country, it would be the fourth most populous country in the world ahead of Brazil, Japan, and the populations of Germany, France, and Spain combined.

But these aren't just casual users. According to Nielsen Online, people spent 13.9 billion minutes on Facebook in April 2009, up from 1.7 billion in April 2008 for a stunning annual growth rate of 699 percent. In terms of usage, this makes social networking the third most popular computing activity now, ahead of using e-mail. Facebook reaches an estimated 29.9 percent of the global Internet user community. It has clearly become a mainstream phenomenon and the numbers are sure to get bigger from here. For the full Nielsen report, check out this page:

www.docstoc.com/docs/5830948/Nielsen-Report-on-Social-Networkings-New-Global-Footprint

The rise of social media has coincided with a decline in consumer use of traditional media. Social media usage numbers are up while newspaper circulations are down. In many cities, the number of social media users surpassed the stated circulation of venerable newspapers in 2008. eMarketer reports that Internet users consumed far less traditional media in 2008 than 2006 (www.emarketer.com/Article.aspx?R=1006892/). It's safe to say that today, people get far more news, information, and commentary from their friends than from traditional media.

It's great that people are using Facebook and social media, but do these products and services impact purchase decisions? It's probably too early to tell how social media marketing and advertising will compare to search engine optimization and click-through search advertising. But we do intuitively know that we all personally have friends we ask for recommendations: the sports enthusiast, the wine lover, the tech geek, the foodie. We rely on friends and people we trust for feedback and information every day. We similarly listen to our friends when it comes to music, things we do for fun, responses to politics and world events—you name it. We're influenced on a regular basis by people we know and love. Social media records all those recommendations and makes them visible for friends and friends of friends to see.

The history of computing also tells us that opportunity lies in the first place people log in to every day. In the early 1990s, marketers sought ways to take advantage of Prodigy, CompuServe, and AOL. The mid-1990s was dominated Microsoft, when

installed client software was the major opportunity. Companies fought to get a presence on consumers' desktops. The late 1990s was dominated by the portals such as MSN, Excite, and Yahoo!, where eyeballs were most concentrated. We talked earlier in this chapter about Google and how it created a center of gravity for the Web that captured consumer attention and marketing dollars. Today, many people start their day not by going to google.com, but rather by logging into Facebook.

What Social Media in 2010 Tells Us about the Future of Marketing

So what does all this mean for marketing in 2010 and beyond? The biggest change in marketing has been the shift from “push marketing” to more of a conversation with customers. In the past, companies were limited to communicating directly with us through radio and television commercials, print advertising, billboards, and other “old media” ways of marketing. But somewhere along the way, we got cynical. We realized that our friends and colleagues were probably more honest about products and services than the self-interested companies that marketed to us. So we started listening to our friends and social networks more and traditional advertising less.

At the same time, technology has marched forward relentlessly. TiVo and digital video recorders made it easy for us to bypass and ignore commercials in live television. MP3 players helped us listen to music and podcasts on demand, which similarly marginalized radio advertising. Online retailers realized that they could increase sales by allowing visitors to their site to offer personal recommendations about products they were selling. And, of course, the social media industry was very successful.

So how should we frame our thinking when setting the stage for marketing plans today? Five years from now? And how should long-term strategy be structured to give social media a competitive advantage? Allow me to suggest five broad themes that I think will define social media and marketing for years to come:

The need to share information. If the rise of mainstream social media has proved one thing, it is that a lot of people have an intrinsic need to share things about themselves. Maybe it's self-importance, maybe everyone needs to feel like a celebrity. I don't know. But social media today captures a lot of mundane information about users. Sometimes that mundane information can include an experience, positive or negative, with your brand or with your company. Today, everyone can broadcast to their own little social media network of usually a few hundred people. For more on this topic, I recommend reading Brad King's book *The Cult of Me* (Carnegie Mellon, 2010), which discusses these themes in great detail. Word-of-mouth marketing has become both a threat and an opportunity to modern businesses—social media provides the loudspeaker.

Immediacy is here to stay. All of the tools provided in social media give people an opportunity to respond immediately to things and share those reactions with friends in real time. It could be a great experience with a restaurant, a terrible interaction with an airline at the airport, you name it. With immediacy comes human emotion—powerful

feelings once shared only in the presence of friends can now be shared immediately with friends, colleagues, acquaintances, and the general public through social media. Sometimes this can work for your business/brand; sometimes it can work against you. Some companies are already seeking ways to communicate with angry or satisfied customers in real time through social media. So far, it is proving to be a differentiator for a lot of brands that deal proactively with negative social media publicity.

Everyone is a source of information, and everyone is biased. It's 2010, so people don't just hear about news, events, and so on from the local TV news broadcast and/or newspaper. People (not to mention your customers) hear about things from blogs, Twitter, articles, casual conversation. Some people's opinions on politics are influenced by *The Daily Show with Jon Stewart* and the Fox News Channel! Let's face it: The line between fact and opinion is muddy. People today don't have the interest or the time to learn the difference between the two.

Think about this from your own personal perspective. Which friend of yours is known among friends as an expert on food, drink, nightlife, or politics? Do you have friends who *want* to become known among friends as being an expert? What about the ones who think they are influential about certain topics yet nobody wants to hear from them? One thing is certain about all three groups: They can use social media to say whatever they want. Oftentimes, one opinion is just as good as another, as informed or uninformed as one may be.

Noise level. Everyone is now a publisher and a celebrity in their own world. So it takes a lot of effort to keep up with it all, if you choose to do so. This can work two ways for marketers—some people will respond to direct engagement that cuts through the clutter. Others will instead ignore your noise alongside everyone else marketing a product or service. So the challenge is twofold: A marketer must fit into the noise with interesting things for one segment of their customer base while grabbing the attention of the other. The worst thing you can do as a marketer is say something wholly uninteresting or something that doesn't serve to engage with customers in a meaningful way. The bar is as high as ever today, and consumers don't have significantly more spare time these days.

Melding of worlds. Like it or not, the openness of social media means that it is almost impossible for users to keep different parts of their lives distinct. Things done offline invariably find their way online—and it may not even be your doing. And all those things are available for your personal and business contacts to enjoy!

Think about how this happens—it's all too innocent. You get a friend invite from a coworker. You probably don't want to offend this person, so you decide to accept them as a friend. Now this "friend" is on equal footing with your other friends: college buddies, people you knew in elementary school, and your closest friends. Any one of them can comment on your Facebook profile or send you a tweet, and that comment is out in the open. Any one of them can post embarrassing pictures of you, comment

inappropriately on your status or links you share, and so on. Now some people simply don't care what happens. But others obsess over their personal or professional image. Customers today live with and accept a degree of transparency into their lives that simply wasn't there just a few short years ago. Marketers need to remember this when putting together campaigns and customer engagement programs.

We are starting to see elements of “social commerce” emerge on the Internet, whereby purchasing decisions are directly influenced by other people and sometimes friends. Epinions was one of the first companies to emerge (in 1999) with a platform for helping consumers share experiences with certain products on the Internet for other consumers to consider. Yelp does similar things for local businesses, and many retailers are now integrating reviews on their websites to increase sales. Similar products have not yet emerged on mainstream social networks, although integration with these third-party websites is gradually increasing. Web Strategist and former Forrester analyst, Jeremiah Owyang, sees the Era of Social Commerce as the last phase of a gradual shift from the anonymous Web to a social Web through maturing social media technologies. For more information, check out his insightful report at

www.web-strategist.com/blog/2009/04/27/future-of-the-social-web.

It's a great framework for considering where customers and technology will be in coming years.

Realistic Social Marketing Expectations

Now that we've reviewed the background and the trends of where we are, how do you put together a plan that takes advantage of the opportunities? Where is the low-hanging fruit? What should you expect when starting a social media effort or campaign?

First, let us set the expectation properly: Social media marketing, and particularly Facebook marketing, takes time. It isn't something you just turn on overnight to gain followers, fans, friends, and hoards of consumers saying good things about your brand and/or your company. Facebook will not do your job for you, it won't sell for you, and it won't make you creative. Facebook is a set of tools that, if used properly, can give you a way to reach people in a new and exciting way. If it's used improperly, you are sure to spend a lot of money, get frustrated, and ultimately lose faith in a channel that could be very, very good to you. Every situation is different, so you'll have to assess how different parts of Facebook could be used in concert to solve your business problems. We will discuss this more in Chapter 3 and other parts of this book.

Effective execution on Facebook generally starts with an honest assessment of the metrics you are trying to drive. For example, consider the following questions:

- Do you want more direct revenue for your e-commerce effort?
- Are you primarily trying to reach new customers? Or are you trying to communicate better with existing customers?

- Do you want to improve your customer engagement or image metrics?
- Are you establishing a base from which you can market future products and services over coming months and years?
- Do you need to connect better with people in different demographic groups?
- Are you interested in a set of customers on social media that you can benchmark against other customer lists (e-mail, newsletter subscribers, show/conference attendees)?
- Do you want to increase referral business?
- Are you trying to reposition your business or brand?

The answer to these questions will help determine your tactics, how aggressive you should be, and perhaps most important, the things you want consumers to do. Remember, this is an interactive medium, so you aren't necessarily just blasting messages to your customers. You can get them to communicate with you and with their friends. This is the power of the medium, and it's at your fingertips.

In terms of workflow, you'll first have to come to grips with the fact that managing social media will take time, and quite frankly, you have a lot of work to do. You first have to decide what you will promote—a company, a brand, a product? These decisions are typically driven by organizational dynamics, such as what a manager owns or how a company views social media. These conversations can take a lot of time, and the outcome can be based as much on politics as the right thing to do for the customer. Once you've determined what you want to do, you need to have the resources set aside to establish the presence. So in summary, you'll need to ask yourself the following questions as you begin.

- What do you want to say?
- How will you say it?
- Do you need your own content or will you point to other content on the Internet?
- Who will post the content?
- What creative is necessary (logos, icons, ongoing graphic design work, custom applications) to fulfill the business objectives?

Depending on priorities, these tasks are generally assigned to full-time employees, interns, or even consultants who know the business well and understand how to establish a social media presence quickly. The best situation is to have a trusted employee manage your social media presence. You don't want to invest time and money in all the learning only to have the person responsible work for someone else or end a contract and take the knowledge with them.

After the basic presence is established, you'll have to maintain your new property. I like to think of this responsibility as a social “editor-in-chief,” someone who is

responsible for making sure the presence is fresh with updates on a regular basis. This should be a person you trust implicitly; words and thoughts shared on social media can in some cases be permanent! I've typically recommended at least one update per day per social network for clients, and no more than 7 or 8 per week. Remember, you don't want to annoy people.

This person is oftentimes the person who will monitor outcomes and manage analytics for a social media project. In an ideal situation, each business goal you've identified will be mapped to a specific success metric. Those metrics should be measurable and recorded in a spreadsheet on a daily basis once your project is established. Social media projects are relatively new, so you'll probably have to go above and beyond to ensure that management is supportive of your effort. We've had a lot of success when we are able to show data, charts, and details on how the effort results in increased awareness, improved image, or higher revenues.

All told, you are trying to create a presence and tweak it into optimal performance. Very few web properties were perfect upon launch. The optimal combination of design and content for your business goals is determined only after a lot of experimentation. Get comfortable trying things out. It's a common characteristic of the Web, and social media is no different. If you have metrics to back up your assertions, you'll be a lot more confident because numbers rarely lie.

A Few Thoughts Regarding Consumer Engagement

Finally, you're going to have to think deeply about how customers will interact with your company or brand on social media. Put a different way, you have to remember that consumers aren't necessarily eager or ready to buy from you at all times. So while you may be interested in promoting an offer or a product, doing so over and over again is likely to alienate your customer base.

Take, for example, one case that I witnessed recently. I partnered with a marketing company that was helping a sandwich franchise with their social media presence. Their job was to identify opportunities on Facebook and Twitter that would help the franchise reach more customers, and they managed the client's Facebook and Twitter accounts in the early stages of the project. Over the first few months, they posted status updates such as these:

“Enjoy a meatball sandwich today!”

“Our shakes are fantastic!”

“It's hot outside—come enjoy a cold beverage!”

What's consistent across all of these messages? Well, for one, they aren't particularly informative. Worse yet, these messages were sent out with the franchise's marketing goals in mind, not the needs/desires/wants of the customer base. Needless to say, this wasn't a particularly effective campaign. The number of Twitter followers and

Facebook fans didn't increase significantly, which led the franchise to distrust the marketing company before it could show its capabilities. To say the least, the marketing company got off on the wrong foot! The company would've been better served to mix it up a bit by including an occasionally important or informative message alongside its marketing messages, such as these examples:

“Bring your umbrella—storms expected this afternoon in town!”

“Get a free drink with any of our great meatball sandwiches today only when you mention Facebook!”

“Festival downtown this weekend—get your early-bird tickets at www.earlybird.com.”

When in doubt, you should remember the golden rule of social media marketing:

“Do unto your customers as you would be happy to have them do unto you.”

There is a fine line between informing and annoying your customers—make sure you are providing value to your community through social media. Be thoughtful and informative with everything you share on social media. When someone chooses to become a fan or follower of your company, it's a privilege and not a right!