

Social Media Marketing: Gaining a Competitive Advantage by Reaching the Masses

David Joshua Perdue

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Honors Program of Liberty University.

Colleen A. McLaughlin, Ph.D.
Thesis Chair

Darin L. Gerdes, Ph.D.
Committee Member

Jerry Westfall, Ph.D.
Committee Member

James H. Nutter, D.A.
Honors Director

Date

Abstract

Social media marketing involves the use of online social media tools—such as Facebook, Twitter, and LinkedIn—to reach consumers in innovative ways. Given the increasingly large numbers of consumers using social media, businesses of all types are getting involved in social media in an attempt to reach new audiences and strengthen their ties with existing customers. However, the magnitude of resources available and the potential consequences of a failed social media marketing campaign have left many companies in a state of uncertainty. How can a company develop a social media marketing strategy that will prove successful in the long run? Instead of simply focusing on popular social media applications, companies need a set of guidelines with which they can effectively utilize various forms of social media as strategic marketing tools. Therefore, this thesis presents the principles of social media marketing by explaining the social media phenomenon, detailing how to create and capture value with social media, and discussing the process of formulating a social media marketing strategy.

Social Media Marketing:

Gaining a Competitive Advantage by Reaching the Masses

In June 2009, Iran was reeling from the political unrest of a contested presidential election. Protestors had been pouring into the streets for days when a 26-year-old Iranian woman, Neda Agha-Soltan, decided to attend the antigovernment protests in Tehran, the capital of Iran. Shortly after arriving near the scene of the protests, a gunman on a rooftop close by shot her. Struck in the heart, Neda died only moments later (Fathi, 2009).

The tragic story of Neda's sudden death almost as suddenly went global. And surprisingly, the prodigious coverage of her death came not from professional journalists but ordinary people using social media technologies. A witness had been capturing the grisly scene on video during the confusion following the gunshot and promptly posted the video on the Internet. Shortly afterward, the video of her bloodied body found its way onto social media sites and swiftly spread across the Internet, becoming so widespread that even mainstream media eventually reported on the chilling clip (Cashmore, 2009).

As the story of Neda's tragic death captured the attention of a global audience through social media, the incident brought attention to the Iranian crisis as a whole, which likewise was experiencing a wave of social media activity. A week prior to Neda's death, angry Iranian citizens had been fervently updating the world on their grim situation by posting videos on YouTube, a video-sharing site (<http://www.youtube.com>); sharing messages on Twitter, a microblogging service (<http://www.twitter.com>); uploading images on Flickr, a photo-sharing platform (<http://www.flickr.com>), and writing accounts on Wikipedia, a web-based encyclopedia (<http://www.wikipedia.com>). It became possible with the content to compile a timeline of the events in the Iranian crisis (Parr, 2009).

The Rise of Social Media

The chaotic aftermath of the Iranian election demonstrated not only the ruthlessness of the Iranian regime but also the enormous influence and potential of social media. Astonishing statistics about social media had been surfacing for some time, indicating its increasing importance as well as its relevance to people's everyday lives. A Universal McCann report (2008) revealed that hundreds of millions of Internet users were reading blogs, watching online video clips, managing profiles on social networks, and engaging in other forms of social media.

Social networks have been particularly popular. A 2007 Technographics survey (as cited in Li & Bernoff, 2008) found that one in four online American adults visited social networking sites at least monthly. Early last year, Facebook founder and CEO Mark Zuckerberg (2009) announced that his popular social networking site had gathered 200 million active users.

The enormous growth of social media—at least in terms of users—carries many implications, one of which is how social media technologies can transform business. Numerous departments in companies are now facing difficult questions related to social media. Should human resources personnel use professional social networking sites like LinkedIn to recruit new talent (<http://www.linkedin.com>)? Should marketers engage online communities on Facebook to increase brand awareness and reach out to consumers for product ideas (<http://www.facebook.com>)? Should employees have unrestricted access in the workplace to popular social media resources? In short, social media poses some real challenges to businesses as customers and employees increasingly flock to social media websites (Ross, 2009).

The Impact of Social Media on Marketing

Of particular interest is the influence of social media on marketing, which has led to the development of social media marketing as an increasingly popular form of online marketing. In terms of spending, Forrester Research forecasts a 34% annual growth rate for social media marketing through 2014, outpacing all other forms of online marketing (VanBoskirk, 2009).

The multitude of people using social media sites is one reason for this trend: marketers now have an exponentially larger audience. Another reason is the ability to instantly communicate with consumers, which the Internet makes possible. To put this into perspective, Facebook announced on its sixth anniversary that it had surpassed 400 million users (Zuckerberg, 2010), doubling its users in less than a year. If Facebook were its own country, it would be the third largest nation in the world based on statistics from *The World Factbook* (CIA, 2010).

Unfortunately, many companies do not understand social media and remain unsure of how to get involved in social media marketing. Li and Bernoff (2008), principal analysts at Forrester Research, incisively identified this problem:

We have this conversation with clients all the time. There is the IT strategist at a fast-food company who wanted to know how her company could “become part of the social networking space.” The CIO at a furniture company who wanted to know best practices for starting a blog. And dozens of others.

Now, these people know they need to get involved, but they’re nervous about moving forward. To us, they seem to have developed a sort of low-grade fever. (p. 66)

Social media technologies constantly change, but the desire to utilize those technologies to reach consumers in meaningful and measurable ways does not. For this reason, a list of popular social media tools would quickly become obsolete. However, an exposition of social media marketing principles would remain relevant and instructive for some time. Therefore, the following discussion presents the principles of social media marketing by explaining the social media phenomenon, detailing how to create and capture value with social media, and discussing the process of formulating a social media marketing strategy.

Understanding the Social Media Phenomenon

The starting point revolves around an understanding of the social media phenomenon: the rapid, global adoption of social media by active Internet users. Grasping the full meaning and significance of this phenomenon requires a definition of social media and a comprehension of the various categories of social media. In addition, this discussion necessitates an investigation into the reasons that consumers have adopted social media for personal use as well as the reasons that companies are engaging in social media marketing.

Defining Social Media

Since social media is a relatively new concept, social media experts continue to debate a proper definition of the term, and deciding on a universally accepted definition may prove impossible (Solis, 2009). Nevertheless, considering definitions from several social media experts assists in determining a reasonable definition—one that accurately describes the core purpose of social media.

Safko and Brake (2009) observe that social media “refers to activities, practices, and behaviors among communities of people who gather online to share information, knowledge, and opinions using conversational media” (p. 6). Weinberg (2009) notes that social media “relates to the sharing of information, experiences, and perspectives throughout community-oriented websites” (p. 1). Comm (2009) says that social media is “content that has been created by its audience” (p. 3). The Universal McCann report (2008) refers to social media as “online applications, platforms and media which aim to facilitate interaction, collaboration, and the sharing of content” (p. 10).

The preceding definitions describe various aspects of social media but do not identify its essence. Zarrella (2010) offers a basic definition that brings clarity to the term: Social media consists of online technologies that facilitate the creation and distribution of content. Concise and simple, this definition lays the foundation for a proper understanding of additional facets of social media.

Defining Social Media Marketing

With a definition of social media in place, accurately defining social media marketing is possible. A basic definition is “using social media channels to promote your company and its products” (Barefoot & Szabo, 2010, p. 13). An expanded definition is “a process that empowers individuals to promote their websites, products, or services through online social channels and to communicate with and tap into a much larger community that may not have been available via traditional advertising channels” (Weinberg, 2009, p. 3). The emphasis here is on communicating with a community, which is crucial to this discussion. Hunt (2009) maintains that social media marketing is synonymous with community marketing.

Categories of Social Media

The term *social media* is a broad one that encompasses a vast array of online resources. Since it is not possible to discuss all the different types of social media here, the following main categories were chosen: social networking, blogging, microblogging, social news, social bookmarking, and media sharing. Each of these categories has unique features that appeal to different people in the social media sphere.

Defining a social networking site. First, a *social networking site* and *social network* “are generic terms for sites that are used to connect users with similar backgrounds and interests” (Weinberg, 2009, p. 149). Most social networks have the same basic features: a personal profile, the ability to add friends, photo albums, and a variety of ways to interact with friends and their content. Generally speaking, social networks fall into one of two main subcategories: popular or niche.

Popular social networks have a broad appeal and gather millions of users. Some current examples are Facebook (<http://www.facebook.com>), a general-purpose social network that appeals to the masses; MySpace (<http://www.myspace.com>), another general-purpose social network that also targets bands promoting their music; and LinkedIn (<http://www.linkedin.com>), a social network for all types of professionals.

Niche social networks appeal, of course, to smaller audiences of specific topics. Examples of niche social networks are Sharecipe (<http://sharecipe.com>), which focuses on recipes and cooking tips; For the Love of Film (<http://www.tcm.com/fan>), which connects fans of classic films; and ActiveRain (<http://activerain.com>), a social network for real estate professionals.

Defining a blog. Second, a *blog* is “a type of content management system (CMS) that makes it easy for anyone to publish short articles called *posts*” (Zarrella, 2010, p. 9). The popularity of blogging has increased significantly now that virtually anyone with Internet access can easily set up a blog with any of the numerous free tools available (Safko & Brake, 2009).

Popular blogging platforms include WordPress (<http://wordpress.org>), Movable Type (<http://www.movabletype.com>), and Google’s Blogger (<http://www.blogger.com>). Some common features of blogs are *commenting*, which allows readers to leave comments on the bloggers’ posts; the *blogroll*, a list of links to other recommended blogs; and Really Simple Syndication (RSS), a technology that enables readers to easily view summaries of posts.

Defining a microblog. Third, a *microblog* is a type of blog in which posts have a limited length. The primary example of a microblogging service is Twitter (<http://twitter.com>), which limits the size of each post to 140 characters. Many people incorrectly refer to Twitter as a social networking site because of its similarities to popular social networking services.

Microblogging facilitates conversation while enforcing conciseness. People find microblogging useful to share links to interesting sites, make announcements, provide updates while at events, and much more (O’Reilly & Milstein, 2009). Other examples of microblogging platforms include Jaiku (<http://www.jaiku.com>), which functions similarly to Twitter; and Yammer (<http://www.yammer.com>), an enterprise platform that facilitates internal communication.

Defining a social news site. Fourth, a *social news site* lets visitors submit and vote on content. In a sense, a social news site serves as a filter that separates compelling content from mundane content on the Web. When users find content that interests them (such as an article, video, image, etc.), they can submit the content to a social news site. If the online community finds the content interesting, they will vote accordingly and drive the content to a prominent place on the site.

Currently, the most popular social news site is Digg (<http://digg.com>). Other popular social news sites are Reddit (<http://www.reddit.com>) and Mixx (<http://www.mixx.com>). These websites serve fairly broad audiences by covering a wide range of topics. There are many niche social news sites such as Tip'd (<http://tipd.com>), which focuses on finance, investing, and business, and Slashdot (<http://slashdot.org>), which focuses on science and technology.

Defining a social bookmarking site. Fifth, a *social bookmarking site* is similar to a social news site, “but the value presented to users is focused on allowing them to collect and store interesting links they’ve found and may wish to revisit” (Zarrella, 2010, p. 103). Essentially, users share organized content from the Web via links, or bookmarks. Voting on submitted bookmarks determines which ones the site will prominently display. Because social news sites and social bookmarking sites both focus on helping users find interesting or useful content, people often confuse the two types of sites.

The most popular social bookmarking sites at this time are Delicious (<http://delicious.com>) and StumbleUpon (<http://www.stumbleupon.com>). An example of a niche social bookmarking site is Diigo (<http://www.diigo.com>), which focuses on research and collaboration.

Defining a media-sharing site. Sixth, a *media-sharing site* empowers users to upload multimedia content: videos, images, podcasts, and other forms of media (Zarrella, 2010). This segment of social media has become particularly influential through video-sharing sites such as YouTube (<http://www.youtube.com>). Photo-sharing sites, such as Flickr (<http://www.flickr.com>), let users upload their own images and browse the millions of images that others have uploaded. Presentation-sharing sites, such as SlideShare (<http://www.slideshare.net>), enable users to upload and share presentations. A common feature of media-sharing sites is the ability to associate a *tag* with a user's content; a tag is simply a descriptive word that helps people find the content (Zarrella, 2010).

Considering additional categories of social media. Some additional categories of social media worth mentioning are rating and review sites, forums, and virtual worlds. Further research in these areas may yield beneficial ideas for social media marketing. Nevertheless, companies may derive the greatest benefit from focusing on the forms of social media presented here, such as social networks, because of their enormous popularity.

Consumer and Business Adoption of Social Media

Having explained the nature of social media, the next step involves understanding why consumers and businesses have enthusiastically adopted social media. Such an understanding not only helps to explain the social media phenomenon but also demonstrates the permanency of social media. In other words, the mindset of consumers and businesses toward social media, as described in the following, indicates that social media is not a mere fad.

Reasons that consumers have adopted social media. The most basic reason that consumers have adopted social media stems from the innate desire to connect with other people. Barefoot and Szabo (2010) note that this principle encompasses all forms of online communities: “From [bulletin board systems] to chat rooms, forums, and blogs, human nature is at the heart of creating and building online communities” (p. 3). People naturally desire to connect with other people and belong to a community, and the explosion of online communities evinces this propensity.

Furthermore, Barefoot and Szabo point out that consumers have discovered that social media empowers them to communicate, share, and collaborate with greater efficiency. The popular Firefox browser (<http://www.mozilla.com/firefox>) and Ubuntu operating system (<http://www.ubuntu.com>) are examples of noteworthy projects developed and managed by online communities.

By becoming dependent on social media to connect with friends and family, people develop an emotional and personal attachment to social media. Hunt (2009) says, “If your experience with a social catalyst, be it either a brand or a website, is something that enhances your life or deepens your bonds with friends and associates, you will also become bonded with that social catalyst” (p. 285).

Users often do not realize their dependence on a social media service until an outage suddenly occurs. As an extreme example, the US State Department asked Twitter and other social media sites to avoid downtime by postponing periodic scheduled maintenance during the Iranian crisis. In this case, obtaining information through the social media sites was the main reason that compelled US officials to contact the social media services (Labott, 2009).

Therefore, businesses must grasp the concept that people enjoy using social media mainly because it succeeds in fulfilling their innate desire to connect with other people. The company, then, bears the responsibility of “understanding that need, codifying it, and using that code to better succeed in business” (Powell, 2009, p. 6).

Another reason for the consumer adoption of social media is the radical transition of power from the corporate to the consumer. A harbinger of this significant shift was the dot-com crash in late 2001, resulting in the advent of Web 2.0. Simply put, Web 2.0 is a shift in which Web technologies present interactive, dynamic content rather than static content (Google, 2008). Users were previously passive observers of the Web; now they can actively contribute content to the Web through social media.

Threadless (<http://www.threadless.com>), an online apparel store, has certainly learned how to utilize the ability of online users to contribute content. The company maintains a thriving online community of artists that designs T-shirts. Members submit designs to Threadless.com, and other members vote for their favorite submissions. Threadless then takes the winning designs and runs limited productions of them, selling T-shirts to the community that designed them.

Members get involved not only by submitting t-shirt designs but also by posting pictures, participating in forums, writing slogans, and more. Voting plays an important role in the community by encouraging members to identify high-quality content. The Threadless website serves as the hub for all of these activities. And the company’s approach seems to have worked, especially since it has nearly half a million registered members and has doubled its revenue annually since its start in 2000 (Hunt, 2009).

Another aspect of the power shift from corporate to consumer involves the media. Media used to be top-down; now it is becoming bottom-up through social media (Comm, 2009; Powell, 2009). Social media has empowered media consumers to not only communicate with media creators but also create their own media as long as they have an Internet connection (Szabo & Barefoot, 2010). There are a number of problems with traditional media outlets that companies have relied on in their marketing efforts, and three of the primary problems are inundation with advertising, a lack of trust, and too many choices (Hunt, 2009).

An excellent illustration of this substantial shift in economic power is the story of Thomas Hawk, a blogger, who wrote a revealing post about PriceRitePhoto after the company refused to ship his camera when he would not purchase additional accessories. His post resulted in a firestorm of controversy and online discussion, which the *New York Times*, *Forbes*, and the *New Yorker* eventually covered. PriceRitePhoto went out of business shortly afterward—because of one blogger’s influence (Powell, 2009).

Companies must understand that consumers are using each other to find what they want, when they want it, and how they want it. Li and Bernoff (2008) describe this phenomenon as the *groundswell*, a “social trend in which people use technologies to get the things they need from each other, rather than from traditional institutions like corporations” (p. 9). Hunt (2009) says, “the majority of our buying decisions have always been through word of mouth. However...thanks to the proliferation of online communities, our personal networks have gotten *bigger*, much bigger” (p. 36). The underlying principle is that consumers are making their purchasing decisions based more on what their friends are saying rather than what corporations are telling them.

Reasons that businesses have adopted social media. Consumer fervor surrounding social media has gotten the attention of the business world. Over time, savvy marketers have identified a number of reasons for engaging in social media marketing. Although the reasons mentioned earlier—the vast number of people using social media as well as the ability to communicate with consumers instantly—are important ones, an in-depth look at these reasons greatly helps to explain the social media phenomenon.

To begin, more people are using the Internet than ever before. According to Internet World Stats, over 1.7 billion people were using the Internet in 2009, a 380% growth from 2000-2009. And people are spending more time on the Internet than ever before. Harris Interactive (2009) conducted a poll and found that adult Internet users are “now spending an average of thirteen hours a week online” (para. 1), nearly double the amount of average time that Harris Interactive found adults spending online in 2002.

Consequently, the influx of Internet users has led to exponential growth in social media users. Universal McCann’s global statistics on social media released in July 2009 indicate that there are about 625 million active Internet users (p. 5). Of these, nearly 83% watched online video clips (p. 18), 71% visited a friend’s social network page, and about 63% created a profile on a social network (p. 21). In the United States alone, 66% of its nearly 96 million active Internet users read blogs, and 33% of its active Internet users are blog writers (p. 28). And where people go, the money follows. A Forrester press release (2009) notes that “marketing budgets are following the innovation trail—social media spending in the US will grow from \$716 million this year to more than \$3.1 billion in 2014” (para. 2).

Next, marketing is about meeting people's needs and problems, and 58% of individuals have been turning to the Internet to address problems and issues (as cited in Weinberg, 2009). Online repositories have become the norm with websites such as Wikipedia that receive millions of visitors searching for answers. As a result, enormous opportunity exists to influence purchasing decisions.

The Home Depot, for example, now uses YouTube to share demonstrations of do-it-yourself home projects with topics such as home improvement and energy efficiency. The company also delivers announcements and resolves customer service problems through Twitter. In the 2008 Hurricane Gustav incident, The Home Depot communicated helpful hurricane preparation information to users through Twitter (Weinberg, 2009).

Another point is that consumers are already engaging in conversations online about products, services, and brands. Companies can benefit from participating in these conversations (Zarrella, 2010). For example, active participation in conversations on various online communities generates interest in the company as well as a flow of useful information (Hunt, 2009). Scott (2009) says, "Where organizations get into trouble is in failing to participate at all" (p. 121).

HP makes a concerted effort to stay in touch with its target audience by hosting almost fifty executive blogs on industry-related topics. The main benefit of the blogs is the ability of HP to respond to customers through comments left on the blog and posts about customer thoughts. Maintaining the blogs builds trust and encourages conversation because consumers know that HP is deliberately attempting to converse with them and allowing them to voice their concerns (Li & Bernoff, 2008).

Finally, the financial barriers to social media marketing are quite low. Whereas traditional marketing campaigns can cost millions of dollars, many social media tools are free—even for business use. Businesses can run highly successful social media marketing campaigns on a limited budget. Perhaps the quintessential marketing campaign in this regard is the *Will It Blend?* video series created by George Wright for Blendtec, a company that manufactures blenders. The videos, which have millions of hits today, began on a \$50 marketing budget (Weinberg, 2009).

Creating and Capturing Value with Social Media

Having established a proper understanding of the social media phenomenon, the next step is to explain the various ways of creating and capturing value with social media. Given the wide variety of social media tools available, companies have many ways to reach their audiences. If social media were a large toolbox, the individual types of social media—such as blogs, social networks, and social news sites—are unique tools that deliver maximum effectiveness in different situations. The competent social media marketer must learn the capabilities of each tool and when to use or *not* use it. This practical experience then becomes an important element of formulating a successful social media marketing strategy.

Principles of Social Media Marketing

Several principles govern social media marketing, and a company's efforts in the social media sphere should always abide by these principles even though social media marketing activities can assume many forms. These principles relate to community, content, conversation, and transparency.

Each of the four principles serves a crucial role in supporting the effectiveness of social media marketing. Without conversation, social media would not be social. Without transparency, conversation would not be constructive. Without content, social media would not be media. Without community, content would not be relevant.

Focusing on community. Starting with the community principle, a company should center its online marketing efforts on communities. There are many facets to this principle with the most important facet being that social media marketing is about connecting with groups of people, not blasting the masses with advertising. Connecting individuals with similar interests is also important: “Social media tools enable like-minded people—be they bird watchers, Québécois undertakers, or Vietnam veterans—to find each other. This is a key benefit of social media marketing” (Barefoot & Szabo, 2010, p. 7).

Moreover, a company is more likely to have success by targeting specific online communities rather than general groups on the Internet. Instead of finding existing communities, a company could also build an online community around its products, service, or even itself. Hunt (2009) states that an important part of building a community is a core customer:

However, today we can narrow our markets down to an even more personal level because people often publish their preferences very explicitly in online social networks. Some social media consultants are calling the further narrowing of this profiling *socialgraphics*—the segmenting of people through what kind of groups they join, preferences they publish on social networks, the content of their public wish lists, and what they discuss with their friends in online communities. (p. 125)

Publishing content in communities. In regard to content, a company is a publisher in social media. Remembering that social media are tools that facilitate the creation and distribution of content, companies face the challenge of deciding not only what kinds of content to create but also the purpose of the content they create. Safko and Brake (2009) discuss the four pillars of social media marketing strategies, which are four ways in which companies can engage online communities: communication, collaboration, education, and entertainment (p. 675). In other words, companies can use content to communicate with its audience, facilitate collaboration with or among its audience, educate its audience, or entertain its audience.

Furthermore, a company should invest significant effort into publishing *creative* content—the kind that catches people’s interest and spurs them to share it with their friends (Scott, 2009). If content is boring, people tend to ignore it. The *Will It Blend?* video series mentioned earlier has entertained millions with the simple but amusing idea of blending chopping, grinding, and pulverizing everyday objects. George Wright, the creator, says, “Instead of making ads, think of making content” (Weinberg, 2009, p. 30).

Participating in communities through content. The principle of conversation simply means that a company is a participant in social media. By its very nature, social media is interactive, and a company should be jumping into online conversations and engaging online communities related to its products or services. This interaction does not mean outright advertising and promotion. Rather, companies can provide information to online users by answering questions, posting useful tips, or just making friendly comments.

Being transparent in communities while participating through content. The fourth principle, transparency, insists that a company should be authentic in its participation in social media. Weinberg (2009) says that “when it comes to social media marketing, the rules of engagement are different. Altruism rules above all. Authentic online relationships can further your cause and help foster real relationships that can flourish offline” (p. 323). Any company involved in social media marketing should strive for the utmost transparency in *all* of its online dealings. Those who do not may end up alienating themselves from entire communities who feel like they have been lied to.

Therefore, no matter what type or level of interaction in social media, a company should focus on reaching out to online communities, creating compelling content to share with those communities, participating in the online conversations, and being transparent throughout its online activity.

Various Methods of Creating and Capturing Value

Armed with an understanding of the basic principles that govern social media marketing, marketers can consider some of the many ways to profitably engage in social media marketing. Most of them do not directly result in sales but certainly provide value while resulting in sales *indirectly*. All of them, however, possess enormous potential to help build connections with its customers.

Monitoring online reputation. One of the most important uses of social media marketing is online reputation management. To provide a complete definition, *online reputation management* involves building a positive perception of a company’s brand by interacting with customers in online communities as well as searching for and responding to negative perceptions of the company’s brand. Weinberg (2009) notes that online

reputation management is more about people than anything else: “You can manage relationships, but you can’t manage reputation” (p. 30).

The importance of online reputation management hinges on the fact that the Internet has multiplied the ability of people to affect reputation. Scott (2009) makes an interesting observation in this regard: “The power of the Internet makes it easier for people to fall in love with you faster. But beware—it also makes it easier for them to fall out of love with you faster. It’s a double-edged sword” (p. 11).

Rather than taking a passive approach to online reputation management (i.e., ignore what people are saying online), companies should use social media to participate in conversations related to them or their products. In fact, online reputation management expert Andy Beal (2008) says that companies should monitor the twelve reputations: your name, company name, brand names, company’s executives, company’s media spokespeople, slogan or marketing message, competition, industry, weaknesses, business partners, clients, and intellectual property.

Actually monitoring these reputations can prove tricky. Social media experts Brogan and Smith (2009) note that reputation management “is a burgeoning field right now because the process of checking everything is so daunting that large companies often need entire smaller companies to deal with it” (p. 172). A variety of online tracking tools exist, some of which are free, but it is important to select the ones that best fit the needs of a company. Examples of free tools include Google Alerts (www.google.com/alerts), the blog search engine Technorati (<http://technorati.com>), and even the microblogging site Twitter (www.twitter.com).

Nevertheless, actually paying for one or more reputation tracking tools can be highly beneficial. Schawbel (2009) details some powerful reputation tracking tools, mentioning Radian6 (www.radian6.com), Trackur (www.trackur.com), and Buzzlogic (www.buzzlogic.com), all of which offer detailed dashboards that can aggregate information and empower users to quickly grasp what people are saying about a company—in real time.

Network Solutions, a domain name registrar, demonstrated the power of effective online reputation management in the wake of a serious ethical failure. In this case, when users searched for a domain name on the Network Solutions website, Network Solutions would purchase the domain so that the individual would have to use its services to acquire it. Such unethical behavior obviously led to a negative reputation that the company knew it had to resolve. Network Solutions attempted to regain the trust of its customers by listening to, participating in, and adding value to online communities related to its services. As a result, negative comments about Network Solutions decreased and positive comments about the company increased over a six-month period (Weinberg, 2009).

Increasing brand awareness. Another useful application of social media marketing is to increase brand awareness. The importance of brand awareness lies not necessarily in immediate sales but in consumers recalling a company's product or service in the future and returning to make a purchase (Weinberg, 2009). A study conducted by Immediate Future (2008) confirmed that active participation across social media sites positively impacts a company's brand awareness. While customers are beginning to expect their favorite companies to have an established presence on popular social media

sites, those same customers are continually encountering new companies on social media sites.

A major point of brand awareness is to target multiple audiences across many different types of social media (Weinberg, 2009). Because users spend their time on different social media sites, companies should spread their presence across many types of social media while remaining relevant to each community they enter. Regardless, an important element of raising brand awareness is visiting popular social media sites as well as relevant niche social media sites and claiming a company's name (Weinberg, 2009). A service such as KnowEm (<http://knowem.com>) can assist in preventing social media identity theft in which someone claims a username that should belong to a company.

One creative way to increase brand awareness is to identify the influencers in online communities related to a company. By carefully but deliberately turning these individuals into brand ambassadors—people who are passionate about the products or services of a company—the company can indirectly reach out to potential audiences in relevant online communities (Safko & Brake, 2009).

A more humorous example of a company's attempt at increasing brand awareness through social media is Burger King's Facebook application known as *Whopper Sacrifice*. Released in early 2009, the application promised a free Whopper burger if Facebook users would remove ten of their friends from their account. Although Facebook removed the application when about 234,000 friends were removed, more than 13,000 blogs had mentioned Burger King's controversial campaign (Weinberg, 2009).

Increasing social capital. Another major goal of social media marketing is to increase social capital. Powell (2009) says *social capital* refers to “both the network of relationships you have and the access to resources provided therein” (p. 77). In short, social capital revolves around a company developing and maintaining relationships with its customers. Some people might wonder why a company would focus on social capital rather than financial capital; the answer is that social capital is an indirect but vital means of gaining financial capital (Powell, 2009).

Hunt (2009) identifies four compelling reasons to focus on increasing social capital. The first reason stems from the customer relationships that develop into permanent customer loyalty. The second reason involves the word of mouth that inevitably results. Customers will talk favorably about a company with whom they have a relationship. The third reason is that building relationships with customers online is relatively inexpensive—especially in comparison to television ads. Fourth, and most importantly, each company’s competitors are getting involved in the race to raise social capital, and no company should be left behind. Those who lag behind in the race to build social capital may find it especially difficult to catch up in the near future when customers have already established their loyalties.

How is it possible to raise social capital in an increasingly skeptical online world? The secret to raising social capital is “about recognizing how to find your community and potential community and interact on a level that will benefit everyone” (Hunt, 2009, p. 282). Searching for ways to genuinely interact with online communities and provide compelling content is the key.

One person who has successfully built social capital is Gary Vaynerchuk, creator of the Wine Library TV video podcast and owner of a wine store. The New Jersey wine store of ten employees grew to become a multimillion-dollar global business with more than one hundred employees in less than ten years through Gary's efforts. And he achieved this feat by listening to his customers and carrying on conversations with them through social media—primarily his video podcasts.

Viewers began posting about ten or eleven comments on Gary's episodes around two months after the initial episode, and Gary also began receiving email from viewers saying that his shows were so interesting that they switched from his competitor. Users make 15,000 downloads and almost 100 comments on each episode a year after the conception of Wine Library TV (Hunt, 2009).

Utilizing viral marketing techniques. Another way for businesses to apply social media marketing is to harness its seemingly inherent power of viral marketing. Viral marketing on social media sites hinges on content created by companies, and Powell (2009) proposes one question that determines whether or not that content will go viral: "Does the content resonate with people enough that they want to share it with their friends?" (p. 93). If the answer is anything other than a resounding *yes*, the company should reconsider whether its content will truly capture people's attention.

The starting point with a viral marketing campaign is to identify what aspect of a product or service will resonate with people. Chazin, author of *Marketing Apple*, says, "If you can boil your message down to just its syrupy goodness, you can achieve lift—the irresistible force of millions of customers selling your product for you" (Scott, 2009, p. 43). The point is that companies can actually spread the word about its products or

services through its own customers. Scott says that “potential customers are eager to hear from people like them, and they pay close attention to how others have been helped by a product or service” (p. 149).

Once the company has determined a core concept of a product or service, it must then unleash its creativity to demonstrate that concept in a captivating way through its content. Videos are a common avenue for delivering content, and any company has some aspect of its operation that provides ideas for an exciting video (Scott, 2009).

Approva, an enterprise software provider, sells software solutions to large companies for identifying and preventing fraud. After starting *Audit Trail*, a company blog, Approva posted a humorous music video celebrating the fifth birthday of the Sarbanes-Oxley Act (SOX) with the Singing CPA. Those who had to deal with the complexities of SOX could relate to the video’s humor, and the video soon went viral as other bloggers spread the video. Amazingly, Approva’s blog received more hits than the company website within the first six months of the video’s release (Scott, 2009).

Communicating with customers and the media. Next, businesses can use social media to maintain communication with their customers as well as others in the business process. One benefit of this approach is that social media gives companies the opportunity to be personal in their communication with customers. Twitter, the microblogging tool, has proven popular as a tool for reaching out to customers in a personal way. O’Reilly & Milstein (2009) note that “the biggest opportunity Twitter gives you is the chance to show the personality and humanness behind your organization” (p. 197).

Companies can use tools like Twitter to communicate with contacts in traditional media who have found their places in the social media sphere. Companies should also be communicating with bloggers specifically because of the influence they wield in their various spheres of online activity. Scott (2009) recognizes the importance of bloggers: “Bloggers are likely already talking about *your* organization, too. Why not cultivate a relationship with them?” (p. 98).

In regard to customers, should a company then use social media sites as a place to proudly announce its latest release? Generally speaking, social media sites are not a place for simply making product announcements. With a tool like Twitter, for instance, companies should use it to participate in conversations (O’Reilly & Milstein, 2009) and make announcements along the way.

Furthermore, companies can use social media to report problems or notify customers when an issue has been resolved (O’Reilly & Milstein, 2009). One final thought about communicating with customers through social media is that companies can maintain close communication with an avid group of fans who can help promote the company and get the attention of mainstream media as well (Scott, 2009). Devoted fans often appreciate direct feedback from the company they avidly support.

Dell implemented IdeaStorm in 2007 to communicate with its customers after a fiasco involving poor product performance (<http://www.ideastorm.com>). One of the main purposes of IdeaStorm is to gather ideas from users, and IdeaStorm has been successful because Dell took time to listen to its audience, garner executive support, and act with authenticity. In 2008, IdeaStorm had seven thousand ideas submitted and five hundred thousand votes cast by members (Li & Bernoff, 2008).

Creating and capturing value with social media through other methods.

Conducting reputation management, raising brand awareness, increasing social capital, performing viral marketing, and communicating with customers are only a few ways to create and capture value with social media. There are many other possibilities.

Conducting market research through social media is possible because social media facilitates a “continuous flow of information to and from your customers” (Hunt, 2009, p. 1). Monitoring competitors can yield great benefits since many companies are beginning to maintain a visible presence on many social media avenues. Their social media tactics are completely public.

Weinberg (2009) suggests that companies can use social media to drive traffic to their corporate sites, improve search engine rankings, and establish thought leadership.

Carleton (2009) advises businesses to explore a number of ways to use social media, including to obtain insight into targeted niche markets, find new distribution channels, generate leads, find joint venture partners, and provide better customer service. Given the short history of social media, businesses should continually be searching for innovative ways to apply social media marketing.

Formulating a Social Media Marketing Strategy

Finally, with an understanding of the social media phenomenon and ways of creating and capturing value with social media marketing, the third and final step is to formulate a social media marketing strategy. Companies should have a strategy in place to ensure that coherence exists among all the different methods of creating and capturing value they are implementing. Before discussing a strategy, however, it is worthwhile to discuss a few considerations.

Some Considerations before Formulating a Strategy

The first preliminary consideration—and probably the most important one—is that social media marketing requires a significant time investment (Barefoot & Szabo, 2010). As a general rule, simply dabbling in a few social media resources and hoping to realize enormous returns is fanciful. A company must realize the necessary time commitment and either accept or reject that commitment as plausible for its operation.

Second, social media marketing does not mandate the removal of all traditional marketing methods. In fact, those experienced in social media marketing encourage the opposite: social media marketing complements traditional marketing methods (Barefoot & Szabo, 2010). Although some companies may be able to successfully rely on social media marketing alone, such an approach does not usually maximize the marketing potential of most companies. The marketer's goal is not to find the one best marketing solution but to discover the best marketing mix—a mix that often involves both traditional and social media marketing techniques.

Third, a company must address any internal concerns about the use of social media in general. Not surprisingly, many executives view social media with suspicion or even outright antagonism since social media empowers the consumer. In addition, many managers see potential problems with employees using social media sites (Scott, 2009). For example, an employee could leak secret information through Twitter. Although this subtopic is beyond the scope of this paper, it behooves companies that express this concern to consider the example of IBM, which published social computing guidelines for its employees (<http://www.ibm.com/blogs/zz/en/guidelines.html>).

Ultimately, if businesses execute carefully planned social media marketing strategies, they can enjoy the benefits that social media offers without having to constantly worry about negative consequences. As mentioned earlier, the worst possible consequence is failing to get involved in social media at all.

The POST Method: People, Objectives, Strategy, and Technology

Keeping these preliminary considerations in mind, the next step involves considering a method, or technique, for developing a social media marketing strategy. Li and Bernoff (2008) have proposed the POST method: people, objectives, strategy, and technology. Notably, this method does not begin with technology. Li and Bernoff advise that “technology is shifting so quickly—chasing it is like trying to jump on a speeding merry-go-round” (p. 67).

People: Start with an audience. The POST method begins by considering a company’s customers and what kinds of social media they are already using. This activity, which obviously will involve research, indicates what the customers are most willing to do online. Li and Bernoff point out that while it is possible to skip this step and still succeed, “you might also build a whole social networking strategy only to find that your customers are more likely to write reviews than join social networks” (p. 67). This is the time to put the effort into researching where the customers spend the most time online and what they typically enjoy doing on social media.

Objectives: Define clear goals. The following step of the POST method focuses on objectives. In regard to goals, a company should have clearly defined purposes in its social media marketing campaign. These could relate to the methods mentioned earlier (online reputation management, increasing brand awareness, etc.). However, any social

media marketing strategy should have the general theme of expanding the company's Web presence (Barefoot & Szabo, 2010). In addition, many companies have specific short-term goals as well as long-term strategies. Zarrella (2010) says that social media marketing actually falls into two categories: ongoing strategy and campaigns.

Strategy: Developing relationships with customers. The third part of the POST method, strategy, asks the following question: "How do you want relationships with your customers to change?" (p. 68). Remembering that the ultimate purpose of social media is to develop and sustain relationships, the preceding question makes perfect sense. Li and Bernoff identified five primary strategies that many companies lean towards in their social media marketing efforts. These include *listening*, which involves researching what customers are saying about a company's products or services; *talking*, utilizing social media to spread announcements, ideas, and thoughts to customers; *energizing*, searching for and developing customer evangelists; *supporting*, assisting customers in helping each other; and *embracing*, pulling customers into the business to help achieve goals and design products (pp. 68-69).

Technology: Selecting social media tools. The fourth part of the POST method, technology, finally asks the technology question: what technology or technologies will a company use to achieve its goals and reach out to customers? Now is the time to consider current technologies and popular tools. Companies must realize that no matter how enamored they may be with a particular tool (Facebook, Twitter, etc.), focusing on a single resource in a social media marketing strategy will not produce the best results (Weinberg, 2009). This is the time for analyzing the variety of social media tools available and deciding which ones will maximize their performance. Regardless of the

types of tools a company may choose, the company should accurately and clearly identify itself on all of the social media sites that it participates in (Weinberg, 2009). Doing so fulfils an important part of being transparent on the online community and informing people of your identity and intentions.

Integration of Social Media Tools

Almost every company will have a different combination of customers, objectives, strategies, and technologies. Overall approaches to social media marketing are—and should be—different. Nevertheless, every company should strive to integrate their message across all social media channels to achieve a coherent and successful strategy. Zarrella (2010) notes that “users of one kind of social media are likely to be users of other types; it makes sense to invite those who interact with you on Twitter to join your page on Facebook” (p. 199). In a similar manner, many companies should consider running a company blog as the central hub of their social media marketing efforts because blogs are capable of being integrated with many other forms of social media (Zarrella, 2010).

Metrics in Social Media Marketing

Another important component of every social media marketing campaign is metrics. A metric is simply a unit of measurement, and companies should be eager to measure the ROI (return on investment) of their social media marketing efforts. Metrics falls into two primary categories: on-site and off-site. Zarrella (2010) explains that “on-site metrics measure activity that takes place directly on your site, whereas off-site metrics measure activity that happens on other sites where you and your customers interact” (p. 207).

Within these two main categories are many possibilities for measuring ROI.

Barefoot & Szabo (2010) recommend measuring the following eight metrics: visitors, incoming links, social network activity, conversations and contributions, references in the blogosphere, views on social media sites, RSS subscribers, and social bookmarking.

For visitors, measuring not only how many but what kind of visitors is important, for a company wants visitors that engage with its content. Analytic programs such as Google Analytics or Webtrends can help in this area. In regard to incoming links, more incoming links are better because they establish a company's authority and expertise. They also help to stir up conversation about a company.

Measuring social network activity involves counting Facebook friends, Twitter followers, and similar activities. It also involves measuring the level of discussion surrounding each of these tools and whether those discussions are adding value in some way. Simply having lots of followers or friends does not ensure that a particular tool is adding value to a company.

To measure conversations and contributions means to track the frequency and quality of interaction through comments on a company blog, Facebook page, YouTube video, Flickr photos, etc. The point here is that a company should be carrying on meaningful conversations with its target audience.

Keeping track of references in the blogosphere requires tallying the frequency with which other blogs refer to a company and whether those references are actually resulting in conversations about the company. Considering not only the number of conversations taking place but also the quality of the conversations can prove helpful.

Watching views on social media sites simply means to keep track of hits on submitted content. For example, a company could check on the number of times users have watched a YouTube video, downloaded a podcast, given thumbs up on Digg, or otherwise rated content.

For RSS subscribers, a company can use a tool like FeedBurner to count subscribers, track where subscribers come from, and learn what their preferences are (<http://www.feedburner.com>). Through a tool like FeedBurner, a company should ultimately get a feel for what people are looking for and deliver content accordingly.

Finally, with social bookmarking sites, a company can count the number of links about the company that users add to sites such as Delicious and StumbleUpon. The activity, or lack of activity, on these sites can indicate whether users are finding a company's content interesting enough to share with others.

Conclusion

In summary, this investigation into social media marketing began with an explanation of the social media phenomenon, accompanied with a definition of social media and reasons for consumer and corporate adoption of social media. Next, the focus shifted to ways of creating and capturing value through social media: managing online reputation, increasing brand awareness, communicating with customers, and other methods. The final consideration was how to formulate a social media marketing strategy.

After surveying the social media landscape, a single message emerges amidst the constant change and chatter: those who grasp the meaning and capabilities of social media will have a decisive advantage in their marketing capabilities. People are spending

more and more time on the Internet and increasingly spending their online time using social media. As communities develop and the power of social media steadily increases, businesses must consider getting involved. Those who refrain from doing so—or simply delay advancing onto the social media scene—are likely to pay a high price.

While hundreds of millions of Internet users are flocking to social media sites, businesses everywhere still struggle to find ways of reaching out to them in order to expand their audiences. And the best way to connect with online consumers in social media is to focus on the four core principles mentioned in this discussion: community, content, conversation, and transparency. People change and technology changes. Principles do not. Companies who base their social media marketing strategies on these four principles can achieve stability and success in an increasingly complex and constantly changing global business environment.

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