Socialnomics

How Social Media Transforms the Way We Live and Do Business

Erik Qualman
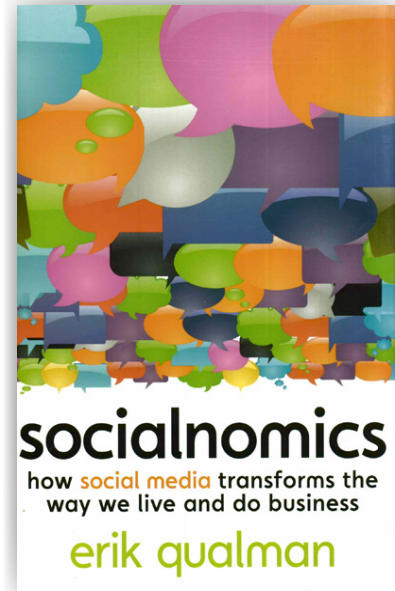
INTRODUCTION

Social networking is expanding at an exceedingly rapid rate and has resulted in a revolution in the way people relate to one another and to corporations. In **Socialnomics**, Erik Qualman shows how easy it is for individuals to acquire peer reviews on products and services through social networking, and the negative effect this has on traditional forms of marketing. Qualman outlines various tools and tactics that can be used to engage the attention of consumers while creating a better brand image. Some of these tactics include, but are not limited to, communicating with dissatisfied consumers on their own social networks, creating brand profiles on popular social networks, and creatively advertising within social media via the creation of brand-related applications and podcasts.

WORLD OF MOUTH

Social media allows individuals to easily remain connected with one another and stay up-to-date with what is happening in their contacts' lives via casual observation. As a whole, the public wants to stay abreast of what the majority of society is participating in, and social media is the number one tool they use to accomplish this task. Social media no longer just exists in western civilization; it has exploded in popularity throughout the globe, growing quickly even in third-world countries. Individuals are no longer limited to what they can read about in the newspaper, watch on television, or hear from talking to a friend in a one-on-one conversation. Instead, people are now communicating information on a "many-to-many" global platform. This worldwide communication wave is referred to as *world of mouth* because people can now hear about the experiences of those who reside in many other countries. Instead of reading about foreign protests on an online news site, they

are likely to read something one of their contacts said about it on their social networking site.

Social media enables individuals to become more productive because they are able to spend less time looking up news, dinner recipes, or product reviews, since a large amount of that information is shared on their social networking sites. This wide variety of shared information allows them to look through items that are more likely to be of interest to them, since they were of interest to someone they already knew. The abundance of easily accessible information is also creating a negative impact on traditional magazines and newspapers. While print media usually have digitized versions of their articles on their respective websites, it is difficult for these articles to compete with those of bloggers, who write for free, are passionate about the topics they discuss, and have less creative constraints.

It is also much easier to sort through information within social networks than it is to flip through a newspaper or even look through the search results on Google. Twitter is one of the most popular social networking sites; it consists of micro-blogging, or short 140-character or less posts, shared by the user. Twitter is one of the easiest social networking sites to sort through because individuals can add a hashtag followed by the name of the topic they are addressing at the end of their post. They do this so that if someone clicks on the hashtag it will bring up all of the entries anyone has posted that contain that same hashtag. For example, if there were protests going on in New York, someone mentioning them may put "#NewYorkProtests" at the end of their post. Facebook also allows people to tag their friends in notes and photographs so that the photos their friends take of them can be accessed from their own page, as well as notes that may mention or be of interest to them.

Businesses need to utilize the unique, pro-sharing environment that social networks offer. Standard marketing tactics, including commercials and flashy web banners, are no longer effective in the realm of social media. These old tactics are also fairly expensive to create, whereas social networking sites are, for the most part, completely free to join. Corporations need to begin interacting with consumers on their level by creating brand social networking profiles on the net-

KEY CONCEPTS

- Individuals trust the opinions of their peers more than they trust the opinions presented by traditional advertisements. As a result, the public is using social media as a means to look up reviews on specific products and services.

- Organizations should not try to hide any negative comments made about their product or service. Instead, they should reach out to consumers by starting a social networking profile and conversing with unsatisfied customers to look for ways they can improve their product or service.

- Companies should try to incorporate various forms of online social media marketing into their advertising campaign. They could sponsor popular podcasts or create engaging applications and games that feature their product or service.

- Individuals like to brag, and social media creates the perfect opportunity for them to do so. It also allows people to look back at their day-to-day activities, which may encourage some individuals to make more interesting and exciting life choices. If a person is a loyal fan of a brand, they will likely brag about their recent satisfying brand purchase on their profiles.

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works that their target consumer audience uses most.

Social Media Results in Preventative Behavior

Organizations and individuals have open diaries of their lives within social media because they want to be able to connect with others and feel that they are a part of something that is larger than themselves. With this newfound transparency, however, comes responsibility. Businesses need to be cautious about what they choose to post online because of the ease with which an offensive message can be recorded and shared. Employees and corporations also need to be cautious about their offline activity. Inappropriate activities can easily be recorded via cell phone camera and can find their way onto the Internet, where they have the potential to spread with incredible speed, tarnishing the reputation of both the company and the brand.

Most businesses and individuals have learned of the privacy pitfalls of social media, and as a result they are conducting themselves in a more respectable manner. If a person or an organization is not sure about whether or not the materials on their social networking profiles are appropriate, they should ask themselves whether or not they would be comfortable with their mother or board of directors looking at the profile. If not, then they probably need to make some

About the Authors

Erik Qualman is the global vice president of online marketing for EF Education, the world's largest private educator. He is a highly-requested speaker within the Internet and marketing communities, and his work and opinions have been highlighted in publications including *Newsweek*, *eWeek*, *Advertising Age*, *Adweek*, and *Forbes*. Qualman is also a paid columnist at Search Engine Watch and a contributing writer for *SES Magazine*. He has a BA from Michigan State University and an MBA from the University of Texas at Austin.

alterations to their profile to make it less potentially offensive. Social media also allows parents to keep a closer eye on the lives of their children. Teenagers are known for giving one-word answers in response to how their days are, but online social networking allows parents to get a glimpse into what is actually happening in their child's day-to-day life. Additionally, knowing that their parents can see their social media profile keeps many children from engaging in unsuitable behavior that could end up online.

While millions of people have discovered the benefits of social media, some people and companies have also experienced the potential pitfalls of such mass transparency.

Social media allows dissatisfied customers to post their complaints right away, in the height of their frustration. This gives companies a unique opportunity to gain authentic insight into the problems that customers are facing when using their product or service. These comments are incredibly easy to find on social media outlets; the organization simply needs to search for their company's name and then read through the resulting comments and pages for negative mentions of their brand. Companies should value this critical feedback and use it to improve their products and services while connecting with dissatisfied customers to solve the issues they are faced with. The absolute wrong thing to do is to try and manipulate or delete the negative comments about their brand because doing so makes the brand seem uncaring and also makes it seem as though they have something to hide. Instead, the organization should efficiently address and resolve their customers' complaints.

Bragging Behaviors, Social Media, and Generations Y and Z

The high frequency of social media posts allows people to look back at their old posts and assess what they are doing with their lives. Instead of being unable to remember what they did three weeks ago, they can flip back through their profile and observe the activities they participated in. Doing so can be both satisfying and disappointing. If a person notices they did nothing of interest during that time and sat on their couch all week watching television, they are

likely to feel slightly depressed. However, this realization can encourage people to make their lives more interesting and exciting. When people are able to see the activities of their daily lives spread out in front of them, it can serve as a wake-up call and inspire them to bring meaning into their lives and pursue interests that they had long forgotten about or put aside for another day.

People want to be able to brag about the interesting things going on in their lives, and social media serves as the ideal tool for doing this. A person's interests can be seen by many other people within their network, and others can comment on these interests and encourage the person to keep up with the activity, or relate an experience they had with the same activity. People enjoy looking at all of the interesting things going on in other people's lives, so much that online voyeurism has replaced reality TV in the minds of social networking users. It not only allows them to silently observe the lives of others, but to participate in and comment on others' lives as well.

These sentiments ring particularly true for generations Y and Z. These generations are utilizing social media to its full potential, and even prefer to convey messages via their social networking profiles rather than through email, which they find too formal. When dating, they ask others if they have a social networking profile rather than a phone number, because social media allows them to get a sense of who that person is before they decide to contact them; they are able to observe where their potential date is from, what their relationship status is, and whether or not they have any siblings, all before they even go out on their first date.

As people continue to microblog and update their status via social media, it soon becomes a competition of who's doing the coolest thing. What once took place only periodically around the watercooler is now happening in real time.

Generation Y also cares greatly about giving back to their communities and the world they live in. In 2008, the most popular Facebook application was "Causes," an application that allows users to start and join causes they care about in order to spread information about the cause and raise funds to go towards non-

profit organizations. Generations Y and Z are also more willing to include brand content in their social networking profiles, blogs, and websites, which is an aspect of these generations that businesses should begin to utilize. This intense use of social media has not come without a price, however. These generations have a troublesome time talking about difficult subjects face-to-face because they are so used to being able to hide behind their computer screens when communicating. Their written skills have also eroded because of their frequent shortening of words and the brevity of their posts on social networks.

Obama's Success was Driven by Social Media

Interactive conversations are much more effective than one-way projections when it comes to engaging the voting audience. Many politicians invest millions of dollars in commercial advertisements that pound viewers with messages in hopes that the advertisement will convince viewers to vote for them. Obama, however, concentrated his efforts in the realm of social media, creating Twitter and Facebook accounts where he could interact with voters on a daily basis and communicate his views through actual two-way conversations. This was done in a large part because his campaign had very little money when it started out, and social media was an inexpensive way to reach voters. The Obama camp soon learned, however, that not only was it more affordable, but it was actually much more effective than traditional advertising. Young voters were particularly engaged by Obama's social media campaign, and as a result, the 2008 election had the highest voter turnout since 1908 and the highest youth participation in history.

Social media is also making it possible to predict who will win elections. Obama had 5.1 million fans on his facebook pages, while McCain had less than one million. Obama's name was mentioned in almost 500 million blog posts during the democratic and republican conventions, while McCain's name was mentioned in only 150 million blog posts. In the upcoming elections, this data will likely be used to help determine who will take office. The predictive nature of social media is not limited to politics, how-

ever, as the Center of Disease Control (CDC) is looking into using social media to predict flu outbreaks. Often times before going to the doctor, people will look up flu symptoms in search engines like Google or mention the flu in their status updates. By compiling this information, the CDC's researchers were able to see that the data from Google was about two weeks ahead of the data that the CDC traditionally gathered from doctor's offices and hospitals.

In the future, voting may be offered online, as well as in traditional polling locations. It is estimated that online voting could save the U.S. government roughly 6.7 billion dollars by eliminating location fees, ballot-counters, and the cost of printing out ballots. Like Obama, organizations and governments need to keep up with the possibilities that lay within social media. There is a goldmine of information available to those who are willing to sort through it, and it is incredibly easy to get in contact with a government or corporation's voter or consumer base. By following Obama's example and engaging people online, campaigners and organizations will find that they are able to gain offline support as well, whether that is through an increase in campaign donations or an increase in sales.

People Care More about What Their Neighbor Thinks

Consumers are turning to each other for advice on product purchases, services, health problems, and more through social media outlets. Because of disappointing experiences with traditional advertising, many individuals no longer trust what brands have to say about themselves and prefer to ask their friends about their experiences with a specific type of product or service. In fact, 76 percent of consumers rely on what others say regarding their purchasing decisions, while only 15 percent say they rely on traditional advertising. Only two types of companies will be included in online conversations: those that are very good at what they claim to do and those that are very bad at what they claim to do. In today's transparent consumer environment, it is essential that companies ensure that their product or service follows through

with its claims; otherwise they will lose valuable customers through the wrath of social networks.

Companies that find success within social media tend to function more like entertainment companies than traditional advertisers; they realize that to engage people they have to make their product interesting and incorporate it into something that grabs the attention of consumers, like integrating their product into online applications. Particularly effective applications feature an organization's product while allowing consumers to brag about their accomplishments or compete with others. For example, a travel company could create an application that allows users to highlight all of the countries and cities they have been to.

The U.S. President, for the first time, can cultivate grassroots communities directly where people discover, create, and share information online. Obama has pledged to involve Americans in his decision making, by giving them five days to comment online on any nonemergency legislation before he signs it.

The growing popularity of e-books also creates another advertising avenue for corporations. Most e-books are able to connect to the Internet, and because of this, it will soon be possible for words within e-book texts to link to products or services related to that word. For example, if a book mentions Hawaii, the word Hawaii could link to Hawaii's office of tourism, or if a book mentions Coca-Cola, the word Coca-Cola could link back to the Coca-Cola website.

In social media, it is entirely possible to achieve success cheaply, quickly, and with a quality product. The cost of paying a web designer to create an application is much less than the cost of shooting a television commercial and paying entertainment networks for advertising time slots. The popularity of an application can spread with incredible speed due to the ease with which individuals can share information with friends by posting links on their own profiles or on those of their friends. Social networks are becoming so popular that they are beginning to threaten Google in regards to their utility as a search engine. Rather than typing the name of a brand into Google and getting the brand's website back along with the websites

of companies who sell the same or similar product, many people are choosing to search through their social networks for product information before deciding to make a purchase. Google displays the most popular and prominent search results, while social networks display the opinions of an individual's trusted peers.

As people increasingly look to their social networks for advice and recommendations, marketers need to make certain they are part of the consideration set.

The End of Social Schizophrenia

In the past, most people maintained separate work and home lives and rarely mixed the two; they acted as one person at work, and another, very different person in their personal lives. This caused a feeling of social schizophrenia, where the pressures of successfully maintaining two separate lives became overwhelming and caused stress and anxiety in many people. The transparency of the information exchanged on social networks, however, counteracts social schizophrenic behaviors. People are connected both to their co-workers and their family and friends on social networks, and this dual connection allows each side of the person's life to see what the other side of their life is like. This allows the individual to interact with both parties, and instead of maintaining two different personalities, they can now maintain just one: their true personality. It is very important to remain authentic on social networks; both organizations and individuals should present one honest vision of themselves in order to engage in legitimate and meaningful interactions and relationships within their respective networks. While there are downsides to having such an honest view of a person or company, in the long run, an appropriate amount of transparency will have a positive effect on society because it will encourage people to be more open about their lives and engage in more interesting activities.

Corporations should also make sure to play to their strengths. Advertising a wide variety of abilities is not as effective as advertising the one ability that they do extremely well. Making themselves known in a specific way will differentiate them from the competition, who is likely marketing an expansive range of aver-

age services. When a company designates themselves as the expert on a specific subject, individuals will automatically remember to go to that brand when they have that specific need or issue. It is particularly important in this 140-character world to be able to state the company's message and purpose clearly and concisely. Organizations should work to craft one simple and salient message that they will convey throughout all of their marketing tactics, both through traditional advertisements and via social media marketing.

If a company cannot state what they stand for and how they are unique from the competition in a few short sentences, then they should reevaluate exactly what it is that their company is doing. Once the corporation has crafted their message and implemented it throughout their marketing campaign, they should utilize social media's research capabilities and examine the public's reaction to it as well as its ability to communicate their desired message. When preparing to market a product or service on social networks, businesses should keep in mind the following pieces of advice:

- It is essential to listen and respond to the customers' needs.

- It is all about the product, which means it is necessary to be in constant contact with all other departments, not just advertising and marketing.

- Companies never know what is exactly right for the customer, which is why they should constantly ask customers' opinions and make adjustments accordingly. It is almost impossible to get everything right the first time.

- Customers can market the product better than the company, so if the organization can leverage one of their ideas, then everyone benefits.

With the large amount of authenticity on social networks, something less than flattering will eventually be said about any company. The way an organization reacts to these postings will determine whether or not they are a winner or a loser in the social media universe.

Winners and Losers in a Micro-Blogging World

Successful companies find creative ways to market their products. For example, Charles Schwab sponsored the very popular sports podcast *Fantasy Football Today*, and instead of simply mentioning Charles Schwab and moving on to other talking points, they invented a robotic character named Chuck that the hosts interacted with on a frequent basis during the podcast. This worked out well because it was an entertaining experience for the viewing audience and it fell in line with Charles Schwab's slogan at the time, which was "talk to Chuck." By integrating their message into a popular new form of social media, organizations can not only reach large numbers of individuals, but they will make the mention of their brand name memorable, and consumers will associate it with a positive and amusing experience. Companies should never underestimate the viral potential of humorous and entertaining ad campaigns. The more enjoyable the ad is for the consumer to watch, listen to, or participate in, the more likely consumers are to share it with their friends, and in the business world, referrals are worth their weight in gold.

It is becoming much more affordable and accessible to create new media such as podcasts and short video clips, so much so that the average consumer is able to make their own podcasts with little to no investment in high-tech recording devices. In fact, many people record video and audio footage using only their cell phone devices. Corporations should take advantage of this opportunity and encourage the fans of their brand to create podcasts or youtube channels that discuss subjects which relate back to the products and services the brand offers. This will cost the organization no money at all, and it will engage loyal customers and make them feel that the brand appreciates their dedication and wants their input. Additionally, the fans of the brand will then share their podcast or youtube channel with their friends and family, who will be exposed to material about the brand when they may not have been otherwise.

Companies should also be careful not to cross the line between copyright and customer loyalty. If a fan of the organization makes a popular online game that features the product or service the company offers in a positive way, there is no reason why the organization should ask the individual to take the game down, even though they violated copyright or trademark laws. Doing so would only make the company look staunch, old-fashioned, selfish, and out of touch. Additionally, it would certainly upset the creator of the game and all of the users who enjoyed playing it. Instead, organizations that see activities similar to the one previously mentioned should approach the creator and give them permission to continue using their brand in that specific game or program.

Advertising will be less about social media campaigns and more about an ongoing conversation.

Before corporations foray into the world of social networking, they should be aware of the fundamentals of their organization, such as:

- *What they are doing:* Corporations should define the sorts of social media tools they will be using (i.e. podcasts, social networks, or mobile phone applications).

- *Where they are doing it:* Organizations should focus on the social media tools that their target audience uses the most.

- *Why they are doing it:* Businesses should list the reasons why they are taking on this project.

- *What success would look like:* Companies need to define success so that everyone knows what they are aiming for.

- *What potential pitfalls they may encounter:* Corporations should be aware of the problems they may face in order to deal with them effectively when they arise.

When organizations join the realm of social networking, they should also try to achieve search engine optimization. SEO involves using keywords relative to the company's specific industry in order to come up higher in search results, thus driving more traffic to their site. For example, a company that makes wedding cakes should not call themselves by their company name "Jane's Fancy Cakes," but should

instead use a broader term, like "Wedding Cakes" as their profile name. Larger, more established companies may prefer to go with their brand name, but for smaller, niche companies it is a better idea to use keywords instead of fringe company names in order to bring more potential customers to their profile.

The Next Step for Organizations

Some companies may feel inspired by social media and decide that they should start their own social network just for their organization. Doing so, however, is a bad idea. This does not allow employees to integrate their work into their personal life, which broadens the reach of the organization, and even loyal fans of the brand are not likely to start up another profile on an entirely different social networking site that relates only to one specific brand. Instead, corporations should focus on being where their customers are and utilizing the various inexpensive existing social networks.

The people and corporations of today live in glass houses; they need to be appropriate and effective while maintaining transparency. Many individuals are calling the younger generations the "Glass House Generation" because of their personal vulnerability on social networks. At any moment, they could be "tagged" in an unsavory video or photograph, and it is because of this that both organizations and their employees will need to pay close attention to the appropriateness of their personal activities in the future.

The field of advertising is changing as well. In the future, some companies will begin to pay consumers to advertise on their profile pages, rather than paying the website itself. This cuts out the middleman and results in more money for the company and more money for the consumer. Banner ads will also decrease in use as more creative and engaging online marketing methods become apparent. Banners will remain however, because they are very "trackable" and can be easily optimized to display ads relative to the interests listed on the user's profile. Search engines themselves will become more sophisticated as tagging and online profiling technologies advance.

Another large shift in the way businesses and individuals live their lives will occur in the realm of job searches and recruitment. Traditional recruiting avenues such as job fairs and head-hunting firms will continue to exist in the near future, but not for much longer. Today, companies are beginning to focus the vast amount of their job recruiting ventures within the realm of the Internet, particularly in social networks. LinkedIn and Facebook are ideal social networking sites for job hunting and seeking. More information can be learned about both the applicants and the organization simply from reading over their respective profiles. This information was often difficult or impossible to obtain in previous years, and the increase in personal data makes it easier for companies and applicants to determine whether or not they are right for each other. Because of this phenomenon, the number of appropriate matches between businesses and employees has increased significantly within recent years.

Job seeking will become more referral based in the same way that businesses are becoming more referral based. Rather than simply posting want ads, organizations may reach out to people they know on their social networking profiles and ask if they have any recommendations for the open position. Similarly, individuals seeking employment may ask their connections if they know of any good companies that have job openings. These job seekers should also make sure to include feedback from various divisions, companies, and peer groups on their profiles to ensure that they come across as well-rounded to possible future employers. Focusing too much on building the work or personal aspect of their social networking profiles may make them seem unbalanced.

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Features of the Book

Reading Time: 5-6 hours, 265 pages

Socialnomics would be most beneficial to organizations seeking to enter the realm of social networking and to individuals who are interested in getting the most out of their social networking profiles. The book lists key points at the end of each chapter and provides citations for all of the data mentioned in the book under the "notes" section. The book should be read from cover to cover because Qualman explains

the various basic aspects of social media within the first chapter and the reader needs to fully comprehend these concepts before moving on to the following chapters.

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