

Social Media Marketing

1. What is Social Media Marketing?

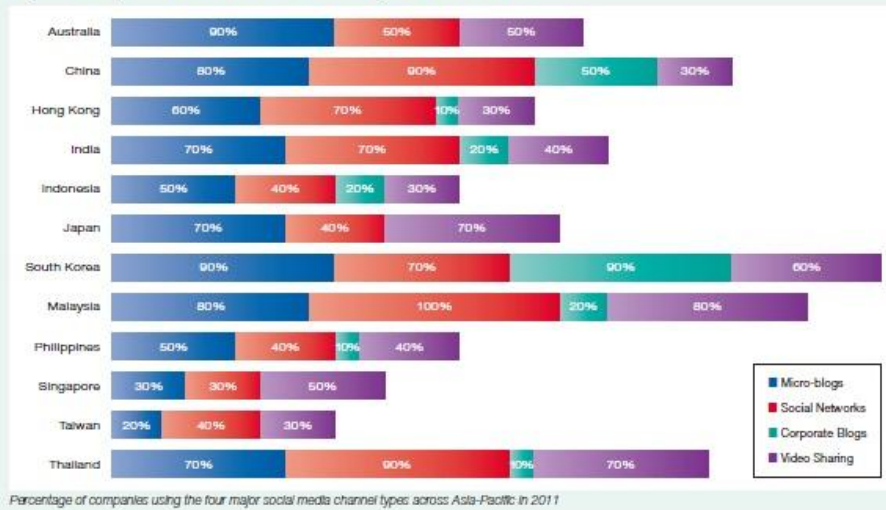
Social media marketing refers to the process of gaining website traffic or attention through social media sites¹. Examples of social media include blogs, wikis, social networking sites, and video & photo sharing sites. Some of the popular social media sites that are used widely for marketing purposes include Facebook, Twitter, Flickr, LinkedIn, YouTube, Digg, Reddit, Del.icio.us and many more...

Social networking emerged and started to gain popularity around late 2005 - 2006². Over the past 5 years, social media sites have become an essential part of the lives of many people, especially those in developed nations. It was once considered a huge advantage for companies to have their own personal sites about 10-15 years back. Now, any company that does not have their own sites are seen as being “unprofessional” or maybe even non-existent. Similarly, the consumer expectations have risen to a whole new level with social media. They are no longer satisfied with receiving information, but they want to be engaged and to communicate with the companies that they are interested in. Responding to consumer comments on Facebook Fanpages, replying to Tweets related to your company, creating specials on foursquare to attract more customers... all of these have become an essential component of many company’s customer relation and marketing strategies. According to a study done by the Burson Marsteller Evidence Based Communications Group³, more than 79% of Fortune 100 companies make use of at least 1 social media platform. Fortune 100 companies that are located in Asia have a slightly lower usage rate of about 50%. Given the growing usage of social media technology, many startups have emerged to take advantage of this opportunity. We will be exploring some of the startups that have been successful in this domain.

2. Competitive Landscape

There has been a steady increase in the use of social media marketing. In particular in the Asia region companies have started to adopt social media marketing. The 2011 report from Burson Marsteller⁴ shows a rise in social media marketing for Asia-Pacific region. The following figure depicts the distribution of companies using social media for marketing across four major channels - micro blogs (twitter), social networks (Facebook), corporate blogs and video sharing (YouTube). South Korean companies seem to be ahead of rest of Asia in terms of adoption of social media marketing.

Figure 3: Corporate social media channels by market - 2011

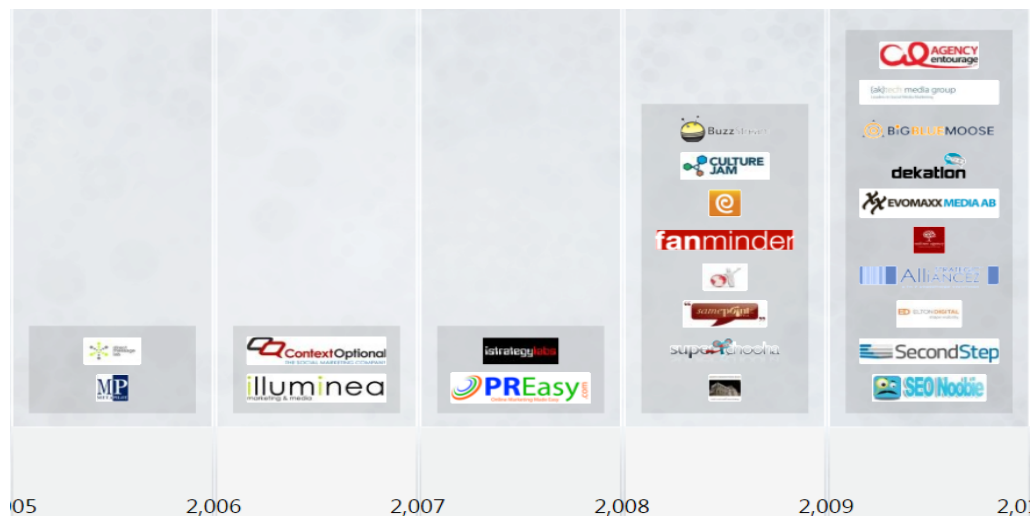


3. "Hot" Areas

There are many startups that have emerged to provide products solutions and services for social media marketing. In order to understand the competitive landscape we have analyzed 20 startups engaged in social media marketing and divided them into the following five categories

- 1 Advertising (6)
<http://bigbluemoose.net/>, <http://eltondigital.com/>, <http://www.strategicalliancez.com/>,
<http://www.istrategylabs.com/>, <http://www.dekatlon.com.tr/>, <http://www.splashmedia.com/>
- 2 Mobile (1)
<http://fanminder.com/>
- 3 Public Relations/Brand Management (5)
<http://preasy.com/>, <http://www.contextoptional.com/> (Acquired by Adobe),
<http://agencyentourage.com/>, <http://extanz.com/>, <http://www.superchooha.com/>
- 4 Search Engine Optimization (SEO)/Social Media Optimization (SMO) (4)
<http://www.brandignity.com/>, <http://www.metapilot.com/>, <http://www.buzzstream.com/>,
<http://www.secondstepsearch.com/> (Acquired by BlueGlass)
- 5 Web Presence (4)
<http://illuminea.com/>, <http://www.samepoint.com/>, <http://promojam.com/>,
<http://www.directmessagelab.com/>

The following chart shows that most of these companies started after 2009 that coincides with the increase in the popularity of social media services like Facebook and Twitter. We actually started with an initial set of 25 companies - 5 of them are out of business as of now and other bigger companies have acquired 2 of them.



The most common service provided by these companies is to manage the online presence of a brand or company on social media sites like Twitter and Facebook. They provide tools for engagement with users across different social platforms on a single dashboard. One of the surprising things we found was that only 1 startup was focused exclusively on mobile platforms (fanminder), we expect this segment to grow more in future. A combination of location based services social media marketing may be a new emerging trend.

4. Detailed Analysis of 1 Hot Area - SMO

Social media optimization takes 2 forms:

- i) By adding social media features to online content, including the use of RSS feeds, social news and sharing buttons, user rating and polling tools, and incorporating third party functionalities like images and videos⁵
- ii) Through promotional activities in social media other than the content being promoted, including blogging, commenting on other blogs, participating in discussion groups, and posting status updates on social networking profiles.

The chief focus of SMO is to drive additional traffic from sources other than search engines, thereby differentiating it from SEO. SMO is very much a form of viral marketing, where content created and activities generated are aimed at creating buzz. It is increasingly being considered an integral part of online reputation management, especially after large fan bases have been created in the initial craze for collecting Facebook fans in all marketing activities. Negative comments generated from disgruntled customers on social media need to be managed before matters blow up, as had been seen in many cases.

Demand for SMO services has the potential for dramatic growth, as SMO is not limited to marketing and brand building activities. Forward-looking businesses are integrating social media participation with their knowledge management strategy; which includes product/service

development, employee engagement, business development and more. Despite the SMO's potential for growth, it faces many challenges in the following forms:

- i) As a relatively new field, large firms outsource their SMO responsibilities to specialized startups. This may result in the propagation of messages inconsistent with company's operations. Such occurrences instead confuse and alienate customers and stakeholders
- ii) SMO firms that are not providing results in the appropriate business KPIs will have difficulty retaining business. While the impact of SMO activities are said to be easier to measure than SEO due to the metrics available showing number sharing and number of views on content pages, SMO firms to translate such metrics into meaningful terms for their direct clients (the marketing departments). The marketing departments of large firms normally handle SMO outsourcing tasks, and SMO start-ups need to work in tandem with these marketing departments to ensure consistency of marketing efforts and alignment of goals.
- iii) Producing content that is worthy enough of spreading. Unlike search engine optimization which increases the readability and appeal of online content to Google, SMO involves producing content that not only appeals to end-target audiences but motivates them to share it with friends.
- iv) SMO start-ups may find themselves competing against editors at major media companies such as Huffington Post, who have been experts in writing compelling content and attention grabbing headlines in the longest time.
- v) SMO activities are extremely labor intensive due to the high degree of human intervention needed in addressing customers' comments. This may prove to be the most severe hurdle for start-ups in this field to scale up their businesses.

5. Market Segmentation

Companies	Doesn't have internal SMO Team	Have SMO Team
Branddignity	√	√
Metapilot	X	√
Buzzstream	X	√
Secondstepsearch	√	√

SMO companies divide its product into two segments:

- Companies which have internal SMO team

SMO companies will provide tools, resources, and expertise for their client to achieve social/SEO target. However, its client will need to work in line with SMO Company to actively maintain and implement SMO strategy.

- Companies which don't have internal SMO team

SMO companies provide SMO outsourcing service to their client. Clients don't need to have their internal SMO team that all related function to SMO strategy will outsource to SMO companies. Client only needs to target and review SMO company progress.

6. New Disruptions

Social media marketing is so popular today that companies may lose competitive advantage if they don't apply this strategy. An interesting phenomenon is that company who benefits from social media marketing could be the marketing platform for others as well. Pinterest is an good example. It adopts Facebook open graph and allows users to push Pinterest activities to their Facebook news feed. To some extent, Facebook contributes a lot to Pinterest fast growth. And Pinterest itself is a social website for individuals or companies doing online marketing.

A new trend for social media marketing is moving to mobile platform. Social media websites such as foursquare has already entered the mobile marketing area. It also provides insight tool for companies to review their online campaign performance. At the same time, it's building a large customer database for merchants to analyze its customer behavior.

Despite social media marketing's immense potential and its massive growth and impressive speed of user penetration, Google's disruption is not to be neglected. With Google+'s launch in 2011, the giant has provided an additional channel for social media marketing, a new platform for existing Google users to jump on board. Sometimes adopting one social media platform might not have the best marketing effect, as the audience is very limited. Moreover with Facebook's recent major UI overhaul, it was so controversial that it received many negative media coverage, which in turn reduced its active number of users. Adopting Google+ might be taking advantage of this opportunity provided by Facebook.

In addition to Google+, the search engine's algorithm has changed and improved significantly⁶, so much so that expert search engine marketers find it hard to keep up. With the improved search, results will show up more accurately for consumers looking for products and services. Unlike social media marketing's "push model" where ads are "forced upon/pushed" to target groups, search engine marketing is a "pull model" where consumers actively search for the product they want. Typically when a consumer searches for something, chances are he/she is going to want it. That is a major advantage over social media marketing's passive approach where ads are forced upon users. When you combine good and effective search with Google+'s social media capabilities, in the long run, this might pose a double threat to Facebook.

References

¹ What is social media marketing? <http://searchengineland.com/guide/what-is-social-media-marketing>

² When did social networking begin? By Scott, December 22, 2010.

<http://thescottking.com/when-did-social-networking-begin/>

³ How are Companies Leveraging Social Media? By Ethan Bloch on March 7, 2010.

<http://www.flowtown.com/blog/how-are-companies-leveraging-social-media>

⁴ Burson-Marsteller Asia-Pacific Corporate Social Media Study 2011

⁵ Danny Sullivan (28 Jan 2011), *28 Ways To Make Social Media Optimization (SMO) Work In The Post Google Age*, Accessed on 27 Mar 2012.

<http://digitalquarters.net/2011/01/7-ways-to-make-social-media-optimization-smo-work-in-the-post-google-age/>

⁶ Google Algorithm Change History <http://www.seomoz.org/google-algorithm-change>