SOCIAL MEDIA MARKETING
PART I

Foundations of Social Media Marketing
LEARNING OBJECTIVES

When you finish reading this chapter you will be able to answer these questions:

1. What are social media? How are social media similar to traditional media?
2. What are the major zones we associate with social media?
3. What is Web 2.0 and what are its defining characteristics? How does Web 2.0 add value to Web 1.0?
4. How does the Social Media Value Chain explain the relationships among the Internet, social media channels, social software, and the Internet-enabled devices we use for access and participation?
5. What is social media marketing? What role does user participation play in social media marketing?
6. What marketing objectives can organizations meet when they incorporate social media in their marketing mix?
Greetings, Digital Native

When you woke up this morning, what was the first thing you did? Sure, you may have taken a moment to gulp down some juice or coffee, but odds are you also checked your mobile for texts that came in overnight. Maybe you set your Snapchat Story. Perhaps you scrolled through a few tweets or reviewed your Flipboard to see what's going on in the world. You certainly aren't alone: One recent survey of people ages 18 to 30 from 18 countries reported 90% of them use their smartphone first thing in the morning, often before they get out of bed.¹

Face it—you're a digital native. If you're a typical student, you probably can't recall a time when the Internet was just a static, one-way platform that transmitted text and a few sketchy images. The term digital native originated in a 2001 article by Marc Prensky titled “Digital Natives, Digital Immigrants.”² He tried to explain a new type of student who was starting to enter educational institutions. These students—students like you—were born in an era in which digital technology has always existed. You and your fellow digital natives grew up “wired” in a highly networked, always-on world. It's an exciting time—but it continues to change so constantly that we need to study it carefully.

Today the Internet is the backbone of our society. We call the current version that allows users to interact with senders Web 2.0—we’ve moved from a fairly simple one-way communications device (that’s Web 1.0) to an interactive social system that’s available to most of us 24/7. Widespread access to devices like personal computers, digital video and audio recorders, webcams, smartphones, and wearables like “smart watches” ensures that consumers who live in virtually any part of the world can create and share content. Whether you're 18 or 80, odds are you already participate in this wired world.

Information doesn't just flow from big companies or governments down to the rest of us; today each of us communicates with huge numbers of people by a click on a keypad, so information flows across people as well. (Hint: How many Facebook friends do you have?) That's what we mean by a horizontal revolution. This fundamental change in the way we live, work, and play is characterized in part by the prevalence of social media. Social media are the online means of communication, conveyance, collaboration, and cultivation among interconnected and interdependent networks of people, communities, and organizations enhanced by technological capabilities and mobility.³ Does that sound like a complex definition? It is ... because social media exist within a complex and rapidly advancing environment. We'll dive deep into the social media environment, but first let's explore the makings of a social media life—your life.

Living a Social (Media) Life

The Internet and its related technologies make what we know today as social media possible and prevalent. Every day the influence of social media expands as more people join online communities. Facebook, a social utility that offers synchronous interactions (which occur in real time, such as when you text back and forth with a friend) and asynchronous interactions (which don’t require all participants to respond immediately, such as when you email a friend and get an answer the next day), content sharing of images, video, and
music, games, applications, groups, and more, has as of the time of this writing more than 1.2 billion active users. What’s more—more than 1 billion of those users are mobile users. If Facebook were a country, it would be the third most populated in the world. Do you wonder why we called Facebook a social utility? A community that got its start as a social network, Facebook offers functionality far beyond basic relationship building. It competes with social channels ranging from video and photo sharing to blogs to e-commerce sites.

People aren’t just joining social communities. They are contributing, too! YouTube users upload more than 100 hours of video every single minute of every day. That’s roughly equivalent to 500,000 full-length movies uploaded weekly. In less than 30 days on YouTube, more video is broadcast than in the last 60 years on the CBS, NBC, and ABC broadcasting networks combined. Google the phrase “social media stats” and you’ll see mind-boggling facts and figures about the number of people who use social media, what they’re doing (and when) with social media, and their reach and influence. We’ve done that for you in Table 1.1. And, take a look at Figure 1.1, an infographic created by Leverage to highlight fun facts about some of the most popular social sites.

Figure 1.1 Fun Facts about Social Media’s Most Popular Sites
Social Behavior and the Philosophy of Participation

When we introduced the definition of social media earlier, we admitted it’s a complicated idea. It’s difficult to fully capture the realm of social media because of the expansive nature of sites, services, and behaviors that are a part of this rapidly expanding digital universe. There are simply too many social websites, too many things we can do online, and increasing access using a variety of devices to grasp it all at once.

More generally, however, we can think of social media as the way digital natives live a social life. To sum things up, it’s all about a culture of participation; a belief in democracy: the ability to freely interact with other people, companies, and organizations; open access to venues that allow users to share content from simple comments to reviews,

Table 1.1 Mind-Boggling Social Media Stats

- It took radio 38 years to reach 50 million listeners. TV took 13 years to reach 50 million users. The Internet took 4 years to reach 50 million people. In less than 9 months, Facebook added 100 million users.
- Social media activity has overtaken porn as the number one online activity.
- 94% of companies use LinkedIn as their primary recruiting tool.
- If you were paid $1 for every time an article was posted on Wikipedia, you would earn $156.23 per hour.\(^a\)
- About 81% of Facebook users reside outside the United States.\(^b\)
- 1 out of 6 couples who married last year met on a social media site.\(^c\)
- Approximately 4 billion pieces of content are shared on Facebook daily.\(^d\)
- 80% of Twitter usage is from mobile devices and 500 million tweets are sent daily.\(^e\)

ratings, photos, stories, and more; and the power to build on the content of others from your own unique point of view. Here's just a brief look at some of the things you might do with social media:

- Post a status update about plans for the weekend.
- Create a blog to share your favorite recipes.
- Coordinate a book club meeting and negotiate a group discount on the book’s purchase price.
- Mobilize a group of people to protest against an unpopular policy on your campus.
- Instant message or voice chat with friends to carry on a synchronous conversation online.
- Share an infographic with your friends.
- Locate the best vegan restaurant in a city you're visiting for the first time based upon reviews by other vegans.
- Make your own animated video and share it.
- Keep a travel diary of a trip abroad complete with photos, videos, journal entries, and destination ratings.
- Raise money for a charity or even find backers for a startup company who are willing to fund part of your costs.
- Find people you used to know and reconnect with them.
- Entertain yourself and your friends with short social games.

This list could go on and on. Our point? Social media enable active participation in the form of communicating, creating, joining, collaborating, working, sharing, socializing, playing, buying and selling, and learning within interactive and interdependent networks. It's an exciting time to be around!

Zones of Social Media

The word media has multiple meanings, but for our purposes we'll simply use it to refer to means of communication. The media we use range from mass media (means of communication that can reach a large number of individuals) such as broadcast, print, and digital channels, to personal media (channels capable of two-way communication on a small scale) such as email, surface mail, telephone, and face-to-face conversations. Social media cross the boundaries of mass and personal media, so they enable individuals to communicate with one or a few people as well as to thousands or even millions of others.

Communication travels using a medium (or channel) such as word-of-mouth, television, radio, newspaper, magazine, signage, Internet, direct mail, or telephone. Within each medium, marketers can choose specific vehicles to place a message. For instance, within
the medium of television, marketers may choose *The Walking Dead* as one vehicle to broadcast their message. *Cosmopolitan* and *Fast Company* are vehicles for the magazine medium. Social media also offer a set of online channels with numerous vehicles within each channel.

Part of the complexity of social media is due to the sheer quantity of channels and vehicles, with new ones coming online all the time. These options are easier to compare and contrast if we group similar channels together. In so doing we can conveniently organize the social media space into a compact space that consists of what we call the four Zones of Social Media. Figure 1.2 illustrates the four zones of social media channels, and we’ve organized the book around these groupings:

- Zone 1 is Social Community.
- Zone 2 is Social Publishing.
- Zone 3 is Social Entertainment.
- Zone 4 is Social Commerce.

You’ll note as we discuss various uses of social media for personal and commercial purposes that some areas overlap two or even more zones. That’s the squishy nature of social media. All social media are networked around relationships, technologically enabled, and based on the principles of *shared participation*. The four Zones framework isn’t set in stone for this reason—but it is a very useful way to cut through the clutter and focus upon the most important functions of each social media platform—including those that haven’t been invented yet.

![Figure 1.2 Social Media Zones](image)
Zone 1: Social Community

Social communities describe channels of social media that focus upon relationships and the common activities people participate in with others who share the same interest or identification. Thus, social communities feature two-way and multi-way communication, conversation, collaboration, and the sharing of experiences and resources. All social media channels are built around networked relationships, but for social communities the interaction and collaboration for relationship building and maintenance are the primary reason people engage in these activities.

Many of the channels in which you already participate likely reside in this first zone. The channels in the social community zone include social networking sites, message boards, and forums, and wikis. All emphasize individual contributions in the context of a community, communication and conversation, and collaboration.

For example, social networking sites (SNS) are online hosts that enable site members to construct and maintain profiles, identify other members with whom they are connected, and participate using various services the site offers. There are a variety of services common to SNS; the focus is on the individual communication and collaboration within the context of connections in the community. Profiles enhance the ability of members to develop a social identity when they add a profile picture or avatar, basic information about themselves, and other customizable options. Members maintain a social presence in the community that may indicate their availability, mood, friend list, and status. Connections, whom we might call friends, followers, or fans, communicate and share content in a variety of ways including direct messages (akin to email within the social networking site), wall posts (posts to a profile, visible to others), and chat or instant messaging (IM) options. Thus, SNS offer both synchronous and asynchronous forms of communication, and the resulting content may be either permanent or temporary. We’ll delve deeper into these characteristics and uses of SNS and social communities in Chapters 4 and 5.

There are hundreds of SNS vehicles operating at present. You’ve surely heard of Vine, Instagram, and Pinterest. But are you familiar with Whisper, Secret, Houzz, or Thumb? LinkedIn is the leader in the area of professional networking. The most famous social network is Facebook. We differentiate Facebook from typical SNS though, because of the expansive nature of its offerings. Facebook defines itself not as a social network (although it did begin as one, and retains networking functionality), but as a social utility. Facebook’s applications span all four zones of social media. As such, it deserves separate attention that we will provide in Chapter 5.

Forums are perhaps the oldest venue of social media. Essentially they are interactive, online versions of community bulletin boards. They focus entirely on discussions among members. Members establish profiles as they do in SNS and participate by posing content including questions, opinions, news, and photos. Others then respond and extend the conversation as they post responses; this results in a threaded discussion. There are thousands upon thousands of forums active online, most oriented around a common interest. For example, RC Universe (www.rcuniverse.com) is a vibrant community of remote-control hobbyists.

Wikis are collaborative online workspaces that enable community members to contribute to the creation of a useful and shared resource. Wikis can be about anything and
everything. A wiki could be created by a family community to share and update family history, or by an appliance manufacturer that is trying to develop the perfect user manual. The software that supports the wiki enables multiple members to collaborate, edit, make comments, and share a variety of content.

Zone 2: Social Publishing

Social publishing sites aid in the dissemination of content to an audience. The channels of social publishing that we will feature in Chapter 6 include blogs, microsharing sites, media sharing sites, and social bookmarking and news sites. Blogs are websites that host regularly updated online content; they may include text, graphics, audio, and video. Blogs may be maintained by individuals, journalists, traditional media providers, or organizations, so they feature a wide range of topics. Thus, there are blogs that operate much like an online news source or magazine, a tabloid, or simply as an online personal diary. Blogs are social because they offer social share tools, and they are participatory because they include the option for readers to leave comments that can result in threaded discussions related to specific posts. Several services are available for formatting and hosting, including Blogger, WordPress, Squarespace, and Weebly.

Microsharing sites, also called microblogging sites, work much like blogs except that there is a limit to the length of the content you can post. A microshare could include a sentence, sentence fragment, embedded video, or link to content residing on another site. Twitter, the most well-known microsharing vehicle, limits posts to 140 characters. Others include Plurk and identi.ca.

Media sharing sites, like blogs, host content but also typically feature video, audio (music and podcasts), photos, and presentations and documents rather than text or a mix of media. Media sharing sites host content searchable by the masses, but within each vehicle are options for following content posted by specific people. Thus, media sharing sites are also networked. Here are some prominent vehicles within different types of media:

- Video sharing: YouTube, Vimeo, Vine, and Vsnap
- Photo sharing: Flickr, Snapfish, and Instagram
- Music and audio sharing: Audiofarm and Soundcloud
- Presentations and documents: Scribd, SlideShare, SplashCast, BrightTalk, and SlideBoom
- Social bookmarking services (i.e., sharing links to other sites): Diigo and Digg

Zone 3: Social Entertainment

The zone of social entertainment encompasses channels and vehicles that offer opportunities for play and enjoyment. The topic of Chapter 7, these include social games and gaming sites, socially enabled console games, alternate reality games (ARGs), and entertainment communities like Spotify.
At this stage in the development of social media, social games are by a substantial margin the most advanced channel in the social entertainment zone. These are hosted online and include opportunities for interaction with members of a player’s network as well as the ability to statuscast (post updates to one’s status) activities and gaming accomplishments to online profiles. Examples of social game vehicles include Candy Crush and Mafia Wars.

Yet another aspect of social entertainment is entertainment communities. MySpace, once the leading social network, now defines itself as a social entertainment service. Why? Its value lies in the network of musicians and bands and their music the site offers. Though social entertainment is still developing as a channel, we anticipate that social entertainment communities will continue to arise around other traditional areas of entertainment—music, film, art, and sport. We can already see this evolution as cultural institutions like The J. Paul Getty Museum in Los Angeles incorporate social media experiences as a part of their outreach plans.

Zone 4: Social Commerce

Our fourth zone is social commerce. The topic of Chapter 8, social commerce refers to the use of social media to assist in the online buying and selling of products and services. Social commerce influences stages of the consumer decision-making process. Channels include reviews and ratings (on review sites or branded e-commerce sites), deal sites and

Figure 1.3 Social Media Zones and Exemplar Vehicles
deal aggregators (aggregate deals into personalized deal feeds), social shopping markets (online malls featuring user-recommended products, reviews, and the ability to communicate with friends while shopping), and social storefronts (online retail stores that sometimes operate within a social site like Facebook with social capabilities).

In addition, organizations can socially enable aspects of their traditional e-commerce websites by using tools such as Facebook Connect (a Facebook tool that allows users to log in to other partnering sites using their Facebook identities) and share applications (tools that let users share what they are reading or doing on their status feeds). Examples of review and rating vehicles include Epinions and Yelp. Groupon is an example of a deal vehicle. Yipit, DailyFlock, and 8coupons are deal aggregators. Etsy is an example of a social shopping market. Figure 1.3 illustrates the four zones of social media marketing along with several vehicles prevalent in each zone at this time.

**Web 2.0: The Defining Characteristics of Social Media**

Chances are you’ve heard the term Web 2.0 before, but just what is it? This phrase most often is attributed to Tim O’Reilly, a thought leader on the future of technology. In a 2005 article titled “What Is Web 2.0?” O’Reilly wrote, “Web 2.0 refers to developments in online technology that enable interactive capabilities in an environment characterized by user control, freedom, and dialogue.”9 Web 2.0 offers a cost-effective solution that provides access to rich data; the collective wisdom of its users; access to micromarkets; software that operates on multiple platforms (mobile phone, PDA, computer) and beyond (cloud computing); and user interfaces that are easy, accessible, and interactive. Wow! That’s a lot of breathtaking features to absorb at once. Let’s take a look at the most important distinguishing features of Web 2.0.

**The Web Is the Platform**

These days one of the big buzzwords in the digital space is “the cloud.” In the “old days,” most of us purchased a CD containing music or software and we uploaded that content onto our computers. Today it’s increasingly common for us to “stream” this content instead; whether the “us” is a teenager who uses her smartphone to listen to tunes on Spotify or an executive who accesses a sophisticated database in the cloud (this is called SaaS — software as a service—and you’ll be seeing this acronym more and more over the next few years). In recent times, cloud offerings have expanded to include storage as well as software. Cloud computing is a general term for any process that delivers hosted services online. A big chunk of Google’s business model is based on this concept. Google aims to offer software for nearly every task, often at no cost to users, with the same anytime, anywhere accessibility of the Web itself. The Google Documents software that enables multiple users in different locations to work on the same file is an example of social software. More recently Amazon has gotten into the cloud business via its Cloud Player that enables music lovers to store their tunes on the company’s servers and then lets them access the tunes on multiple devices. Dropbox is also a popular cloud storage service.
Web 2.0 reaches well beyond the personal computer today. The Internet is no longer hardware-specific, tied to a physical device in a static location. Rather, we access the Web via tablet PCs and laptops, mobile phones, smart televisions, and even watches and other wearables. This also means that users interact with Web 2.0 services and applications in a host of different situations, locations, and times.

User Participation, User-Generated Content, and Crowdsourcing

Back in the day, many parents pointed with pride to a big bookshelf that displayed several rows of big, musty books; these bound encyclopedias contained a good bit of the world’s knowledge. As the Internet started to take off, venerable publishers like Encyclopedia Britannica suddenly found their business model on the verge of extinction as consumers began to access information (which could be easily updated) via their computers rather than thumbing through heavy books. To adapt to changing times, many of these reference books (some rather reluctantly) converted their offerings to online versions where some of the content is free but more detailed information is available on a subscription basis.

Although the online material was more accessible than in previous formats—especially because the reader can search very quickly for specific entries—this version of an encyclopedia is still a Web 1.0 creature. It primarily transfers content from an authoritative source (the experts who write the topic entries) to a large audience of users. Contrast that with the Web 2.0 evolution that enabled the development of Wikipedia as the go-to encyclopedia source. Wikipedia is a “crowdsourced,” easily updatable resource with tremendous added value to users.

Crowdsourcing describes a process that harnesses the collective knowledge of a large group of people to solve problems and complete tasks. Internet users search for information with Britannica Online; Internet users create, publish, rate, edit, and share information with Wikipedia. A small army of zealous volunteers serves as “editors” who verify others’ entries—and they do so for “psychic income” in the form of pride, enjoyment, and status only, because they don’t receive any direct financial compensation. A single person would not have the resources or knowledge to publish an exhaustive, stellar online encyclopedia, but a mass of individual experts can. Indeed, the willingness of numerous users to provide “free” advice, reviews, and other content provides much of the backbone of social media. This illustrates the importance of participation we described earlier. The odds are you’ve done it yourself: If you’ve ever posted a restaurant review on Yelp or “liked” a product on Facebook, welcome to the (Web 2.0) crowd!

As communication is empowered by the capabilities of Web 2.0, we enter the most recent evolution in the history of communication—the horizontal revolution we described at the beginning of the chapter. Communication is no longer one-to-many, mass, and vertically oriented. Instead, communication is now multi-way and multi-directional. Publishers, the media, and traditional marketers now share the power with anyone who can pick up a wireless signal. This shift is a critical aspect of social media culture. Web 2.0 levels the playing field between producers and consumers. It invites each of us to be co-creators in product design, delivery, pricing, and promotion. This means that users have a say in what producers and marketers offer in the marketplace.
User-Defined Content

Sites rely on users rather than pre-established systems to sort content. **Taxonomies** are classifications that experts create; for example, you may have learned (and perhaps forgotten) the classic system that biologists use to categorize organisms (the Linnaean taxonomy) that places any living thing in terms of Kingdom, Phylum, Class, Order, Family, Genus, and Specie. In contrast **folksonomies** are sets of labels, or **tags**, individuals choose in a way that makes sense to them, as opposed to using predefined keywords.

**Tagging** refers to the process social media users undergo to categorize content according to their own folksonomy. This process creates a **tag cloud** that not only enables others to search and retrieve information using tags that also make the most sense to them personally but also provides information about the popularity of the tags used. For example, many people tag photos of nature with the tag *happiness*. This suggests that those people associate this emotion with images of nature. Figure 1.4 shows a tag cloud of words we used here!

Amazon organizes its shopping site according to a taxonomy of product categories. These include sections such as (1) books; (2) movies, music, and games; and (3) computer and office products. Within the books section, you can further browse by genres such as nonfiction, literature and fiction, children's books, biographies, and more. These categories are part of an established taxonomy. However, Amazon also empowers its users to organize and classify its offerings using their own tags. These tags are entirely user-generated so users can search their own tags and the tags of others. The popular novel *The Hunger Games* by Suzanne Collins is categorized by Amazon's taxonomy as **Books: Teens: Science Fiction and Fantasy**. In contrast, users categorize it via folksonomy tags as *fandoms, prophecyofseven, worldonfire, amazing, trilogy, fivestars,* and *can't wait to read*. Tags like these, called **hashtags** and symbolized by the # symbol, are frequently used to add meaning to posts on social media sites like Instagram, Twitter, and Facebook.

**Network Effects**

In Web 2.0, each additional user adds value for all users. Economists refer to this as a **network effect**. Amazon's ability to recommend books to you based upon what other people with similar interests bought in the past gets better as it tracks more and more people who enter search queries and make purchases. When you're visiting a new city and want to find a great restaurant on Yelp you feel more comfortable with a place that 1,000
diners recommend than one that only 10 users rate. You get more value from Facebook as more of your friends also use the network. Network effects enable organizations to leverage the value of crowdsourcing. Organizations use crowdsourcing to benefit from the collective wisdom of crowds, but the network effect ensures that there is sufficient participation for the crowdsourced solution to be a good one.

Scalability
Suppose a new café opens in your town; it holds only 10 tables but offers a homemade cheesecake that is to die for. As diners sample the dessert, they text and tweet about it and suddenly hordes of other people turn up to check it out. The owner didn’t anticipate this response and had baked a limited number of cheesecakes for the evening. She has to turn people away; she’s a victim of her own success. Her problem: The café is not scalable. Scalability means to be able to grow and expand capacity as needed without negatively (or at least minimally) affecting the contribution margin of the business. Many concepts work well until the number of users grows beyond the system’s capacity. At that point, system failures occur. Businesses that use Groupon, a social deal service, to offer socially promoted deals may struggle with scalability. Be careful what you wish for: Yes, it is possible to have too many customers if all of them take advantage of a special deal you offered to entice people to your store. If the business could not meet the demand created by the social deal, the social media promotion was not scalable. This is an example of how network effects can be both positive and negative for organizations that want to build a Web 2.0 offering. Network effects not only enhance value but also tend to consume massive resources.

Scalability is an issue for organizations that offer services with limited resources. BitTorrent, a peer-to-peer file-sharing company, is an example of a company that sidestepped the issue of limited resources by designing its system in a way that ensured it was scalable. Rather than adding servers to accommodate growing user demand, BitTorrent’s system relied upon the users as servers. BitTorrent enables its users to download large files including movies quickly. If the company stored the data and provided the download processing power, it would be limited by the number of users and bits it could download at any point in time given its server capacity. However, BitTorrent works by gathering bits of the files simultaneously from all of its users who have that file in their hard drives. This innovation enabled BitTorrent to solve the scalability dilemma and use the network effect to its advantage.

Perpetual Beta
Web 2.0 is always changing, always responding to the needs of the community. It is in part characterized by a state of being in perpetual beta. In the world of innovations, the term beta is used to denote a product in testing. The label enables developers to introduce new features in products even if testing and refinement are not yet complete. In “the old days” we would write the code for a program and put it out in the market. If it had
glitches (and most did) we might modify the code when we launched the next release. Users had to bide their time as they waited. For example, many businesses elected not to upgrade to Microsoft’s Windows 7 office software. Instead they waited several years for Windows 8; the newer version addressed flaws people found in the earlier program. In Web 2.0, many online services improve and evolve constantly as providers operate in a near constant state of continuous improvement. Google Labs offers numerous services with beta labels for Google users including Google Knol, Google FollowFinder, and more.

Reputation Economy

In Web 2.0, users trust other users as a source of knowledge. As we noted earlier, many active contributors to social media platforms do not get paid a salary—but they do benefit because they earn the respect and recognition of other users. This positive feedback creates a reputation economy where the value that people exchange is measured in esteem as well as in dollars, euros, or pounds. Consider the value of rankings and ratings other users offer as you make shopping decisions. Amazon reviews, eBay’s reputation rankings, and other similar forms of collective ratings serve as credibility scores for what we can trust online.

One analyst referred to this ratings system, and other situations where decision making is decentralized to the online masses, as radical trust. This term refers to the trust bestowed on others when organizations shift control to their consumers and users. The trust is radical because those participating are not vetted; anyone and everyone online can participate in making decisions, creating and editing content, disseminating knowledge, and rating content quality. The trust enables organizations to expand beyond their own in-house resources and expertise but also puts them at risk: Will the actions taken by the masses be positive ones? Why would such trust be extended? In part, it’s because of the reputation economy. Everyone can participate, but everyone is also charged with policing the content. Further, those who participate gain a form of “street cred” as power users; their reputations are at stake.

Web 2.0 is basically a term that encompasses all the ways that the Internet has developed since the early (Web 1.0) days. These advances make possible the world we know today as social media. Because social media are not possible without this infrastructure, it is the first supporting component we identify in the Social Media Value Chain that we’ll talk about in the next section. Importantly, several characteristics of Web 2.0 extend throughout social media. Social media are networked, built on connected and interdependent communities, and co-created.

The Infrastructure of Social Media

The environment of social media is like a volcano that suddenly erupts without warning. Within a few short years we’ve seen an ever-expanding domain of activities, channels, technologies, and devices that are changing how we think about our lives (e.g., in the old days a “friend” was someone you actually knew in person!). As a student of social
media marketing, recognizing the parameters of the field and how the pieces of the puzzle fit together will benefit you as you develop skill at devising social media strategies and tactics. The Social Media Value Chain, shown in Figure 1.5, organizes this complex environment into its core components.

The value chain illustrates the core activities of social media users and the components that make those activities possible. As a social media user, you are empowered to participate in any way you'd like, from just "lurking" on a site to scripting, filming, and uploading your own video stories. Those activities are made possible by the underlying infrastructure of the Internet. Just as in the physical world where we need infrastructure in the form of roads, railroads, TV transmitters, and trained people to operate and maintain these structures, in digital environments the pieces that make up Web 2.0 are crucial. These include the software that provides the programming we need to carry out these activities, the devices (iPads, smartphones, computers) we use to access them, and of course the people whose contributions provide the content we all access. Let's take a closer look at each of these elements.

Social Software

So far we've learned that the social media environment supports many Web 2.0 core activities. But much of what we are able to create or do online is due to a host of social software applications. These are computer programs that enable users to interact, create, and share data online. For virtually everything you'd like to do online, there is a social software program (or several) that can help you accomplish the activity. Interested in planning an event? Use an event planner and invitation service like eVite.com. Want to keep a notebook of wedding ideas that you can share with your bridesmaids? Use Evernote.com, or create a board of hot new wedding gown styles on Pinterest (watch out for those
hideous bridesmaids’ dresses). Need to keep a newsfeed of all the latest happenings at your school? Use Paper.li or Google Alerts. Social software can facilitate interaction, content creation, sharing, syndicating, saving, analyzing, filtering, sorting, and searching data online. Such tools are certainly useful to individuals, communities, entrepreneurs, and businesses. Examples include Audacity (for producing podcasts and other sound files), Xtranormal (for video production), and Prezi (for presentations).

You’ve heard the phrase, “There’s an app for that!” It’s no wonder given that there are currently more than 1.2 billion apps available through digital stores like Google Play. Those apps, also known as widgets (usually downloadable or embeddable), are types of social software. In addition to apps, social software also encompasses application service sites that we call social services. Importantly, social software exists to facilitate all social media channels. There are applications for social community activities, publishing, entertainment, and commerce. Importantly, these apps largely enable mobile connectivity to our social spaces and activities.

Devices

Devices are pieces of equipment we use to access the Internet and the range of activities in which we participate online. We utilize hardware devices like tablet PCs, smartphones, Internet-connected game consoles, traditional laptops and desktops, and even televisions, refrigerators, and thermostats (like Nest) for access, but we also rely upon other devices in the creation of social content. In addition to those already mentioned, we can add webcams, flip cams, and digital cameras.

In the world of social media, there is one key attribute of a device that is extremely valuable—portability. At one time, our participation online was limited to the times when we had access to a computer. The computer might have been a desktop in a school computer lab, or if we were lucky, one we had at home. These days many people have access on multiple devices and in many locations. In fact, the location might be anywhere we go as the adoption of smartphones with Internet access increases. Just think—of the more than 1.2 billion Facebook members, one billion access Facebook on their mobile phones.

People

Social media work only when people participate, create, and share content. Journalists, editors, and publishers still matter in social media, but so do everyday individuals. People support social media through their participation. This is why we hear so much about citizen journalists (amateurs who post about newsworthy events) and citizen advertisers (people who share their views about a product or service even though they’re not affiliated with the company). Bloggers represent a unique hybrid form of “netizens” in that they may create and share content professionally or personally. Publishing a blog is surely a bigger commitment to sharing content than is posting a status update to your Facebook wall, but both actions generate content and add value to the social media environment.
Show Me the Money!

As wired individuals, we’ve come to rely on many of the social sites and services available online. And for marketers, social media have created one of the most exciting and efficient opportunities to reach target audiences. But have you ever thought about how those social sites earn revenues? Most sites still feature free access and a buffet of valuable tools and services. Yet those organizations invested in potentially extensive development costs and time, hosting costs, and ongoing maintenance. Though it’s standard business practice to invest capital to pave the way for future profitability, how do these organizations earn revenue if many of the platforms are free to use?

THE DARK SIDE OF SOCIAL MEDIA

Are social media wolves in sheep’s clothing? Are users so addicted to their laptops, smartphones, and iPads they can’t live without them? In Korea, obsessive video gaming is already a big problem; several gamers have actually died because they wouldn’t stop playing long enough to eat or drink. The Korean government has established a network of “boot camps” to treat young Internet addicts. In the United States a facility in Washington state called ReSTART offers a similar service to patients like one who spent every waking minute playing “World of Warcraft” and flunked out of the University of Iowa as a result. This type of addiction was even featured in an episode of Big Bang Theory, in which Sheldon mentored Penny in the art of social gaming.

A recent project illustrates just how tough a media-free life might be for digital natives. At the University of Maryland, 200 students were challenged to give up their “toys” for 24 hours. That’s right, just one day and night with no text messaging or laptops. No Gchatting, no tweeting, no Snapchat, no Instagram. The blogs they wrote about their harrowing experiences betray the signs of addiction: “In withdrawal. Frantically craving. Very anxious. Extremely antsy. Miserable. Jittery. Crazy.” One student confessed, “I clearly am addicted and the dependency is sickening.” The central role social media play in relationships resulted in feelings of isolation and boredom, even though the participants were still living on a bustling campus. One person wrote, “I felt quite alone and excluded from my life. Although I go to a school with thousands of students, the fact that I was not able to communicate with anyone via technology was almost unbearable.”

Can we have too much of a good thing? Are social media like an addictive drug?

Business Models and Monetization

Just like other businesses, social media providers (whether they are social communities, utilities, software providers, or game and app developers) need a monetization strategy.
Monetization refers to how a business earns revenue. It must make money if it is to survive. If a system requires substantial new investment as users adopt it, the break-even point for return on investment is delayed even as it appears to be a success. This plan is part of a company’s overall business model—the strategy and format it follows to earn money and provide value to its stakeholders. For example, Google derives most of the revenue from its widely used search engine (where you “google” a term to locate relevant online links) from the fees it charges advertisers to put their messages on the results pages. In contrast, eBay makes most of its money by taking a cut of the proceeds each time a seller fills an order from a buyer on its merchandise pages. Two different business models; both ways to return value to the sponsoring organization.

For decades now, media providers (e.g., the big networks, ABC, NBC, CBS, and Fox) and media conglomerates (e.g., Disney, Viacom, and Time Warner) relied heavily on a business model we call the interruption-disruption model. The goal is to create programming that is interesting enough to attract people to watch it or listen to it. Then, when they have your attention, they interrupt the programming to bring you a commercial message. They sell ad space to marketers who want to gain the attention of a targeted audience, and the audience allows this to happen in return for access to programming they want. The monetization strategy relies upon attracting as many people as possible to the content; the more who pay attention (or who at least tune in even though they may not be paying attention), the more the programmer can charge for the right to insert messages in that vehicle.

In the age of Web 2.0, many online sites still use this same strategy (did you notice the text ads delivered alongside your Facebook newsfeed today?). As we move forward, you’ll see how many social media vehicles earn revenues via advertising, following this same approach. But they also recognize the need to find other ways to earn revenues. Importantly, the revenue stream (or source of income) that will ultimately replace the model of “ad space as revenue” probably won’t be paid access by subscribers or members. Though hundreds of thousands of households pay monthly for cable access, the resistance to paying for programming is strongly ingrained among many consumers. The exception is when the content is superior to what you can get by other means—and you’re willing to pay a premium to receive it without being exposed to ad messages. Anyone who pays a monthly fee to subscribe to XM/Sirius Radio’s hundreds of music, talk, news, and sports channels understands this model.

Psychic Income

Should you have to pay for online content? Believe it or not, way back in the old days (i.e., before 1999) it never occurred to consumers that they should not pay for content. That’s when a college student named Shawn Fanning introduced the Napster site that enabled music lovers to share tracks for free. That party lasted only two years before legalities caught up with the service, but by then the cat was out of the bag. Now, many people (not to point fingers, but especially college students) believe that “information wants to be free,” and they gravitate toward technology that enables them to download songs, newspapers, and yes, even textbooks without cost.
As attractive as that sounds, in the long run an entirely free world probably isn’t feasible. Remember the old expression, “there’s no such thing as a free lunch”? At the end of the day, someone has to pay for content and services. Music artists and novelists (and yes, even textbook authors) can’t create and receive nothing in return (for long, anyway). However, the currency that we exchange doesn’t necessarily have to be money. For example, if you post a restaurant review on Yelp you won’t get a check in the mail for your comments. But you may get “paid” by the satisfaction of sharing your foodie opinions with the uneducated masses. You may even receive a rating on some sites that designates you as a star reviewer. These are forms of psychic income (perceived value that is not expressed in monetary form) that help to grease the wheels of social media. Also referred to as social currency, people and brands need to earn a reputation for providing high value—whether that value comes from information, relevance, and/or entertainment.

The Fifth P of Marketing

Social media offer marketers opportunities to reach consumers where they work and live. Just as in the other aspects of our lives we’ve already discussed, the element of participation is key in this context also: Social media enable consumers to have more of a say in the products and services that marketers create to meet their needs.

Let’s take a step back: Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. The classic view is that organizations accomplish these goals through a marketing mix that includes the so-called Four Ps: Product, Price, Promotion, and Place (or distribution).

As social media marketing techniques continue to sprout around us, today we need to add a fifth P: Participation. It’s fair to say that just as social media are changing the way consumers live on a daily basis, so too these new platforms transform how marketers go about their business. Whether our focus is to improve customer service, maintain customer relationships, inform consumers of our benefits, promote a brand or related special offer, develop a new product, or influence brand attitudes, new social media options play a role. Social media marketing is the utilization of social media technologies, channels, and software to create, communicate, deliver, and exchange offerings that have value for an organization’s stakeholders. We can see this definition play out in emerging trends in social media. While social media marketing initially influenced brands’ promotional plans, more recent business applications include social funding (e.g., Kickstarter for funding new business ventures) and social indexing (e.g., preference data from social users from sources like Google+).

Marketing Communication: From Top-Down to Bottom-Up

Just as the horizontal revolution changed the way society communicates, the advent and adoption of social media changes the way brands and consumers interact. Traditional marketing focuses on push messaging (one-way communication delivered to the target audience)
using a large dose of broadcast and print media to reach a mass audience. There are minimal opportunities for interaction and feedback between customers and the organization, and boundary spanners (employees who interact directly with customers) mediate these dialogues. The brand message is controlled in a top-down manner by brand leadership within the organization.

Even as digital technology developed in the 1990s and beyond, marketers still essentially applied the traditional Four Ps model to reach customers. Over time they embraced the Internet as an environment for promotion and distribution. E-commerce began to blossom as an alternative to other forms of promotion such as television or radio. Consumers increasingly began to learn about products online—and to purchase them online as well. E-commerce sites are websites that allow customers to examine (onscreen) different brands and to conduct transactions via credit card.

This explosion in e-commerce activity was a boon to manufacturers, retailers, and nonprofit organizations because it offered greater speed, cost efficiencies, and access to micromarkets. A micromarket is a group of consumers once considered too small and inaccessible for marketers to pursue. Suddenly it became feasible for even a small company that offered a limited inventory to reach potential customers around the globe. The Internet enables efficient access to these markets, and in turn allows customers to search for very specialized products (e.g., music tracks by bands that recorded bass line music in Sheffield, England, between 2002 and 2005, or steampunk science fiction novels written by K. W. Jeter). This allows marketers to offer niche products that appeal to small, specialized groups of people.

As it became clear that the Internet was not going to go away, marketers flocked to cyberspace. However, most of them still applied the familiar model of the Four Ps to the digital domain. This form of marketing, tradigital marketing, is characterized by improvements in interactivity and measurement, but it retains the primarily vertical flow of power in the channels of communication and distribution. Digital online messages made it possible for consumers to respond directly to an online display ad by clicking through to the e-commerce website. Search advertising grew during this time too, making it possible for online advertising to target both mass and niche audiences. Direct marketers widely adopted email marketing as a complement to direct mail and telemarketing.

Despite these developments, modes of communication were still primarily vertical, one-way “mass communication,” largely impersonal, and delivered from one to many. Whether you read the front page of the New York Times online at www.nytimes.com, on the New York Times app on your phone, or peruse the physical newspaper at your kitchen table, the content from the publisher is delivered vertically through the channel of communication.

Both traditional and tradigital marketing work on the basis of the interruption-disruption model we discussed earlier. This means that the source of a communication delivers messages to audiences whether they want to receive them or not, and regardless of whether these messages are directly relevant to their unique needs. By design, an advertising message interrupts some prior activity: a commercial for Axe body deodorant suddenly appears during the latest episode of MTV’s Jersey Shore, or perhaps a pop-up bubble asks you to click on a link to learn more about low rates on car insurance while you browse a website.
Why would Internet users tolerate these disruptions as they surf the Web? For the same reason television viewers and radio listeners have for decades. The ad as interruption that provides a stream of revenue for the media provider, also enables this sponsor to provide the content of interest at little or no cost to the audience. Television programming exists to draw audiences, which enables the network to sell space to advertisers who wish to reach that audience. The audience in turn accepts the presence of the advertising in order to consume the desired programming. This “you scratch my back and I’ll scratch yours” relationship also describes traditional Internet advertising: before you can watch a full episode of *Pretty Little Liars* on your laptop, you might sit through a 15-second ad for Verizon Wireless. Just like television and radio broadcasting, the Web 1.0 Internet relies upon the interruption-disruption model to earn revenue.

In contrast, social media empower consumers. It isn’t enough to interrupt the consumer experience and steal a few moments of attention. With social media marketing, the ability for consumers to interact and engage with brands is greatly enhanced. Social media channels give consumers unparalleled access. Consumers discuss, contribute, collaborate, and share—with brands and with each other. The culture of marketing has shifted to an informal one focused on the belief that customers are in control. Marketing guru Peter Drucker once famously said, “The purpose of a business is to create a customer.”
With the reach and community influence of social media, we can expand this definition: the purpose of a business is to create customers who create other customers. That participation in the process is the new fifth P of marketing. In the few years of social media’s existence, social media marketing has expanded rapidly as much for its efficiency given its low absolute costs as for its potential business applications as a tool for garnering customer attention, managing customer relationships, developing new product ideas, promoting brands, driving store (online and off) traffic, and converting consumers to customers. Social media are not a substitute for traditional marketing communications, but they are also more than a complement to traditional methods, as you’ll see throughout this book. This shift from traditional to tradigital to social media is illustrated in Figure 1.6.

Social Media Achieves Marketing Objectives

As social media marketing has accelerated over the last few years, the objectives organizations can accomplish have also expanded. Figure 1.6 shows these objectives across a range of marketing activities that include promotion and branding, customer service, relationship management, retailing and commerce, and marketing research. Just as the digital lives of consumers intersect across the four zones of social media, brands reach consumers in those same spaces to build awareness, promote themselves, and encourage users to try them. Let’s take a closer look at some of the ways they do this.

Promotion and Branding

Marketers have many possible techniques to promote goods, services, ideas, places, or people. Though there are potentially dozens of specific promotion objectives marketers may seek to accomplish, there are two overarching objectives relevant to the use of social media marketing as part of a brand’s promotional mix:
When it comes to acquiring space in media to distribute brand messages, marketers have access to three core types of media: (1) paid, (2) owned, and (3) earned. Marketers are assessed monetary fees for paid media, including purchasing space to deliver brand messages and securing endorsements. Paid media are traditionally the purview of advertising, defined as the paid placement of promotional messages in channels capable of reaching a mass audience. Public relations, the promotional mix component tasked with generating positive publicity and goodwill, may also utilize paid media in the form of sponsorships. Television commercials, radio ads, magazine print ads, newspaper ads, billboards, Internet display ads, and search engine marketing (SEM) all represent examples of paid media that may be incorporated in a brand's promotional plan. As we'll see in later chapters, other emerging formats include paying for messages in online games like Happy Pets or offering branded virtual goods to inhabitants of virtual worlds. And traditional sales promotions such as coupons and contests get a new life on social media platforms.

Owned media are channels the brand controls. Corporate websites and e-commerce sites, corporate blogs, advergames, and ARGs all represent forms of owned media. Just as Hollister's brick-and-mortar retail stores are owned and controlled by the organization, so is its website.

Earned media are those messages that are distributed at no direct cost to the company and by methods beyond the control of the company. Word-of-mouth (WOM) communication (called influence impressions in social media) and publicity are important forms of earned media. Companies release content through press releases and paid channels, participate in community events and causes, create stunts designed to generate media attention and buzz, and offer exceptional service quality, all with the hope that a brand message will spread. Table 1.2 explains the forms of paid, earned, and owned media possible in each of the zones of social media marketing.

Do you notice a category missing? That's right. There are forms of marketing that are truly controlled by a social vehicle but that are not paid, earned, or owned. David Armano of Edelman PR calls this media location, “social embassies.” For instance, a brand's Facebook profile content is controlled by the brand. Does that sound like owned media? Think again. Facebook dictates the type of content that can be posted. This distinction when the media source is “free” has become more relevant of late as Facebook has announced it will favor paid advertisers in the placement of News Feed announcements. We'll talk more about this in Chapter 5. But for now, this lack of control is why social media experts advise against building your brands on rented land. It's also why it's important to recognize forms of media that do not fall neatly in our buckets of paid, earned, and owned media.

A major objective related to using social media marketing for promotional purposes is to assist in moving the consumer through the purchase process. Marketers target various stages of this cycle to increase brand awareness, enhance brand liking and image, build brand equity, incite desire, and move consumers to action. They can influence consumer attitudes and movement through the process with promotional
messages targeted throughout the social media channels. Ultimately, social media can do more than influence engagement. Social media can influence sales. Researchers from the University of Maryland studied the influence of Twitter activity on sales for several little-known bands. They found a positive association between band social media activity and album sales. Let’s take a brief look at how this works at each stage of the purchase process.

1. **Increase Awareness:** Brands can increase awareness with social media marketing by maintaining an active presence in the social spaces where target consumers “live” and by integrating social media into the marketing mix. Such integrations can result in a boost to campaign effectiveness, as was the case when Samsung partnered with the Academy Awards for the 2014 Oscars broadcast. Using a Samsung Galaxy, Academy Awards host Ellen DeGeneres spontaneously snapped and tweeted a *selfie*. The tweet became the most retweeted post of all time, garnering millions of retweets. Samsung further benefited due to the millions of earned media impressions.
2 Influence Desire: Social media promotions can be used much like advertising, catalog marketing, and feature events to persuade consumers to recognize a sense of desire. The fashion brand Lilly Pulitzer posts each new collection on Facebook, Flickr, and YouTube. Visitors can tour pictures of its designs, fresh from each photo shoot. It’s like being in the pages of *Vogue*.

3 Encourage Trial: Social media can even be used to support sampling and loyalty programs. Sampling means to offer a free trial of a product; these are usually mailed to consumers’ homes or distributed in stores or on the street. Social media can be used to recruit interested prospects to qualify for samples. Emergen-C, a health supplement, used this tactic to promote free samples. Whenever a user on Twitter tweeted something like “need energy” or “need to focus,” Emergen-C sent a tweet requesting the person’s mailing address. A couple of days later, the tired tweeter received a gift of three samples.

4 Facilitate Purchase: Social media serve as a distribution channel and venue for many sales promotion incentives, including deals and group offers. Many customers “like” or follow brands in social networks in order to qualify for special deals. Here’s a recent tweet from Taco Bell: “We’re on @Snapchat. Username: tacobell. Add us. We’re sending all our friends a secret announcement tomorrow! #Shhh.” Friends were rewarded with coupons.

5 Cement Brand Loyalty: Social media venues offer engaging activities for consumers that can ensure they spend more time with the brand, hopefully resulting in higher levels of brand loyalty. Look no farther than social games that offer rewards for the most loyal visitors. That’s just what Foursquare does. Starbucks “mayors” earn one dollar off a cup of coffee when they visit. Tasti D-Lite, a regional ice cream chain, went even farther when it developed its social media loyalty program. Customers use TreatCards—which also double as gift cards—to earn points for purchases, and those who opt into the social media bonuses automatically earn additional points. Twitter and Foursquare accounts are updated each time the card is swiped and points are earned or redeemed. As a customer earns points, he or she can redeem them for free cones.

Customer Relationship Management and Service Recovery

Despite all the hype we hear constantly hear about social media being the “new advertising,” there are in fact other applications where these techniques will play an increasingly important role. For one, customer relationship management, or CRM, also finds a home here. CRM practices focus on what we do with a customer after the first sale; it’s far more difficult (and expensive) to attract new customers than to keep old ones. That’s why many organizations work hard to maintain contact with their customers and to provide additional products and services to them over time. Often they rely on sophisticated databases that keep an ongoing record of what a person buys and other pertinent information so that he or she will receive customized follow-up messages and offers that are likely to meet unique needs. Salesforce.com is among the leading business solutions for social CRM.
Perhaps the best way to illustrate how marketing objectives can be pursued with social media marketing is to kick things off with delicious burritos and tacos. Chipotle is a chain of quick-service, “fast-casual” restaurants in the United States, United Kingdom, Canada, Germany, and France specializing in burritos and tacos. Started in 1993, it positioned its brand on the notion that fast food can be fast and fresh and that sustainable farming matters. With annual advertising expenditures under $10 million per year, it successfully competes against other chains with much larger promotional budgets. Panera, for instance, reportedly spent $70 million. How does Chipotle do it? Social media marketing.

Let’s take a look at how Chipotle earned publicity with its social media campaign, increased brand exposures on social media networks and media sharing sites, engaged fans for extended periods of time with its social game, and used social media to reinforce its grand position in the market. Chipotle utilizes social communities, social publishing, social entertainment, and social commerce channels in its campaigns and generates earned media from consumers and news media.

Chipotle first gained recognition as a contender in the social media marketing space with its 2012 campaign “Back to the Start.” The campaign, which featured Willie Nelson’s version of Coldplay’s “The Scientist,” won the 2012 Cannes Grand Prix for film and for branded content. You can see related videos on our ZonesofSMM YouTube channel. The animated film was broadcast in limited release in paid media outlets including movie theaters, but primarily was shared online via YouTube. The song could be downloaded at iTunes.

In 2013, Chipotle revisited this approach with a new campaign it called “The Scarecrow,” and the chain also added to its investment in social media marketing strategy. Chipotle’s approach is heavily based on the concept of content marketing, which is the core input for a social publishing (Zone 2) approach to social media marketing. But Chipotle went beyond Zone 2 to develop a social entertainment extension of its message and to participate in social community to espouse its beliefs in sustainable farming.

“The Scarecrow” campaign was launched via a roughly three and a half minute video hosted prominently on the Chipotle webpage and announced through YouTube, as well as on Chipotle’s Twitter and Facebook accounts. The ad was also picked up by a variety of news sources due to the high production quality of the ad so it also garnered earned media. Chipotle partnered with Oscar-winning Moonbot to create both the short film and the social game tie-in.
Consistent with Chipotle’s 2011 “Back to the Start” film, this effort illuminates the complicated relationships between the food industry and what we put into our bodies. The ad opens with a scarecrow, but scenes from the ad include chickens being injected with a growth hormone that causes them to plump and cows being kept in cages where they are unable to move. The turning point in the ad is when the scarecrow finds a fresh red pepper and returns to farming (as opposed to chemically enhanced food) organic, farm-fresh, seasonal food. Aside from the red pepper, which is a symbol closely associated with the Chipotle brand, the only overt branding in the film is within the closing seconds. The full film can be viewed on YouTube. Those of you who have studied semiotic analysis in advertising courses will appreciate the symbols in this video as Chipotle shares its views on the food production industry and the value of sustainable farming.

The Scarecrow film also came to life in the development of a social game (available at Chipotle’s microsite www.scarecrogame.com), which enabled Chipotle to tie in a social entertainment aspect to the campaign. The Scarecrow social game encourages brand fans to spend more time with the brand message as they participate and to share the brand message with their own social networks. Engagement in social communities including Twitter and Facebook helped to spread the content and brand message. The campaign won three prizes, including a Grand Prix at the 2014 Cannes Festival.

Since the release of “The Scarecrow” campaign, Chipotle has continued to advance its position on the value of organic and locally farmed meats and vegetables by developing content for its own Hulu series called “Farmed and Dangerous.” The series includes four long-form, comedy films (22 minutes each); each is consistent with Chipotle’s positioning strategy but does not include the brand name. While it’s technically a form of branded content, Social Media Week dubbed the series “unbranded entertainment.” Chipotle’s social media approach is consistent with social media best practices to provide content that is valuable, relevant, participatory, and shareable.

But Chipotle went even farther with the campaign as the chain demonstrated how to leverage a theme across many social communities to increase engagement and brand awareness.
media platforms. One such extension is a scavenger hunt for its fans with clues provided in social media sites like Twitter. Others embrace offline media as well. For example, the chain uses its food packaging as a medium to offer essays from thought leaders like Malcolm Gladwell. These texts appear on Chipotle bags in stores with accompanying videos on YouTube. Even with the content published offline, the power of social media stands strong, as evidenced by shared images of the packaging essays that pop up on Twitter and other social media sites (check out the Twitter feed @Chipotletweets).

Because of this digital focus, it's not surprising that CRM lends itself to social media applications. Social CRM embraces software and processes that include the collective intelligence of a firm's customers to more finely tune the offer and build intimacy between an organization and its customers. When brands embrace social CRM, they use social media as they were meant to be used. Why do we make this claim? Just as we learned that earned media can result from creative and interactive social messages, companies that do a good job of maintaining strong brand-to-customer relationships will benefit from earned media, as those customers in turn share information and recommendations with their networks.

But this is a sword that cuts both ways. It's ideal when all of our interactions with customers are positive. Unfortunately, things sometimes go wrong. When they do, today's social consumers won't hesitate to share their nasty experiences with others on social platforms. They'll vent their frustrations in the most public of ways. A great example is the sad story of one man's plane trip that resulted in a busted guitar that went viral on YouTube (“United Breaks Guitars” video on YouTube). After he tried unsuccessfully to get United Airlines to repair or replace his guitar, this disgruntled passenger created his own version of the story and set it to music—the video he uploaded about his experience was viewed nearly 10 million times. Obviously this was not a happy event for the airline. This illustration of the potential negative impact on a firm's image underscores how important it is for organizations to take customers' complaints seriously (especially those who are inclined to post about their experiences). It is also vital to have a plan in place to initiate service recovery when things do go wrong (and they will). This term refers to the actions an organization takes to correct mishaps and win back dissatisfied customers. One helpful set of guidelines that some companies use is known as the LARA framework:

- **Listen** to customer conversations.
- **Analyze** those conversations.
Service recovery typically has to happen quickly if it's going to have any impact. A firm that can identify a problem in the system (e.g., a product recall, a snowstorm that will ground flights) can nip it in the bud by letting customers know that it’s aware of the issue and is taking steps to address it. That's a big reason why social media can play such a big role in CRM: the platforms they can use allow them to communicate quickly and efficiently to large groups of customers or to customize messages to individuals who require follow-up. For example, companies such as Carphone Warehouse, Zappos, Best Buy, and Comcast have turned to Twitter to conduct their social CRM: they can monitor trending topics and preempt problems if they find that a lot of people are tweeting about them (in a bad way). If necessary, they can send their own tweets to explain what happened and provide solutions.

**Marketing Research**

Social media open exciting new windows for marketing research. Whether to collect insights for the discovery stage of the creative process or to gather ideas for new product development, social media provide new tools to listen to customers as they discuss their lives, interests, needs, and wants. In fact, this social media marketing activity is called social listening. While social listening may be used for social CRM, service recovery, competitive analysis, or even ideas for new product development, it can also be useful for “on the fly” opportunities. An example is this now infamous tweet from Arby’s. At the Grammys, Pharrell Williams wore a large hat during his performance of his hit song, “Happy.” In real-time, @Arbys tweeted, “Hey, @Pharrell, can we have our hat back? #grammys.” Pharrell took the bait and sent a humorous response. This spontaneous and organic exchange was possible due to social listening and resulted in thousands of retweets, favorites, and replies.28 We’ll learn more about conducting research with social media in Chapter 9. Which channels of social media are relevant for social media market research? Potentially all of them, but profile data, activities, and content shared in social communities and content shared via social publishing vehicles are especially valuable for researchers.

**Retailing and E-Commerce**

The last major application for social media marketing is that of retailing and e-commerce. We’ve already shared ways that brands can incent trial and purchase using social media promotions. If you are like most consumers, you've used your share of online ratings and reviews before you made a purchase decision. But did you know that you can go shopping in social storefronts or browse on e-commerce sites that enable real-time chat with your friends? That's right. Groups of friends can shop together even when everyone is online—and not necessarily in the same physical location. When brands use social media marketing as a retailing space, create a venue for and/or encourage consumer reviews and ratings of products,
and enable applications that help friends shop together online, we’re solidly in the social
commerce zone. This will be our focus for Chapter 8.

Careers in Social Media

Now you’ve seen how individuals and organizations including businesses, nonprofits, and
governments use social channels. As organizations learn the value of social media for mar-
keting, new jobs come online every day to accommodate the need for skilled social media
marketers. Interested? Consider the list of social media jobs in Table 1.3.

Table 1.3 Jobs in Social Media

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<thead>
<tr>
<th>JOB TITLE</th>
<th>JOB DUTIES</th>
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<tr>
<td>Social Media Editor</td>
<td>Build and maintain our content distribution network by way of social</td>
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<td></td>
<td>media channels.</td>
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<td></td>
<td>Participate in real-time conversations that surround our content and</td>
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<td>brand, answer comments, be a mediator.</td>
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<td>Create content for various social media and marketing channels that</td>
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<td>align with corporate communications goals and calendars.</td>
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<td></td>
<td>Schedule and organize multiple projects that generate content on a daily</td>
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<td>basis.</td>
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<td></td>
<td>Tag and title content, with an understanding of how the words chosen</td>
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<td>impact natural search traffic and rankings via recurrent optimized</td>
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<td>content.</td>
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<td>Social Media Marketing Manager</td>
<td>Create and execute social media marketing campaigns.</td>
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<td>Analyze trends in social media tools to increase the use of social</td>
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<td>media directing consumers to our sites.</td>
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<td>Strategize with marketing team to include and utilize social media</td>
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<td></td>
<td>as an alternative marketing tool.</td>
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<td>Marketing and Communications</td>
<td>Manage key strategic messages, ensuring precise coordination with</td>
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<td>Associate</td>
<td>mission, vision, and positioning.</td>
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<tr>
<td></td>
<td>Ensure accuracy, timeliness, and consistency of tone.</td>
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<td></td>
<td>Integrate messages into all communication formats with particular</td>
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<td></td>
<td>emphasis on social media and the website.</td>
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<tr>
<td>JOB TITLE</td>
<td>JOB DUTIES</td>
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<tr>
<td>Project Social Media Manager</td>
<td>Manage the strategy, planning, and execution of the social media initiatives of the brand.</td>
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<td></td>
<td>Work interdepartmentally to select, develop, and promote social content and experiences.</td>
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<td></td>
<td>Consistently report on performance metrics of social media initiatives.</td>
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<td>Monitor and respond to the fan community, as appropriate.</td>
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<td></td>
<td>Optimize the fan experience across social platforms.</td>
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<td></td>
<td>Assist in the continued development of social media strategy.</td>
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<td>Help educate other departments throughout the company on social media.</td>
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<tr>
<td>Social Media Communications</td>
<td>Build and maintain all social media platforms, including Facebook, Twitter, and new/emerging platforms such as location-based social media.</td>
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<tr>
<td>Manager</td>
<td>Establish and grow relationships with key influencers in the digital space, such as bloggers, highly followed personalities, influential YouTube reviewers, and others.</td>
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<tr>
<td></td>
<td>Lead all digital outreach efforts behind key efforts such as new apps, new original series, priority entertainment verticals, and more.</td>
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<td></td>
<td>Manage all communications with PR team and agency.</td>
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<td>Build and manage Brand Ambassador program.</td>
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<td></td>
<td>On an ongoing basis, measure and report performance of all marketing activities and assess against goals, identify trends and insights, and optimize plan based on these insights.</td>
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<tr>
<td>Social Media Coordinator</td>
<td>Support the day-to-day management and execution of the social media initiatives of the brand.</td>
</tr>
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<td></td>
<td>Assist in the promotion and development of social content and experiences.</td>
</tr>
<tr>
<td></td>
<td>Handle data entry and tracking of the performance metrics of social media initiatives.</td>
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<tr>
<th>JOB TITLE</th>
<th>JOB DUTIES</th>
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<tbody>
<tr>
<td>Monitor and respond to the fan community, as appropriate.</td>
<td>Support the optimization of the fan experience across social platforms.</td>
</tr>
<tr>
<td>Online Communications and Social Media Director</td>
<td>Drive high-profile social media strategies to raise visibility and buzz for the company’s major business initiatives, products, and services.</td>
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<tr>
<td>Developing and implementing strategies for the company’s official social media channels and platforms.</td>
<td>Manage PR and social media agencies and vendors to maximize results.</td>
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<tr>
<td>Shape the company’s approach to social media in the short and long term while educating and counseling colleagues, business units, and leaders on social media opportunities, best practices, and key learnings.</td>
<td>Serve as an external spokesperson and official company representative for press and within social media channels engaging with bloggers, customers, partners, and prospects on an ongoing basis.</td>
</tr>
<tr>
<td>Develop and nurture relationships with relevant consumer and industry media and influencers.</td>
<td>Perform continual updates and adjust plans accordingly to meet business needs.</td>
</tr>
<tr>
<td>Work with brand marketing teams, legal, business units, and corporate affairs colleagues.</td>
<td>Develop and implement social media strategies and plans to integrate into marketing mix, perform continual updates and adjust plans accordingly to meet business needs.</td>
</tr>
<tr>
<td>Social Media Communications Specialist</td>
<td>Maintain internal communications calendar to consistently deliver new dynamic content to consumers throughout the year.</td>
</tr>
<tr>
<td>Maintain internal communications calendar to consistently deliver new dynamic content to consumers throughout the year.</td>
<td>Work with cross-functional teams to deliver a consistent brand voice and message across all social media platforms (e.g., Twitter, Facebook, YouTube, blog posts).</td>
</tr>
<tr>
<td>JOB TITLE</td>
<td>JOB DUTIES</td>
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<tr>
<td>Social Media Intern</td>
<td>Construct and implement social media strategy for the brands’ Facebook, Twitter, and YouTube accounts, which will include editorial management and development, blogging, posting, and monitoring website user-generated activity, user experience optimization, and potential development and management of third-party relationships.</td>
</tr>
<tr>
<td>Social Media Strategist</td>
<td>Drive strategy, planning, and execution of social media strategies to increase brand visibility, reputation, engagement, and social footprint.</td>
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<td></td>
<td>Develop innovative, comprehensive, and actionable approach for establishing and expanding presence on social networks and perform day-to-day tasks including listening, brand monitoring, social activities, and competitive research.</td>
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<td>Conduct research, monitor, and provide recommendations to enhance social presence and customer engagement.</td>
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Source: Used by permission of SimplyHired.com.
What are social media? How are social media similar to traditional media?
Social media are the online means of communication, conveyance, collaboration, and cultivation among interconnected and interdependent networks of people, communities, and organizations enhanced by technological capabilities and mobility. Like traditional media, social media include several channels, and within each channel there are specific vehicles. For example, television is a broadcast media and The Today Show is a vehicle within the medium of television. Social communities are a channel of social media and LinkedIn is a vehicle.

What are the major zones associated with social media?
The major channels of social media include social communities, social publishing, social entertainment, and social commerce. Each channel incorporates networking, communication functionality, and sharing among connected people, but they each have a different focus. Communities are focused on relationships. Publishing features the sharing and promotion of content. Entertainment channels are geared to fun and shared uses of social media. Commerce addresses the shopping functionality of social media applications.

What is Web 2.0, and what are its defining characteristics? How does Web 2.0 add value to Web 1.0?
Web 1.0 provided Internet users with easy access to information, entertainment, and communications tools, but in many ways it was akin to shifting existing programming from traditional media like television broadcasts and magazines to new media online. There were benefits to consumers, but Web 2.0 fundamentally changed the consumers’ role as well as the role of providers in delivery information, entertainment, and communications tools. Web 2.0 adds value because it ramps up what we called the “Fifth P” of marketing: participation. When consumers engage in an ongoing dialogue with other people and with companies, their stake in the process increases—this results in more satisfying outcomes for producers and customers. Tim O’Reilly, a leader in technology innovations, defined Web 2.0 as developments in online technology that make interactivity possible as it offers users control, freedom, and the ability to participate in a dialogue. Several characteristics support the meaning of what Web 2.0 is: (1) Web as platform, (2) user participation and crowdsourcing, (3) user-defined content, (4) network effects, (5) scalability, (6) perpetual beta, and (7) the reputation economy.
How does the Social Media Value Chain explain the relationships among the Internet, social media channels, social software, and the Internet-enabled devices we use for access and participation?

The Social Media Value Chain explains that social media are made up of core activities and supporting components. The core activities include the things people do with social media such as converse, share, post, tag, upload content, comment, and so on. The support components include the Web 2.0 infrastructure, social media channels, social software, and the devices we use to interact with social media.

What is social media marketing?

Social media marketing is the use of social media to facilitate exchanges between consumers and organizations. It’s valuable to marketers because it provides inexpensive access to consumers and a variety of ways to interact and engage consumers at different points in the purchase cycle.

What marketing objectives can organizations meet when they incorporate social media in their marketing mix?

There are several marketing objectives achievable utilizing social media marketing techniques. Branding and promotion, research, and customer service and relationship management objectives are all viable using social media.

KEY TERMS

- advertising
- apps
- blogs
- boundary spanner
- business model
- cloud computing
- connections
- content marketing
- crowdsourcing
- deal aggregators
- deal sites
- devices
- digital native
- display ad
- earned media
- e-commerce
- entertainment communities
- Facebook Connect
- folksonomies
- forums
- hashtags
- horizontal revolution
- influence impression
- interruption-disruption model
- LARA framework
- marketing
- marketing mix
- media
- media sharing sites
- medium
- message boards
- microblogging sites
- micromarkets
- microshare
- microsharing sites
- monetization
- monetization strategy
- network effect
- niche products
- owned media
- paid media
- perpetual beta

(Continued)
personal media
psychic income
public relations
push messaging
radical trust
reputation economy
revenue stream
reviews and ratings
SaaS (software as a service)
sampling
scalability
search advertising
search engine marketing (SEM)
selie
service recovery
share applications

social commerce
social communities
social CRM (customer relationship management)
social currency
social entertainment
social games
social identity
social listening
social media
social media marketing
Social Media Value Chain
social networking sites
social presence
social publishing
social services

social shopping markets
social software
social storefronts
social utility
statuscast
tag cloud	
tags
taxonomies
tradigital marketing
vehicles (media)
Web 2.0
widgets
wikis
word-of-mouth (WOM)
communication
Zones of Social Media

(Continued)

REVIEW QUESTIONS

1 How do you define social media? Social media marketing?
2 What are the supporting components of the Social Media Value Chain?
3 Identify the characteristics of Web 2.0.
4 What is crowdsourcing?
5 Explain the difference between a taxonomy and a folksonomy. What role does tagging play in creating folksonomies?
6 What does perpetual beta mean for software users?
7 What are the implications of the radical trust adopted by organizations using social media?
8 What are the four zones of social media? How do social media compare to traditional media?
9 Explain the concept of psychic income, also known as social currency.
10 How can brands use social media to develop earned media value?
11 What is social CRM? How is it different from traditional CRM?
EXERCISES

1. What is a monetization strategy? Visit Twitter.com and explain how Twitter monetizes its business. Do the same for Foursquare.

2. Replicate the University of Maryland study discussed in the “The Dark Side of Social Media” feature. Abstain from all social media for 24 hours. That’s right—no texting, no tweeting, no snapping. Keep a record of your unwired day and then produce a blog post about your experience.

3. Should online services like Facebook and Google Docs be free? Poll your classmates and friends (including your social network) to find out what they think should be free. Use the polling features available on Facebook to conduct your poll. What do the results say about the possible monetization strategies available to social media providers?

4. Create an account at About.Me or Flavors.Me. Your account will serve as the basis for your social footprint. Begin to link your existing social media accounts to your footprint page. Identify other social communities in which you should develop profiles. Even for channels you choose not to use, you may wish to reserve your profile name.

5. Stuart Elliot noted in his advertising column in the New York Times that brands are increasingly including social media lingo in ads designed for traditional media. The practice is known as borrowed interest. For example, an ad using this tactic might leverage the word “like” and a thumbs-up symbol or include the word “hashtag” in conversation. Are these “rioffs” of social media culture effective? Explain.

6. Social funding sites like Kickstarter promise to use crowdsourcing to fund worthy projects. Visit Kickstarter and assess the participation in a project. What do you think spurs participation in the funding process?

CHAPTER NOTES


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FOUNDATIONS OF SOCIAL MEDIA MARKETING

(Continued)

3 There are several definitions of social media proposed by experts in the field. In preparing this definition, we’ve aggregated the most commonly referenced characteristics of social media and also sought to align the definition with those of traditional media.


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