

## Chapter 4

# Social Media Marketing

## Web X.0 of Opportunities

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### ABSTRACT

*In recent years social media applications, which enable consumers to contribute to the world of online content, have grown in popularity. However, this growth is yet to be transformed into a sustainable commercial model. Starting with a brief overview of existing online advertising models, this chapter discusses the opportunities available for advertisers trying to reach consumers through social media. The chapter focuses on viral marketing as a viable option for marketers, reviews recent viral marketing campaigns, and offers recommendations for a successful implementation of social media marketing. In conclusion, the author examines future trends regarding the utilization of the emerging Semantic Web in marketing online.*

### INTRODUCTION

The brief history of the World Wide Web is filled with stories of unprecedented commercial success as well as shattered dreams of hopeful online entrepreneurs. It should not be surprising that, just as their predecessors, Web 2.0 and social media also bring about important questions regarding their sustainability. On the one hand, since 2006, social media sites have been growing in number and popularity (Boyd & Ellison, 2007). For example, according to

comScore, a leading Internet information provider, as of December 2007 Facebook had close to 98 million unique visitors, and Fox Interactive Media, including MySpace, had more than 150 million. Similarly, recent years have seen a phenomenal growth in the popularity of weblogs (blogs): in 2007 every day, 175,000 new blogs were added to an estimated 67 million blogs that were already up and running (as cited in Rappaport, 2007). On the other hand, skeptics voice their belief that social media, despite their current popularity, may not have the staying power (“MySpace, Facebook and Other Social Networking Sites,” 2006).

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An important component of skeptics' concerns about the sustainability of social media pertains to the fact that there are no agreed upon ways of monetizing the rising popularity of social media (Allison, 2007; Hall, 2007). Perhaps, the most telling example of this problem is Facebook. Despite having a market value of around \$15 billion, Facebook's 2007 revenue was \$150 million (McCarthy, 2008) – a considerably small share of the \$21 billion online advertising industry. Then, the question of whether social media will be more than just a fad boils down to advertisers' ability to utilize the unique opportunities presented by social media. Although advertisers and social media entrepreneurs are yet to agree on a marketing model for social media, recent discussions point to several important requirements that a successful model should accommodate. Given the decentralized architecture of the Internet in general and social media in particular, a central tenet of these recent debates concerns the relative merits of more conventional advertising methods and word of mouth (or word of "mouse") based marketing approaches that cede control to the consumers.

In the light of these debates, this chapter will start by summarizing online advertising methods. After this brief summary, the chapter will focus on the opportunities and challenges for online marketers that are brought about by the development of social media. Finally, the chapter will discuss viral marketing and integrated marketing communication principles to provide a roadmap for realizing the financial and marketing potential of Web 2.0.

## **BACKGROUND**

### **Online Advertising**

In its most traditional sense, *advertising* is defined as a paid form of communication appearing in media, usually with the purpose of reaching a large number of potential customers. Since 1993, when

CERN announced that the World Wide Web would be available to anyone free of charge, advertisers experimented with different methods of reaching consumers online. Unsurprisingly, the first reaction of advertisers was to treat the World Wide Web as a natural extension of traditional media, such as newspapers and television. And, just as in conventional mass media, early online advertising methods, such as banners, pop-ups and interstitials, were characterized by intrusiveness and adoption of a one-way stimulus-response model within which information flows from the advertiser to the customer (McCoy, Everard, Polak, & Galletta, 2007; Rappaport, 2007).

However, even in the early years of online advertising, signs of what was to come in interactive marketing were revealed. Shortly after banners became a popular online advertising method in 1994, keyword-activated "smart banners" were introduced. What set smart banners apart from their predecessors was that the contents of the banners were personalized in response to the search words entered by the users. As such, smart banners were one of the first examples of how content variability in new media (Manovich, 2001) can be utilized to customize information to consumers' needs (Faber, Lee & Nana 2007).

## **Customization and Message Congruence in Interactive Media**

As noted by several researchers, content variability and the consequent ability to customize content according to the needs of the consumer are made possible by the interactive capabilities of new media (Baruh, 2007; Faber et al., 2007). Two important characteristics of interactive media are the ability to facilitate a two-way flow of communication and the related ability to track and store every bit of information about how consumers use a system (McCallister & Turow, 2002). Real-time information about how consumers use a medium, especially when combined with other data through data mining, enables marketers to

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