

Virtual Hype... Version 2.0

Is social media marketing the next, big thing in advertising? Or is it a costly distraction from the business of selling real goods and services to real people? Does anyone know how to make this burgeoning communications platform pay? Some say they do; many have no idea. The rest of us get twittered.

By Alec Bruce



HAPPY BOY FROM KENTUCKY wants to be my friend. But most of all, he wants to sell me something. Will I be interested in a load of organic top soil, or a dual-rotary reciprocating saw? Will I be interested in a box of male enhancement serum, or a date with a comely 27-year-old refugee from the Ukraine? Will I embrace the world with the click of a mouse? Will I, finally, be happy?

Welcome to the dawning of the age of social media marketing, when the felicitous camaraderie typical of the new, online networking sites such as Facebook, Myspace, Twitter, YouTube and dozens of others, merges with the crasser requirements of product advertising and brand promotion. The result is a curious combination of cheerful banter and hard-nosed sales, as if the carnival pitchman now buys a round of drinks for the crowd before he separates the fools from their money.

It was bound to happen. After all, the worldwide web and all of its channels are awash in the silent hum of virtual noise. And because they never sleep, they never stop presenting advertisers and their representatives with what seem to be delicious, inexpensive opportunities to reach audiences increasingly immune to the more traditional, and less interactive, lures of print, radio and television.

Still, the urgent question for anyone in the business of selling is this: Does social media marketing actually work? More pointedly, do advertising agencies and marketing communications firms even know what they're doing before they advise their clients to spend dwindling budgets on a corner of this brave, new world?



JOHN SHERIDAN IS PLAYFULLY CIRCUMSPECT, IF NOT EXACTLY SCEPTICAL.

He's the St. John's-based co-owner of something called SocialMedia404, a firm that claims to bridge the gap between traditional business functions and the explosive use of these new technologies. "It's like teenage sex," he grins. "Everybody says they're doing it. But of the ones who are, not many are doing it well. As a result, businesses with tangible goods and services to sell often get burned. They don't see the value in social media marketing when the predicted return on investment doesn't materialize."

Wilma Hartmann concurs. She's director and principal of St. John's-based Digital Daisy, a training and consulting company that purports to help industry harness online networking opportunities strategically. "Having limited knowledge sometimes gets you into dangerous territory," she says. "You start running before you've learned how to walk. The

key to anything in this particular world is deciding your objectives, otherwise it has the potential of taking a lot of time without generating many results."

All of which sounds remarkably rational in this hyperbolic age. Could it be, then, that social media marketing is no more or less effective than any other kind of advertising? Could it be that success depends, as always, on the message, the fit, the content, and the skill of the executioner?

If so, Happy Boy from Kentucky, and all the other product-pushing bloggers, twits and Facebookers in this curious universe, are asking the wrong question of me and millions of others trolling the Internet for news, views and the occasional deal. It's not "will I?", but "why should I?"

SHE'S YOUNG, BRIGHT AND EMINENTLY PLUGGED IN.

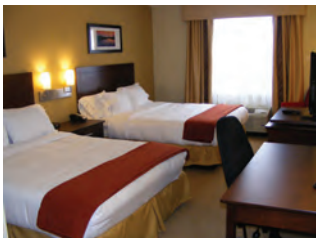
So, naturally, 20-something Jane Shkolnik, digital strategy director of

Halifax-based branding agency Revolve, attributes any lack of commercial consortium between sellers and consumers in the social media world to fear, loathing and a broad failure to appreciate the emerging power of this platform. "At the end of the day," she says, "people are always talking online. So, you have a choice as a marketer: You either engage in the conversation about your brand or you don't. It's like death and taxes."

Her point is simple: For decades, the advertising industry has been dominated by the principle that giving up control of a brand is the first step on the road to business failure. You keep the brand pristine. You defend it. You push, push and push it. But with social media, where everybody is discussing and sharing everything all the time, 24 hours a day, seven days a week, there's no longer such a thing as a perfectly static brand. A big part of her job, now, is showing clients how to engage – how to become part of the conversation as a means to ultimately generate sales and revenue.

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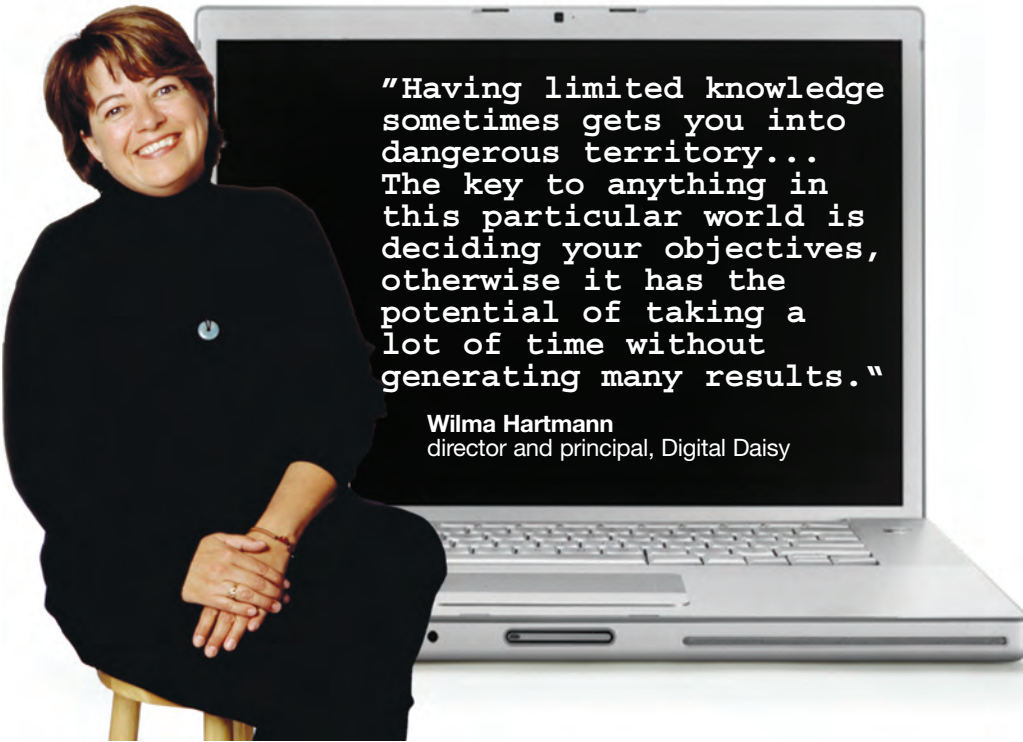
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Wilma Hartmann
director and principal, Digital Daisy

Bessy Nikolaou, the 20-something senior digital strategist at Time + Space, a Halifax-based media consulting firm, trills the same tune: "What we say to our clients is that resisting social media is almost futile. Customers are in this space and they are online and they are talking about you already. So the key is how to harness social media to communicate. It's not a monologue anymore. It is a dialogue. And you have to be engaged in an open, deliberate way."

The irony is almost exquisite: Two indisputably smart women, raised and educated to think for themselves, subscribe to a nearly Orwellian version of their industry's future. Suddenly, work life is about the virtual "conversation", the ubiquitous requirement to "engage", the omnipresent electronic eye that never blinks.

Perhaps, it's not surprising. The hype surrounding social media is nearly deafening. According to some reports, 73 per cent of Americans and 64 per cent of Europeans are online. In fact, Vancouver-based research firm Ipsos Reid estimates that Canadians spend 5.4 hours a week accessing social networking sites. Specifically, it says, 37 per cent of Internet-enabled adults in

this country regularly visit online communities, while 29 per cent maintain profiles. Nearly 63 per cent of the 18-34 demographic are visitors, and 55 per cent are active "profilers". Meanwhile, 29 per cent between the ages of 35 and 54 are lurkers, while 21 per cent chat happily in their virtual spaces. Even older folks are getting with the program: In the 55 and over demographic, nine per cent are visitors while the same fraction maintains profiles.

All of which has sparked some breathless prose on the phenomenon. The leading "thinkers" on the growth, character and economic impact of the social media belong to U.S.-based Forrester Research Inc. Two of its associates, Charlene Li and Josh Bernoff, recently wrote a book, entitled *Groundswell: Winning in a World Transformed by Social Technologies*. In it, they declare, "The groundswell is a social trend in which people use technologies to get the things they need from each other, rather than from traditional institutions like corporations. It is not a flash in the pan. It is an irreversible, completely different way for people to relate to companies and each other. Why is this happening now?"

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Their contention is that people naturally rebel against institutions. Social networking sites, which enable average folks to communicate seamlessly about everything, undermine the traditional balance of power between producers and consumers. Say Li and Bernoff: “By 2007, 12 years into the Web era, online advertising had reached \$14.6-billion (USD) in the United States alone and

approached \$10-billion (USD) in Europe. Advertisers know that traffic indicates that consumers spend their time and attention online and act to translate that attention into advertising power. It’s not even necessary to sell ads – you can sign your site up for Google AdSense and let Google sell the ads for you and share the cash. While advertising is not the only way to make money online, it’s growing

so rapidly that any venture that creates significant traffic can count on revenues.”

Indeed, the authors proclaim: “If you work for a media company, look out. Advertisers are shifting more and more of their money online. The groundswell is creating its own news sites (like Google News or Digg). The very idea of news is changing, as bloggers jostle with journalists for scoops. People take entertainment properties like TV shows and movies, rip them off the airwaves and DVDs, hack them, and repost new versions on YouTube or Dailymotion.... And if you have a brand, you’re under threat. Your customers have always had an idea about what your brand signifies, an idea that may vary from the image you are projecting. Now they are talking to each other about that idea. They are redefining for themselves the brand you spent millions of dollars, or hundreds of millions of dollars, creating.”

Their grounding point is this: Unless you’re in the game, you’re out of luck – and soon, very soon, you’ll be out of business. But is this claim actually credible?

1/2 SOBEY SCHOOL OF
BUSINESS - TUESDAY

RESEARCH FROM KNOWLEDGE NETWORKS of Menlo Park, California, suggests that something less than five per cent of Internet users regularly turn to social media sites for guidance on products or marketable services. What’s more, the think tank reports, only 16 per cent say they are inclined to buy from companies that advertise there. According to David Tice, the firm’s vice president, “Marketers need to be prudent and people-centric in how they approach social media. Social media users do not have a strong association between these sites and purchase decisions. They see them as being more about a personal connection.”

The anecdotal evidence seems to support his points. Writing on *The Blog Herald*, one Chris Garrett postulates: “There are many things social media tools are great for – fun, attracting an audience, customer service, market research. And there are some things I would not suggest social media be used for, such as making direct sales pitches.”

A professional acquaintance of mine goes even further. "I'm not convinced that social media isn't an overhyped fad," she says. "I've been on Twitter for over a month now, and posted 50 tweets. I have yet to buy into it as a necessary business function. Facebook? Can't be bothered. It's fodder for stalkers. If there's something I want someone to know about me, I'll give them a call or email and tell them. And YouTube? That's something I check out when I want to waste time."

Of course, none of this stops the global advertising industry, which drew revenues of \$600-billion from all media sources in 2007, from dipping its toes in the Internet-interactive slipstream regularly, and sometimes perilously. Writing in *Advertising Age* a few weeks ago, Bob Garfield had this to say about a campaign launched by Campbell-Mithun, an agency based in Minneapolis, for the Famous Footwear company: "Yikes. What do you get when you combine a banal and utterly generic media campaign that says absolutely nothing about your brand, with a social media element destined to generate no interest within society? You get the Famous Footwear campaign, an effort with a germ of an idea, very strong production values and seemingly no understanding of why it is empty – and doomed – in both the traditional realm and the digital one."

Garfield continues his assault: "The germ of the idea is this: What if they could take the stupid brand name of the discount-shoe chain that isn't Payless and somehow give it at least a hint of cache – a tall order for a chain called Famous Footwear. Yeah, the 'famous' refers to the famous-name brands sold therein, but it still comes off as one of those silly attempts to glamorize the, ahem, pedestrian."

"Online, Famous Footwear asks us to consider ways in which we might make a given day 'famous'. They prime the pump with a montage of people offering suggestions like 'by running in my first marathon', 'I wanna be a ninja', 'I would get my laundry done', 'I'd grow five inches', 'I'd do a tap dance for you,' and so on. Perhaps you notice what all of these flights of fancy have in common: They have nothing to do with fame."

"This may explain why, after three weeks of soliciting video uploads, Famous Footwear's site was overflowing with exactly three... that is, before the videos vanished from the site altogether. It was, they say, a temporary technical glitch, but no big deal either way. Without the videos handy, we still get through the day famously."

Ouch! But, Campbell-Mithun's misadventure notwithstanding, are there circumstances under which social media marketing actually works? Are there times when it can argue a compelling business case?

FOR PAULA DYKE, director of Public Affairs at Moncton-based Atlantic Lottery Corporation, the opportunity to demonstrate some online, interactive marketing savvy arrived only recently. Two months ago, the firm collaborated with its counterparts across Canada in the launch of Lotto Max, the first new game in 15 years. The product, targeted to an 18-35 demographic, appeals directly to the web-travelling consumer. "We recognize that we have a whole other segment of gamers out there," she explains. "They live in the virtual world. This is the biggest change in our audience in years. If you look back, you can see how fundamentally technology has changed the world. I used to cart around a big, giant cell phone. Today, I can't imagine being without Blackberry service. So, for us, it's all about being able to communicate with consumers in the virtual world, the world in which they are most comfortable."

To accomplish this, ALC participates in the national Lotto Max Facebook page, and maintains a twitter service. Regionally, the corporation is promoting the product and its own organizational brand through goingtothemax.com (a web site it used in September to deftly advertise a series of live events in St. John's, Fredericton, Halifax, and Charlottetown). According to the online blurb, "Going To The Max is all about getting your friends together and doing something you've never even thought of. It's about stepping up, stepping in and stepping off. This time around you're stepping into a giant bubble and flying down a hill. Next time you could be stepping off a ledge strapped to a bungee cord. Whatever the event is, you can be sure it'll push your excitement sensor to the max."

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Defining Social Media

Blog: Originally short for “weblog”, a blog is a web page that contains entries in reverse chronological order, with the most recent entry on top. It is usually updated more frequently than a website with static content, and often solicits and displays comments from readers.

Digg: A community-based popularity website that combines social bookmarking, blogging, and syndication with a form of non-hierarchical, democratic editorial control. News stories and websites are submitted by users, and then promoted to the front page through a user-based ranking system.

Facebook: A popular social networking website originally aimed at college students, but beginning to be more widely used by the general population.

Flickr: An online community platform built around users uploading, sharing, tagging, and commenting on photos taken by users.

Instant Messaging: A form of real-time communication between two or more people in which typed text is conveyed via computers connected over a network such as the Internet.

LinkedIn: A business-oriented social networking site used mainly for professional networking.

Mashup: A web service or software tool that combines two or more tools to create a whole new service. A leading example is ChicagoCrime, which merges Google Maps with the Chicago police department’s crime tracking web site to offer a map of crime in different parts of Chicago.

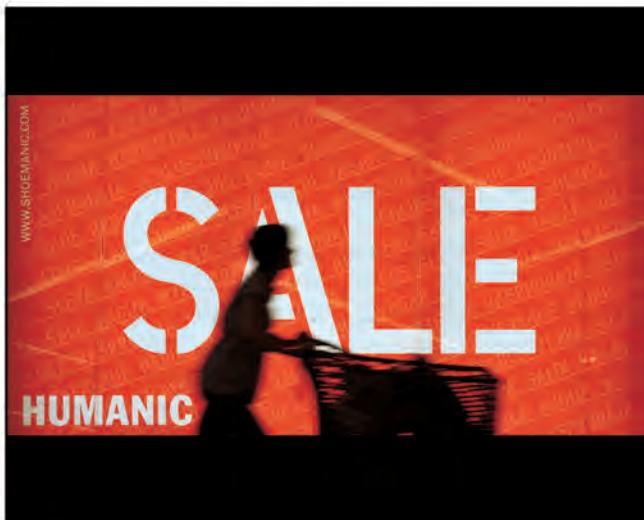
Plaxo: An online address book service that relies on social networking to maintain and distribute current contact, schedule, and other types of information.

RSS (Really Simple Syndication): A format for storing online information in a way that makes that information readable by different kinds of software.

Social Networking: Social networking sites help people discover new friends or colleagues by illuminating shared interests, related skills, or a common geographic location. Leading examples include Facebook and MySpace.

Twitter: A free social networking and moblogging service that allows users to send “updates” (or “tweets”; text-based posts, up to 140 characters long) to the Twitter website.

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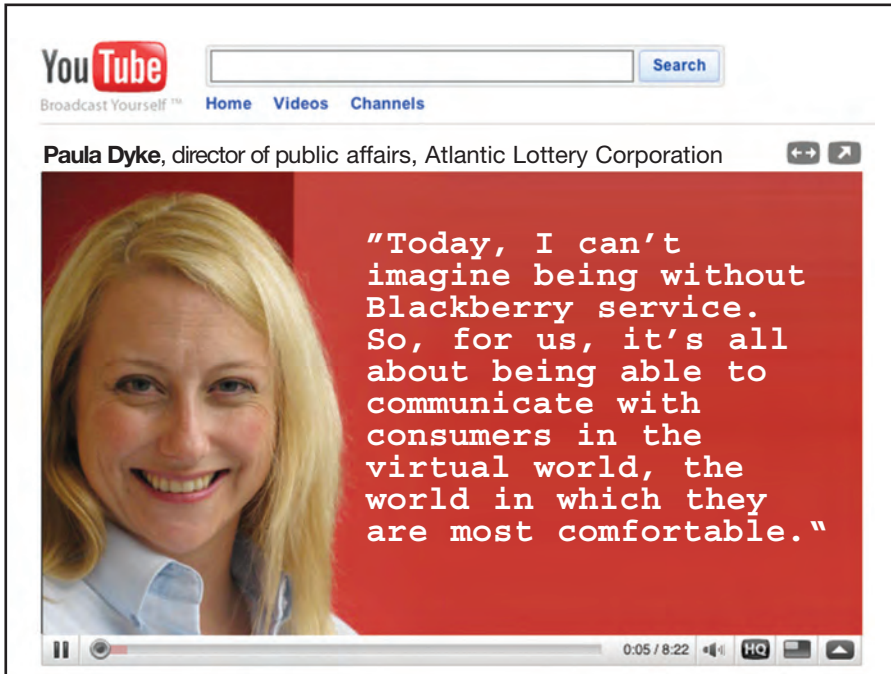


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The objective, Dyke says, is to overlay the corporation's identity with the notion of having fun. In other words, pulling consumers to the brand, rather than pushing them to buy a particular product. "Through the social media, we're starting the conversation about what is going to the max," she says. "The specific events were all about getting your friends together and rolling down a hill in a giant plastic sphere. This is part of a long-term strategy. We're hoping to do this year after year."

ALC deployed a similar tactic in its \$1.1-million sponsorship of the Charlottetown Canada Games in August. It sent a team from its public affairs department to cover the event as "citizen reporters". Says Dyke: "They blogged and twittered and took photos to post online. Initially, we thought maybe only our gang at the company would follow all of this. But we wound up with more than 200 followers on Twitter during that two-week period. By the time it was over, we had registered between 5,000 and 6,000 hits on our blog."

It's too soon to declare unequivocal success, but the overall strategy seems to be gaining traction. For one thing, ALC's Facebook page shows dozens of sturdy new fans. "You have to remember that this is an audience that doesn't want to be sold," Dyke says. "And we've learned a few things. You can't overdose people. You can only put so many tweets out there before you get blocked. We're trying to start a momentum – a groundswell – and let people catch on and share it with friends."

In fact, nothing reveals the inherent flexibility of social media marketing better than its tendency to light fires under specific, clearly articulated ideas. Lori Cox is the president of Halifax-based Sconestone.com, a networking site and non-profit organization that promotes humanitarianism around the world. "Sculpted by Nova Scotia artist Warren MacLeod, the Sconestone, itself, is travelling the world on a journey of kindness," she says. "It is designed to be an inspiration to all who touch it, to make the world a better place."

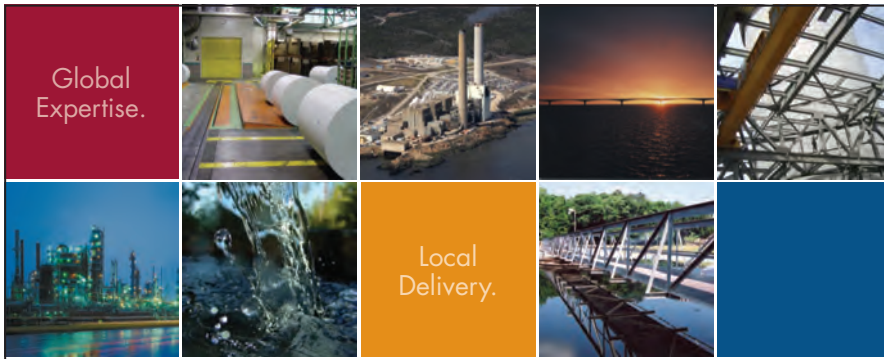
The website is the virtual meeting place that both tracks the stone's progress and provides an online forum for people to share their experiences and report their random acts of "pay-it-forward" kindness. "Right now, the global community is starting to come together around this," Cox says. "We have visitors from all over the United Kingdom, Canada, New Zealand and the United States.... Social media has 100 per cent facilitated this campaign. The challenge now is that we're growing faster than we were prepared."

Indeed, since the campaign's launch last April, the website has been averaging between 30,000 and 60,000 views a month, and Sconestone's Facebook page has welcomed more than 200 friends.

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OBSERVERS POINT OUT that one of the biggest difficulties in ascertaining the commercial value of social media marketing is the youthfulness of the very platforms on which it depends. MySpace launched in 2003. Facebook, founded by a gaggle of roommates at Harvard and whose name derives from the sobriquet given to orientation publications that university administrations distribute to students at the start of the academic year, took its first breath in 2004. Twitter, established in 2006, is a squalling infant. And every year, more sites dramatically appear, seemingly out of thin air.

All of which explains why many businesses remain suspicious, even fearful, of social media. There's been no time to truly understand it. And what can't be understood can't be controlled. After all, it's one thing to fail in the real world where ads can be pulled and damage control is ably assisted by the rubric 'out of sight, out of mind.' It's quite another to bomb online where fixing mistakes is a little like removing urine from a swimming pool.

It tends to explain why traditional advertising agencies and marketing communications firms, which are struggling to augment their own capabilities as they gingerly escort their clients up the ever-steepening learning curve, are reticent to reveal much in the way of numbers, particularly revenue generated for themselves or their clients through social media. Recent clues suggest that all may not be entirely well for at least some of Atlantic Canada's leading men and women.

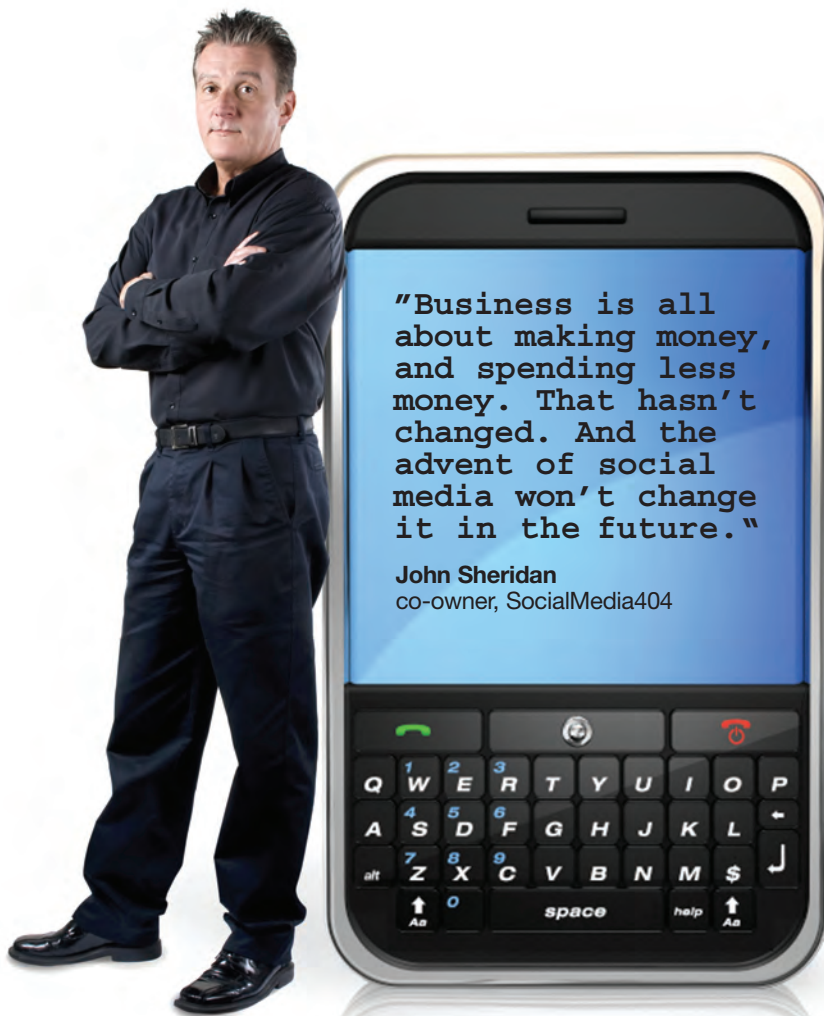
After 15 years in business, Sackville, NB-based SGCI recently shut down its operations and dismissed its 12 employees. "The economic downturn was ultimately the reason to close," owner Blaine VanSnick told a local newspaper. "There was simply no hope of a turnaround in the near future. There just weren't many opportunities out there."

Meanwhile, Colour, one of the largest agencies in the region, parted company with its vice president of social media, Carman Pirie, in September. He had this to say on his blog: "It's been a great ride for almost four years, but I'm happy to report that my friendship with the entire team there remains."

Reached for comment, David Hawkins, president of the firm's New Brunswick

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operations confirmed that it will continue to work with Pirie “on a contractual basis” and that “the team will continue to advance social media. That’s where we are going. There’s no question we will invest in this space.”

How, of course, is the sixty-four-thousand-dollar question. For Wilma Hartmann, it comes down to education and advice. “With social media, you are not dealing with an audience to which you can push a message,” she says. “You are dealing with people who decide to be consumers. So we have to be more focussed on giving. The audience is more used to value, and this value has to be free. If we provide information, or insights or even comic relief, we provide value and we keep our audience.”

In fact, says John Sheridan, the basic principles of social media marketing are the same as those of traditional approaches. The overarching goal for any advertising agency or marketing communications firm is to deliver customers to their clients. If increasing numbers of those customers are spending more time online, and less time reading newspapers and magazines, listening to the radio, or watching TV, then you must craft a careful methodology to reach them in the way they want to be reached.

“Business is all about making money, and spending less money,” he says. “That hasn’t changed. And the advent of social media won’t change it in the future. From a business perspective, you don’t pick up a hammer and then ask yourself what you’re going to do with it. First, you must have an objective. Then you must understand your audience. Then you craft the strategies. Then you implement the strategies. And, finally you sustain – and adjust, according to your evaluations – your program.”

It’s not rocket science. But as businesses and their advertising gurus and web wizards evolve, mature and become more adept at manipulating the tools of social media, the fewer “happy boys from Kentucky” will clutter the virtual universe with their sledge-hammer pitches for dubious goods and services.

And that’s something which should make everyone – consumers, advertisers and marketers, alike – very happy, indeed. 🍷