

## **Business Impact of Social Media**

### **ABSTRACT**

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Abstract Not Available

### **BIOGRAPHY**

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# Business Impact of Social Media

MIT IQ Symposium 2010

## Background

- The internet ushered an era of possibilities and brought a revolution like never before. The first generation (circa - 1990 to 2000) was on tapping the power of the internet to largely showcase technology prowess (my “.com” is better than yours)
- Move on to 2000 to 2010 - We have seen the birth of Google, Youtube, iTunes, Twitter, Flickr, Facebook, MySpace, Bing, Kosmix and the list goes on. What is the difference?
- The second coming of the internet has made it a consumer led adoption and consumption of information, which has benefited and surprised many businesses and community organizations

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## It all started with Tim..



On March 13, 1989, he published a paper that laid out the WWW.

**“The Web is more a social creation than a technical one. I designed it for a social effect – to help people work together – and not as a technical toy.”**  
- “Weaving The Web”  
by Tim Berners-Lee

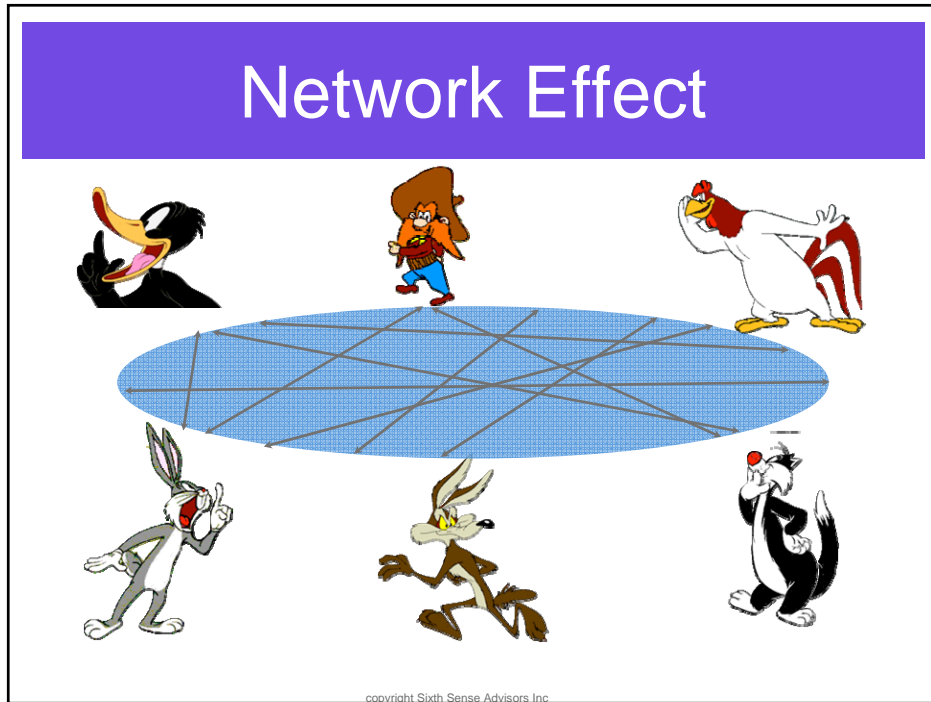
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## information democracy

- The second generation Web i.e Web 2.0 has revamped information democracy
- Today NEWS travels faster than before, is shared better and opened the world to voice opinions, feedback and more. We still are struggling to find the right governance model for managing the data and information quality and content
- Blogs, Forums, Wikis have harnessed a knowledge capital like never before (next slide on these topics)

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# Network Effect

- This action of sharing ideas, thoughts and opinions on products, services, organizations and more is what is called the “Network Effect”
- While the word-of-mouth method is often more influential in the beginning, analysis may play a significant role later in the cycle. In other words, you may adopt a service initially because someone you know uses it; later, you may adopt a service because "everyone" uses it.

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# Network Effect



The image shows two screenshots. On the left is a social network interface with a central hub-and-spoke diagram of users and various profile pictures. On the right is a mobile news application advertisement for Associated Press. The ad features three mobile phones displaying the app and text that reads: "All Your News in the Palm of Your Hand!". It also includes a quote: "If you like your news comprehensive, you'll want the AP Mobile..." and a small "iStock" logo.

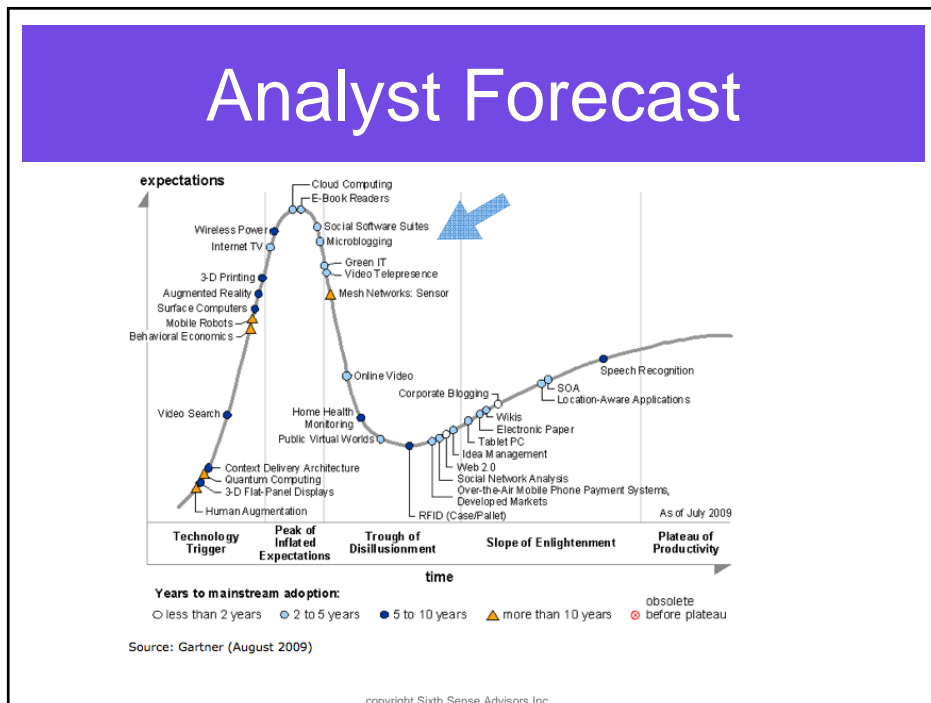
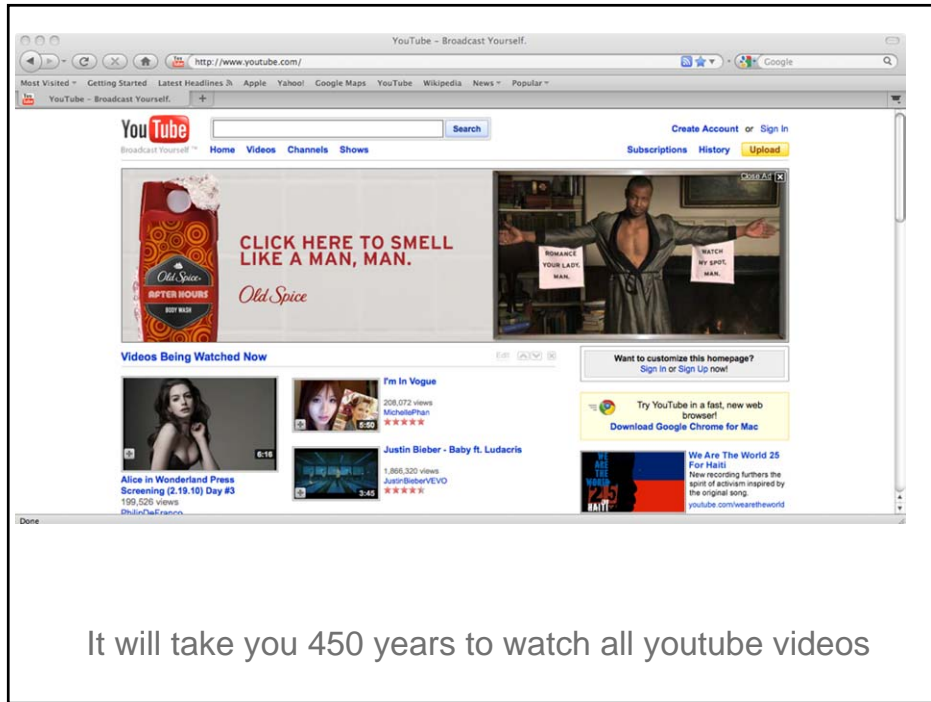
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# Network Effect



The image is a Flickr advertisement. It features a central grid of diverse photographs of people from various backgrounds. In the center, the text reads "4,000,000,000" in large red font, followed by the Flickr logo. Below that, it says "55% of people on earth has a photo in Flickr" in red font. The background is white with a grid of photos.

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# Social Sites



## Social Sites Participation

- Visibility
- Presence
- Distribution
- Listening
- Participation
- Communication

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# Some Statistics.....

### MySpace

- 76 million members in MySpace US, with a U.S. growth rate of 0.8% per month [Comscore via Techncrunch, Jan 13, 2009](#)
- "The average MySpace user now spends 266 minutes (4.4 hours) on the site every month; a 5% increase over last month and a 31% increase year over year. MySpace says its users spend nearly 100 minutes more per visitor than the closest competitor." [Social media bible \(who cites a press release\), Feb, 2009](#)
- [Compare the dominant Facebook vs MySpace](#) traffic, stickability, and engagement, (repeated from the Facebook category above) [Compete, Feb 27, 2009](#)
- Facebook dominates US visitors over MySpace: "Facebook pulled in 70.278 million unique visitors in the states, compared to MySpace's 70.237 million, according to data released by ComScore. That made Facebook the most popular site in the U.S., in terms of visitors. Just a month earlier, Facebook had a little over 67 million U.S. visitors behind MySpace's 70.9 million." [PC Mag, June 16](#)

### Cracked.com

- Now over 2500 writers contributing pitches, ideas, and feedback in our virtual writers room.
- 18k+ total submissions to our daily caption contest in the month of June
- Most viewed article of all time on Cracked - "The Top 10 Secret Celebrity Scientologists" - hits 4.6M+ total views
- Original episodic video series, "S.W.A.I.M.", which offers hilarious commentary on oddities across the web, reaches 4M+ total streams
- Adding up article and topics page submissions, comments, caption entries, and photoshop entries, over 30k unique content submissions from users/month

### eHow

- 39 million people visit eHow each month to accomplish their projects
- How to Boil an Egg is consistently one of the most popular articles on eHow
- eHow has more than 160K professionally produced videos
- eHow has more than 700K articles
- eHow has paid more than \$1MM to members participating in the Writer's Compensation Program

## even more stats

### Facebook

- 150 million people around the world are now actively using Facebook and almost half of them are using Facebook every day. This includes people in every continent—even Antarctica. If Facebook were a country, it would be the eighth most populated in the world, just ahead of Japan, Russia and Nigeria. Facebook is used in more than 35 different languages and 170 countries and territories. [Source: Mark Zuckerberg, Jan 7, 2009](#)
- Facebook has 54.5 million monthly unique visitors, says Comscore, with a growth rate in the U.S. averaged 3.8% per month over the last year. Source, [Comscore via Techncrunch, Jan 13, 2009](#)
- [175mm users, with 600k daily growth](#) of users, with the fastest growing segment “45% of Facebook’s US audience is now 26 years old or older.” [Inside Facebook, Feb 15th, 2009.](#)
- “Women over 55 remain the fastest growing [group, and growth among the](#) teen and college-age set has been relatively paltry. In absolute numbers there are now even slightly more members between the ages of 45 and 65 than there are 13-to 17-year-olds.” [Wired Magazine, March.](#)
- Facebook Ranks as Top Social Networking Site in the Majority of European Countries. [Facebook Captures #1 Ranking in Spain for the First Time in February, comScore, April](#)
- Facebook dominates US visitors over MySpace: “Facebook pulled in 70.278 million unique visitors in the states, [compared to](#) MySpace’s 70.237 million, according to data released by ComScore. That made Facebook the most popular site in the U.S., in terms of visitors. Just a month earlier, Facebook had a little over 67 million U.S. visitors behind MySpace’s 70.9 million.” [PC Mag., June 16](#)

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## Community Speak....

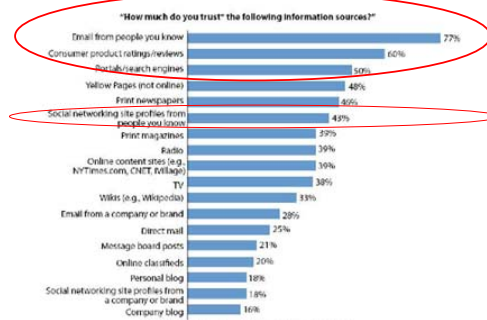
“

For companies, resistance to social media is futile.

Millions of people are creating content for the social web. Your competitors are already there. Your customers have been there for a long time.

If your business isn't putting itself out there, it ought to be.”

**BusinessWeek**  
BusinessWeek 2009



Base: US online adults who use each type of content  
\*Trust is defined as a 4 or 5 on a scale from 1 (don't trust at all) to 5 (trust completely).  
Source: North American Technographics® Media And Marketing Online Survey, Q2 2009  
©2009 Source: Forrester Research, Inc.

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## Network Effects

- Network Effect is measured by the value of a product that is driven by (or affected by) how many people buy or adopt it and
  - Example: Cell Phone & Services
- Types of Network Effects
  - Direct
  - Indirect

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## Business Models

- One can wonder what strategy do these companies follow to be in business and how do some companies get it right and others fail
- The model for businesses to thrive in the Web 2.0 world is to let users drive the business rather than attract the user to the business. You give some to get a lot. makes sense? absolutely no. Did it work? very much Yes
- Has this model thrived in the real world? yes, before the internet, you still shared this information, but it remained in silos of people and was more local than global. Example - Remember the days when you went to your favorite butcher or bakery or coffee shop, you had friends then too, and how you were supporting them by your word of mouth in the neighborhood?
- You are exactly doing the very same thing, albeit on a global platform and audience, when you participate or communicate or listen on a social network

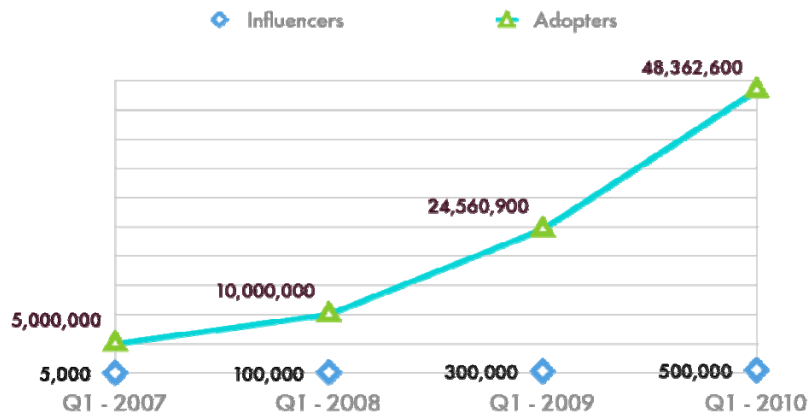
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## What is? Network Effect

- You buy a product - cell phone or Kindle for example
- You like the product and say a few words on twitter or facebook or a blog
- You now have created a group that has an affinity to what you say or do, and is influenced by you
- This is network effect in its simplest form.
- Your affinity group when they repeat the behavior create a confluence or community that is now a target for the product or service offering

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## Value Curve



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# Long Tail

## Long Tail

From Wikipedia, the free encyclopedia

The **Long Tail** or **long tail** refers to the statistical property that a larger share of population rests within the tail of a probability distribution than observed under a 'normal' or Gaussian distribution. This has gained popularity in recent times as a retailing concept describing the niche strategy of selling a large number of unique items in relatively small quantities – usually in addition to selling fewer popular items in large quantities.

**Micropublishing** is when an individual or group use efficient [publishing](#) and [distribution techniques](#) to publish a work intended for a specific [micromarket](#). Typically, [these works](#) are not considered by conventional publishers due to their low [economy of scale](#) and [mass appeal and the difficulties](#) that would arise [in their marketing](#).

To make micropublishing more economical, the works [are often](#) created, "printed", sold, and distributed online by a micropublishing company, such as [Lulu.com](#). These micropublishers eliminate many of the entry barriers [that prevent](#) independent authors from entering the publishing industry, and often pay out much higher royalty fees than an ordinary publishing house. <sup>*[citation needed](#)*</sup>

Before the emergence of the [internet](#), micropublishing was [considered a "microtrend"](#) that would not play much of a role [in the publishing world](#). The internet has changed this by providing authors and micropublishers with an affordable medium through which to publish and distribute their works. <sup>*[citation needed](#)*</sup>

The Internet is also evolving how the works from traditional publishing, [self-publishing and micro-publishing](#) are distributed. The long imagined dream of [digital distribution](#) for published [works is quickly](#) becoming a reality. For micro-publications, [digital distribution](#) may enable [greater numbers of authors](#) and potential authors to enter the publishing industry to access immense numbers of readers [who prefer to receive](#) and/or consume content in digital form.

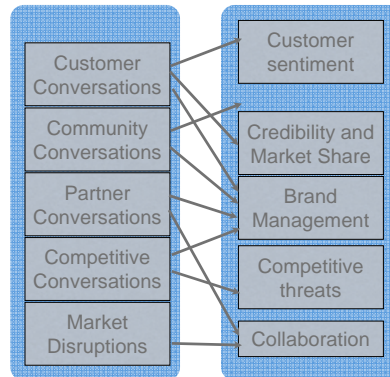
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# Using the Long Tail

## Effective Social Media Integration

# Actionable

- How do you leverage the network effect ?
- As a business how does this impact your bottom line?



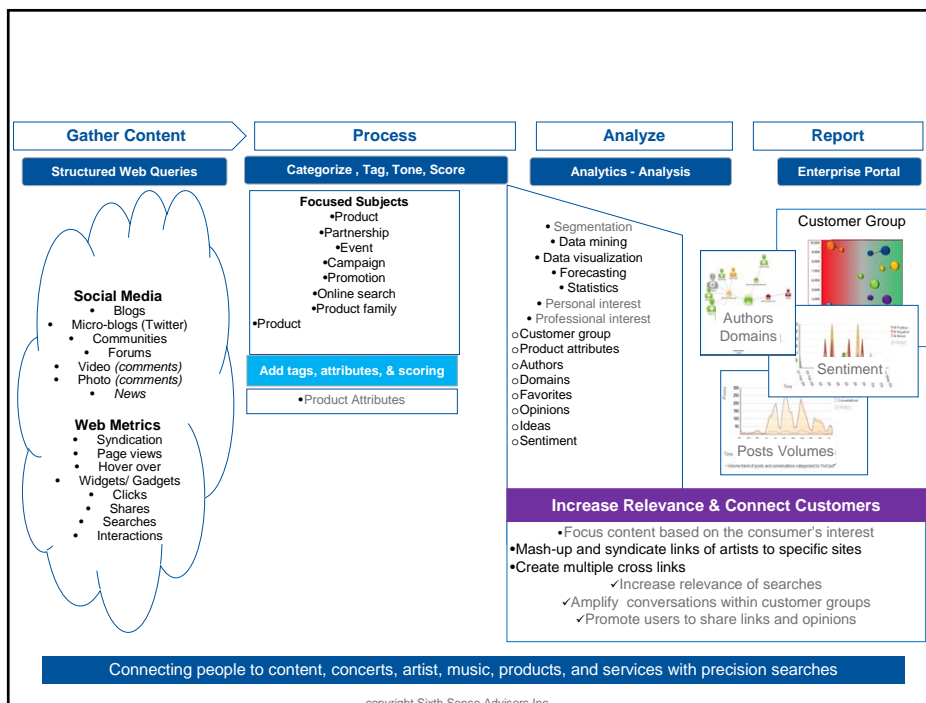
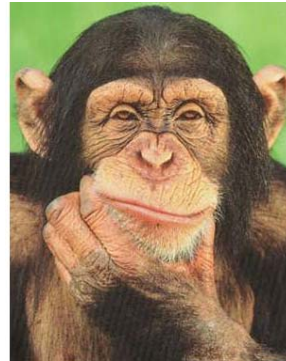
# How Do You Learn

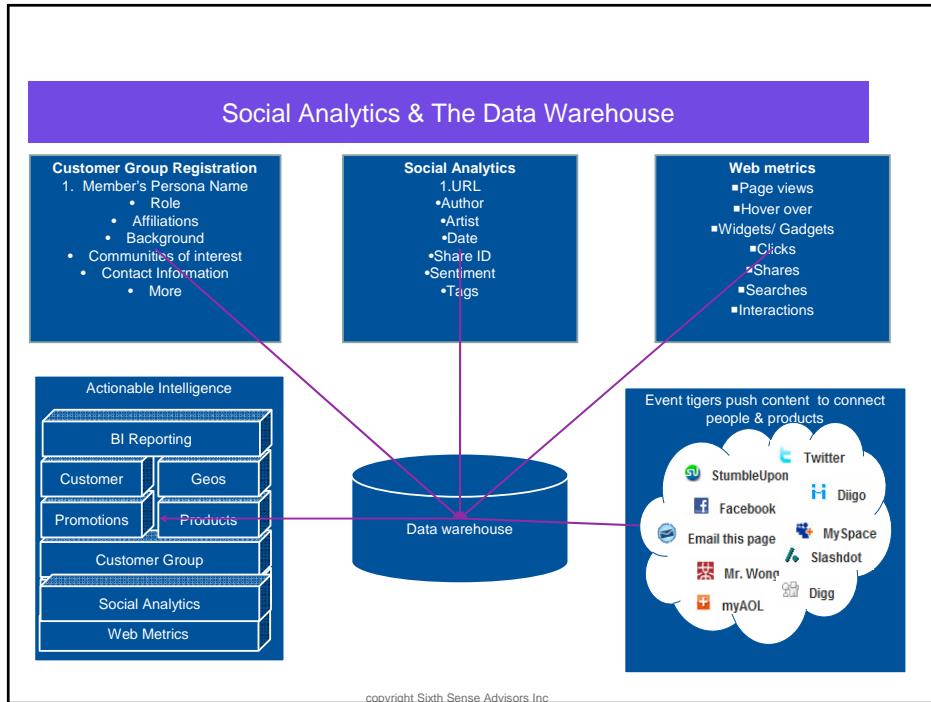


Listen - It is the Key

# Now What...

- Now that you listened, you need to think.
- You need to think about
  - Customer Sentiments
  - Competitive Threats
  - Feedback
  - Campaign Effectiveness
  - Corporate communication strategies





## Impact of Social Media on Business

# Distribution



We have moved from print to publish. Push to pull.  
Lower the cost, increase the reach, saving time

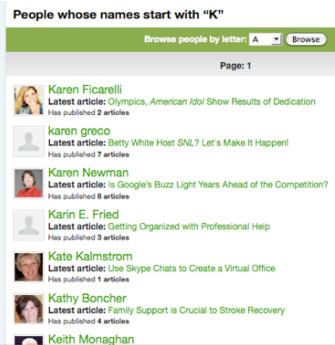
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# Marketing



Telemarketing

Then

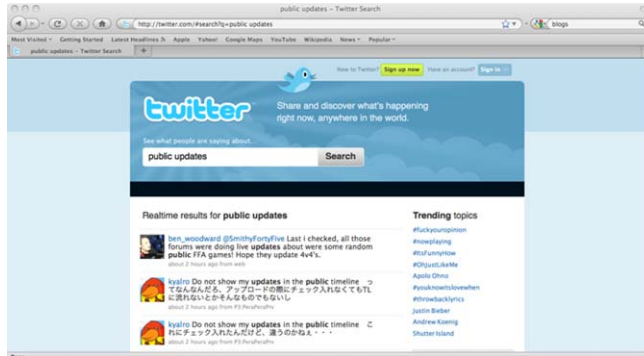


Adding Friends

Now

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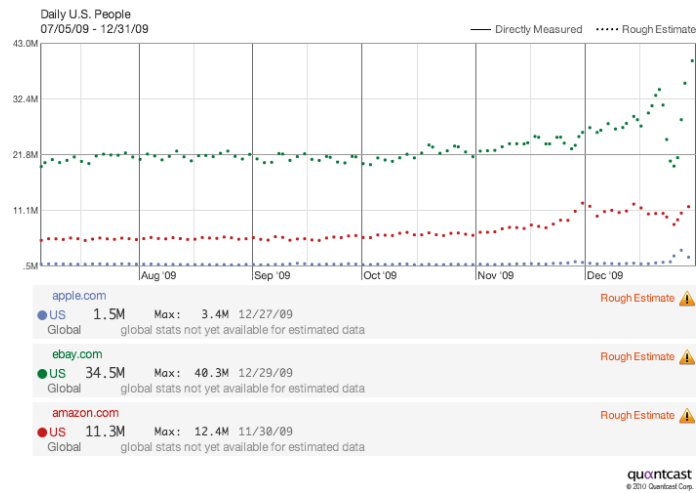
# Mass - Marketing



More companies use twitter than SMS today !

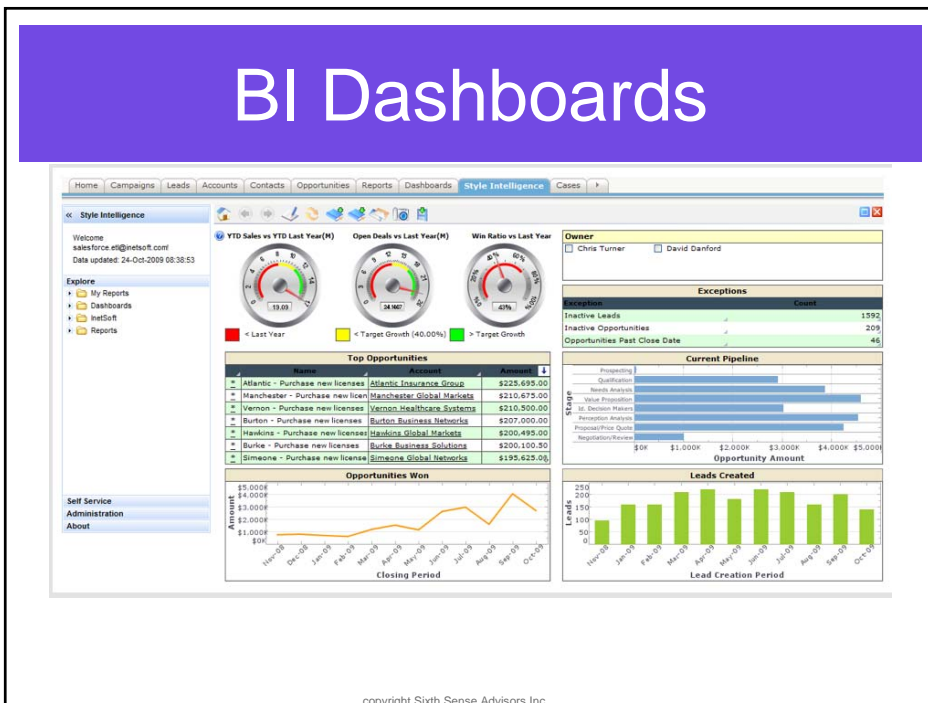
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# Analysis - Web 1.0

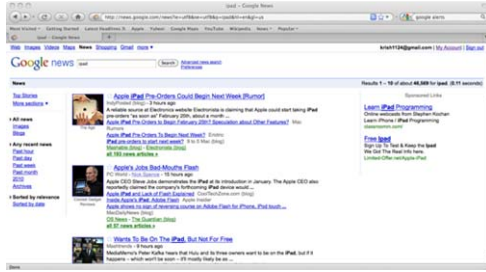


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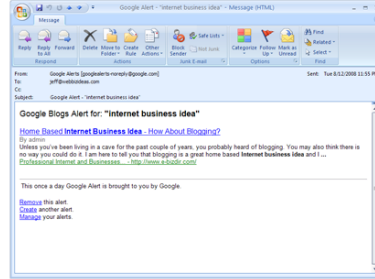




# BI Alerts Now



Here's how a Google alert email will look like in your inbox.



Google alerts is a simple BI dashboard delivery that is changing the way we consume data

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# Corporate Communication



portal - 2009



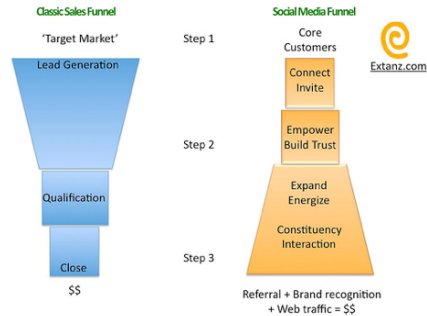
website - 2000

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# Current Trends

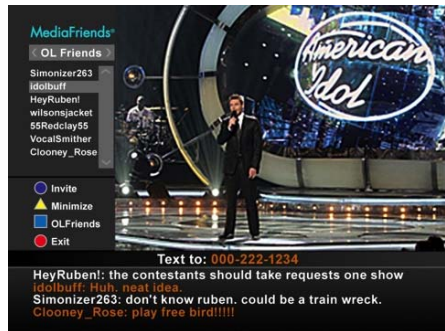
The Top 10 North American Ski Resorts Utilizing Social Media are:

1. **Whistler Blackcomb**, British Columbia: 26,059 fans, 405 fan photos, 7,856 followers, operating their own video site (rock stars!)
2. **Mammoth Mountain**, California: 19,366 fans, 217 fan photos, 3,504 followers, 19,308 YouTube views
3. **Vail**, Colorado: 10,049 fans, 12 fan videos, 3420 followers, 297,059 YouTube views
4. **Breckenridge**, Colorado: 10,042 fans, 9 fan videos, 3,806 followers, 353,085 YouTube views
5. **Jackson Hole**, Wyoming: 10,573 fans, 299 fan photos, 23 fan videos, 2,771 followers, 344,602 YouTube views
- **Bear Mountain**, California: 11,984 fans, 209 fan photos, 1,180 followers, 682 YouTube views
- **Sugarloaf, Maine**: 10,946 fans, 24 fan photos, 1,739 followers, 89,000 YouTube views
- **Jay Peak, Vermont**: 9,706 fans, 237 fan photos, 1460 followers, 44,198 YouTube views
- **Sunday River**, Maine: 7,460 fans, 49 fan photos, 1,706 followers, 219,591 YouTube views



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# Interactive TV



Tweets on television is a new trend. Soon Larry King and Meet the Press will have interactive public participation than viewership. This is a direct bottomline impact to the business and TRP ratings

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## Closing Notes

- Social Media and Network Effect is here to stay
- The long tail and the associated business benefits are intangible
- ROI from social analytics and social media is not measurable in a simple quantifiable manner
- Social analytics is changing the face of business today. It is very evident that Web 3.0 will redefine the future on business
- Mobile delivery of social apps, alerts, business news, stocks and trading etc will be the norm of the future

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