

MARKETING AND SOCIAL MEDIA

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For many years, the predominant approach used by marketers was to tell customers about the benefits of using their company's products and then hope that consumers would respond favourably to the promotion message. Of course, there have always been some exceptions to this approach. For example, the rock band The Grateful Dead was an early user of what we now call "social media" because it encouraged fans to tape the band's concerts. This reduced record sales, but the band developed a huge fan following because people who taped the concerts passed the tapes around to their friends. The band therefore made a lot of money from live concerts.

In recent years, the use of social media in marketing has become much more widespread and sophisticated than formerly, partly because of advances in technology which allow companies to get customers involved on a long-term basis with their products. The term "social media" refer to many different activities, including (but not limited to) social networking (e.g., Facebook, Twitter, LinkedIn, Orkut), blogs (e.g., Xanga, WordPress, LiveJournal), wikis (e.g., PBworks, Wetpaint), microblogging (e.g., Foursquare, Facebook places, The Hotlist), video (e.g., YouTube), social bookmarking (e.g., Google Reader, CiteULike), and online games (e.g., Farmville).

Companies are rushing to use social media to get consumers to use their products and to become more aware of the products and services the company is offering. Consider a few examples:

- The Facebook-based game Farmville recently incorporated Cascadian Farm, an organic food company, into the game (players could virtually plant Cascadian's blueberries). One million players got involved in the first three days of the promotion.
- In another Farmville promotion, players who purchased certain drinks at 7-Eleven received codes which could be redeemed for virtual products in the Farmville game.
- Rapper Jay-Z's autobiography was promoted by having fans log on to a dedicated page on Microsoft's Bing search engine. Fans could win an autographed copy of a page of the book if they correctly decoded clues online or via a smartphone.

Traditional loyalty programs (where customers get rewards for being a frequent user of a company's products or services) are a traditional marketing tactic that is also being affected by social media. For example, Foursquare is a smartphone app that allows users to earn free products or to receive price discounts at retail stores they frequently visit. Users "check in" at a retail location (e.g., Starbucks) and let their friends know where they are. If the user is the most frequent visitor to a retail outlet, they get the title of "mayor" of that outlet and also get free or reduced-price products.

Many of the new apps like Farmville may threaten traditional loyalty programs because (a) people get a kick out of playing online games (and they may be more interested in playing the game than in getting an actual reward), and (b) the high-tech version may be cheaper for companies because some games provide only virtual rewards to customers. The popularity of so-called "gamification" is behind the explosive growth of companies like Groupon, where the idea is to get company brands embedded in customers' lives. In 2011, a Gamification Summit was held to show marketers how to use gaming as a way to engage consumers with company products.

Social media have also influenced the way marketers assess the effectiveness of their promotion efforts. Traditionally, return on investment for marketing meant that the company first had to decide on the investment it would make in marketing, and then would have to calculate the returns it got in terms of consumer response. But determining return on investment for social media is different. It starts by considering consumer motivation to use social media and then measures the social media investments customers make as they engage with the company's products. Brand awareness and brand engagement are key social media objectives of marketing with social media.