

## To Facebook or Not to Facebook

[Web Smart Newsletter](#) by Eric Holter, November 2007

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Last May I asked the question, is social media madness? The culture of openness can be perplexing, but whether or not you think social media is madness, there's no denying its growth. And social media's potential for marketing is profound (which is why a 15 billion dollar valuation for Facebook is not entirely absurd). Missing from last May's newsletter was a review of Facebook. While MySpace still has a lead in terms of overall users, Facebook is catching up quickly. According to ComScore, from 2006 to 2007 Facebook's growth rate was 270% compared to MySpace at 72%.

Posts about Facebook's recent controversial announcements about a new advertising platform are all over the new media blogosphere. The advertising model for social media is tricky, and while it's way too early to declare a winner in this space, the last man standing may become even more powerful than Google.

Whether you're inclined to create a Facebook profile or not, understanding how Facebook works and how social media marketing is developing is important for agencies.

#### Why Facebook?

I sympathize with those who don't get Facebook and other social media sites like MySpace and LinkedIn. In fact, when I first set up my Facebook profile, it was more motivated by professional experimentation than a real desire to participate. But I have to admit it. Now that I've grown more comfortable with Facebook, I've genuinely enjoyed connecting with old friends and learning more about my business associates. I enjoy learning about the things my friends and acquaintances are doing, reading, and listening to. I've found it fascinating to get new perspectives on long time business acquaintances. I was also able to say hey to a few friends I hadn't heard from in a while and reconnect with a some folks I knew in school.

One of the main features of a Facebook profile is the "Friends" panel. It displays six of my Facebook friends with a link to view them all. So as not to create any awkward jockeying for friend ranking (remember Sienfeld's speed dial position episode?), the six friend images are randomly sampled from all my friends each time I view the page. This considerate little feature reminds me of people I might not normally think about--and if I'm so inclined, I can jot a quick "Hey--how are you?" on their wall. Another prominent feature of Facebook is its News Feed page. It tells you whenever a friend adds another friend, or joins a new group, or posts a link, or adds a new application, or updates their profile, or changes their status, or just about anything else they do on Facebook. In a silly way, because of features like this, I really do feel a little more connected to my friends on Facebook.

#### Just for fun...

Based on my initial positive experience on Facebook, I decided to jump in with both feet. I've been adding more and more details to my profile. I've even added Facebook applications that pull information from my blogs, del.icio.us links, and StumbleUpon pages. My Twitter feed is set up to automatically update my Facebook status. Of course, my profile wouldn't be complete without adding in the "New England Patriots Fans" app--Go Pats! There are a lot more things that can be done on Facebook like joining groups and networks, creating events, buying stuff, and looking at my friend's photos and videos.

If you'd like to get more detail on what Facebook looks like, I've taken screen grabs of my [Facebook News Feed](#) and [Profile pages](#). But the best way to familiarize yourself is to just set up a profile and start using it. If you already have a Facebook profile, or are inclined to set one up now, feel free to add me as a friend (please include Web Smart subscriber in the personal message field when you add me as a friend).

## Facebook Compared to MySpace

### Facebook compared to MySpace

Facebook is rapidly gaining popularity. Much of the growth is from MySpace refugees. In principal, MySpace and Facebook perform many of the same functions. Nevertheless, I really don't like MySpace. In fact, it was my extreme dislike for MySpace that made me slow to join Facebook. There is one primary reason why I dislike MySpace so much, and it has to do with anonymity. Because MySpace allows profiles to be built with fake user names, it draws a certain kind of crowd, or at least a certain kind of behavior from its crowd. Anonymity opens the door to some particularly polluted spam. It's one thing to get a friend request from someone you don't know but whose profile is somewhat authentic; it's another to be propositioned from the red light district of social media. No thanks!

Another problem with MySpace is its interface. It's very slow, convoluted, and requires multiple clicks to get to the tools you need. All the while they bombard you with ads! Now I'm not at all against advertising in social media; the main point of this newsletter is about how social media sites like Facebook are important to advertisers. But untargeted, abrasive, and overwhelming ads are never welcome. MySpace is also prone to hacking and comment spam. Several people I know have had their pages abused by spammers who hijacked a friend's profile and left inappropriate comments using the hijacked identity.

Facebook, on the other hand, encourages accounts to use real names and genuine information. Now there's nothing stopping anyone from lying and providing false profile information, but you won't find nearly as many profiles with names like "Miss L3xis88" on Facebook. Facebook's interface is clean, easy to use, well-ordered, and navigable. As a result, Facebook contains significantly less spam and immature content than MySpace.

Part of the new advertising platform for Facebook which I'll review below is their "Facebook Page" function. One reason MySpace is still popular is that anyone or **anything** can create a MySpace page. This means MySpace profiles can be real people, or they can be bands, movies, groups, or companies. Because MySpace profiles are publicly viewable by default, they have often served to be popular and free outlets for bands. Fans and followers can listen to music and leave comments. Facebook Pages is just now beginning to offer this kind of functionality, and because a "Facebook Page" is differentiated from people's profiles pages, they can still maintain a degree of reality in their social network.

## Facebook Compared to LinkedIn

### Facebook Compared to LinkedIn

LinkedIn, in contrast to MySpace, is at the other side of the anonymity/inappropriate spectrum. In fact, I don't think I've ever seen a spam profile in LinkedIn. It's all business. In fact, Rupert Murdoch's News Corp, which owns The Wall Street Journal (and MySpace) is considering buying LinkedIn.

I like LinkedIn a lot and maintain profiles in both Facebook and LinkedIn. Because of the professional nature of LinkedIn, the profiles there are very complete. Most LinkedIn profiles contain more background information than the average resume does.

The main difference between LinkedIn and Facebook is that LinkedIn is entirely focused on business social networks. Facebook is more general and crosses social spheres. I have friends in Facebook that are actual friends, business relationships, general acquaintances, and people I'm following online.

Another big difference between Facebook and LinkedIn is their advertising models. Facebook is starting to follow a Google AdWords model in which just about anyone can participate. It's very easy to set up an advertising account, choose how much per day to spend, bid on a click rate, choose a set of demographics and interests, and post an ad. LinkedIn has a high-end ad network approach. You can buy banner ads in LinkedIn but they have a pretty high minimum buy. But I'm getting a little ahead of myself. Let me back up and lay the foundations for why so much attention is being given to social media advertising.

## Social Media Advertising

### Social Media Advertising

Search engines had been displaying banner ads since the beginning--even keyword-based ads. But it was Google that showed just how profitable Internet traffic could be. Because they made their AdWord program so simple and easy-to-use, with no minimum buy, everyone who wants to can run ads against relevant search terms. Once Google opened up search advertising, the rivers of cash came rushing in.

AdWords are great, but they are not perfect. After all, search ads are based on fairly simple search words and phrases. But search terms, by themselves, suffer from a lack of knowing the precise *intent* of the searcher. When I include the word "records" in a search, the engine can't know whether I mean old fashioned LPs, world records, or records in a database. So what ads should they display against my search request? Though AdWords are very effective, they could improve. Understanding the intent of the search and adding individual demographics and personal interests of each searcher would allow a degree of targeting yet unheard of in search advertising. This is what social media has to contribute to online advertising.

While people are enjoying the benefits of Facebook they are also establishing a base of information containing their demographics, social circles, preferences, interests, purchases, and more. Based on this information, a site like Facebook can offer an unprecedented degree of individual targeting for advertisers. Additionally, because social media can offer another dimension to marketing, they can potentially reap the benefits from word of mouth recommendations. Adding a personal recommendation on top of hyper-targeted, individually validated advertisements can be a profoundly powerful advertising platform.

And don't think Google's not paying attention. They recently announced an open source social media platform called OpenSocial. If OpenSocial becomes the dominant open source platform for building social media sites--and based on the number of early participants, it very well may--this could put Google at the epicenter of social media.

### **Benefits of Social Media Advertising**

I, for one, am excited about the improvements that the Internet is bringing to marketing. I understand that maintaining sites like Facebook cost money. I know I need to pay up one way or the other. One way I might have to pay is the subscription model (like LinkedIn's professional upgrade options). The other way to "pay for" my use of great web services is my willingness to receive advertising. This is no different than how I get to enjoy my favorite television shows (if you want to know what some of them are, check out my Facebook profile). In fact, with TV I have to pay both ways. I have to pay my DirecTV bill and watch ads. I don't mind the exchange. But I sure would appreciate avoiding irrelevant ads, and no doubt advertisers would like to avoid that too. They'd much rather concentrate their spending on consumers that might actually buy their product than waste their efforts on completely uninterested viewers. But as it is today, targeting is very generalized so I have to endure ads for dating services (even though I'm married) and snow blower ads (even though I live in North Carolina). Frankly, I'd rather see ads for a new MP3 player with increased storage capacity, or HD television and movie download services. These I might buy.

### **How Facebook Advertising Works**

#### **How Facebook Advertising Works (or Will Work)**

Now just to be clear, we're not there yet. Ironically, and perplexing to me, I still get dating service ads on my Facebook pages. There is really no excuse for this. Facebook knows, based on my profile, that I'm married. There are any number of ads they can present to me that that would be more relevant. And why give me ads for Zwinky? Is it possible that Facebook has me confused with a ten year old girl who'd be interested in a visiting a virtual paper doll website? So we're still talking mostly potential here. To be fair, the Facebook's "Ad Space" is still pretty generic in terms of targeting.

But Facebook's new advertising programs represent the beginning of what social media advertising may look like. These new programs include Facebook Pages, Social Ads, and the very controversial Beacon.

**Facebook Pages** - As previously mentioned, Facebook has added a new "Pages" feature. This allows entities like [Newfangled to create Pages](#) for themselves on Facebook. You can join a company Page by becoming a "fan" in the same way that you might become a "friend" on a person's profile. Becoming a fan adds that Page's icon to your profile page under the "I am a Fan of..." panel. As the company gains fans, the people within each fan's social network may see that they became a fan in their News Feeds. When they see this action it becomes a kind of online word of mouth recommendation. Additionally, if the company is running a Facebook Ad Campaign, they can choose to target "Social Actions" in their campaigns. With this feature enabled, those people who fan the Page may see the Ad listed among their News Feeds. Companies can also use the Facebook messaging system to communicate with their "fans."

It may seem that becoming a fan of a company Page is a one way street benefiting the company. But becoming a fan also allows you to post to that Page's wall. This is a significant permission because everyone who views the page can see these comments. This is a gesture of openness from the company. You can assume that the brands that set up pages will be paying attention to those individuals that are willing to identify themselves with their brand. And if you every have a beef, you can always post it to their wall. These statements will carry a lot of weight with the brand, to be sure. This is conversational media in action.

**Social Ads** - Social Ads are very similar to Google AdWords except that rather than identifying and bidding on keywords, you chose the demographics and areas of interest to target for your ad. Like AdWords, you can define a maximum spend per day and bid on the amount you'll pay per click. You can also choose to buy impressions (views) rather than clicks. The ad format allows for a text title, a thumbnail image, and a brief text blurb. Facebook provides some basic performance reports and you can pause or resume any particular ad at will.

**Beacon** - Beacon is the most controversial of the Facebook advertising platform options. Beacon is a bit of code that any marketer can add to their webpages so that, upon specific actions like buying a book, subscribing to a service, or posting to a blog, the site can notify the visitor's Facebook profile of the action. For example, a Facebook user who goes to Blockbuster and rents a video may see an alert pop up informing them that Blockbuster.com "is sending this rental to the buyer's Facebook profile." Because the alert scrolls up from the lower right of the screen and then fades out, the visitor needs to be quick if they want to click the "No Thanks," option. Otherwise the movie rental action will be noted on their profile. Marketers who implement Beacon are supposed ask each customer if they want to opt into the Beacon service up front, but it's not a requirement. Some marketers may just start alerting and sending actions to Facebook profiles without the user ever choosing to implement the service.

The Facebook user does have an opportunity to change Beacon settings on their News Feed page where these alerts would be displayed. For each site that sends information to their profile they can make decisions like "always accept," "never accept," or "always alert me and let me choose which items get posted." But this Beacon control interface is a bit obscure, and if you don't know what it is (because you never explicitly opted-in on the other website), it could easily get accidentally approved without you really knowing what's being done.

This introduces some obvious privacy concerns. If I fail to click "No Thanks" each time, and I've approved the site to post, I may easily forget this setting and post things I didn't want to share. Imagine if I were to buy a special surprise gift for my wife and it gets posted and consequently broadcast to all my friends' News Feeds--including hers. It wouldn't be much of a surprise. Facebook should probably reverse the procedure so that actions require approval rather than require disapproval.

There is also no global opt-out for Beacon. I have to decide on a site-by-site basis. This is a particularly controversial issue since early previews of Beacon showed a global opt-out option. But the final release has no such option. We'll have to see how this plays out. I imagine that most people who are inclined to use Facebook in the first place and install applications that show their favorite books, movies, and just about anything else, probably won't be too concerned about privacy issues. However, reversing the permission process and offering a global opt out seems like a more considerate approach. Matt Dickman has an [excellent write up](#) and video on MarketingProfs showing Beacon in action.

### ***Last Minute News Flash***

***Just before emailing this newsletter out, Facebook announced that they will indeed reverse the Beacon permission procedure. Users must opt-in for Beacon actions to added to their profiles. This is a great example for how consumers and brands are both benefited when they actively listen to each other and show willingness to make adjustments. Good going Facebook!***

### **Won't You Be My Neighbor?**

All in all, I am enjoying Facebook, and I see a ton of potential for marketing in social media. These are interesting days as the models and interactions get sorted out. In the meantime, though, if you already have a Facebook profile, feel free to friend me (just add "Web Smart Subscriber" to the friend request message). I'd also appreciate building up some fans on the [Newfangled Page](#). I promise not to spam you with message blasts. There's also a Newfangled Group you can join if you're so inclined. And feel free to use the wall. I'll read and listen. This is a conversation, after all.