

## Social networking for entrepreneurial business

~ Mark Healy / Partner / Torque

I am leery of Facebook. Not as a concept for individuals – you’d have to be living under a rock not to understand how popular it is. But if you run an entrepreneurial business and you’re considering a Facebook push, or if you’re about to launch a start-up and your strategy includes Facebook, maybe you look closely here.

But we’re getting ahead of ourselves. I often get asked by clients “should we be on Facebook?” And I think “oh, boy.” There is a process here.

- The first step is a qualifier: are you running a B2C or B2B venture – if B2C, proceed – if B2B, do not pass Go, do not collect \$200 (social networking sites are next-to-useless for B2B businesses, because their owners/decision makers do not look for leads or information on these sites). (For those of you screaming “what about LinkedIn?!” – fair – but we’re not talking about connecting to others or recruiting here – we’re talking about making money.)
- The 2<sup>nd</sup> step is to check on whether you have a solid understanding of social networking in the first place.
- The 3<sup>rd</sup> is to assess what you’re trying to accomplish, and whether that matches up with the audience you are trying to access and the functionality of the sites.
- If the moon and the stars are still aligned, then the last step is to sort out which site makes the most sense: it might be Facebook, but then again it might be YouTube or something specialized.

So, let’s back up a step and talk about the social networking phenomena first, for those new to the space. Social networking is a massive misnomer for starters, in the same way that reality TV is an oxymoron – I don’t actually know any teachers who hang out in the jungle and run obstacle courses sponsored by Mountain Dew – but perhaps that’s just me. Social networking should actually be called antisocial networking, given that you necessarily have to have a computer display between you and others to participate. Here’s a highly unofficial but fairly accurate definition of social networking: a forum for individuals who wish to congregate online for the purposes of displaying details of their lives to others, sharing pictures or stories or videos, starting or participating in discussion groups, finding and/or observing/bothering ex-girlfriends or ex-boyfriends, or unabashedly pushing a personal agenda, product or service (normally not overly successfully). The behemoths are MySpace (109 MM unique visitors in Jan 08), Facebook (102 MM, same metric) and Bebo (22 MM, same metric). (source: ComScore) For a more comprehensive look at all of Social Media check out Torque’s white paper on the subject.

Ok, so at this point we have at least a slightly better idea of what social networking is and isn’t. Now let’s talk about what you’re trying to accomplish, assuming you’re running a B2C play. In very general terms, here are some good reasons for considering social networking sites:

- you are trying to generate awareness for your product or service, in a fairly tight demographic – if you ‘seed’ the idea/whatever with the right social influencers in the site (those that have many ‘friends’ and are respected by peers as opinion leaders), you have a shot. Real success stories are fairly rare, though – and success requires a dedicated effort, just like a traditional campaign.
- you are looking for feedback from customers/potential customers – the user bases of these sites are so large, it’s not hard to get at least a decent data set to a few questions.

And here are some bad reasons to jump on the bandwagon:



- you want to sell more product/service today – social networking users typically hate an obvious pitch, because it will have zero to do with why they signed up in the first place.
- you want thousands of people to say great things about your product/service – trying to control the message is both dangerous and unrealistic – the word will spread, good or bad. (There's a saying I'm hearing a lot lately: "Facebook was great until the marketers showed up.")
- and the big one, your new business idea involves connecting like-minded people (fishermen or train spotters or whoever) to one another, and you're hanging your strategy on a Facebook application and advertising revenues.

Opinion of one: Facebook is peaking and could be headed for a decline. I work with an alumni group considering launching a new portal. We decided not to tie the portal into Facebook so that we are not caught with two drinks in hand when everyone starts to leave the party. If you are merely trying to drive awareness or solicit feedback, no big deal – there will inevitably be another popular venue. If you're counting on Facebook for customers, or as a pillar of your business model, be careful.

I'm not saying that you should outright ditch your Facebook-related plans if you're about to place your bet. The number of users (base) is still clearly very high (64MM + users worldwide, 2/3 of Canadian internet users have an account), and the 'quality' of the consumer base is good in that you can micro-target based on demographics and user preference. Plus the two age groups that dominate are the desirable 18-24 year-old university crowd and the 35+ year-old high-disposable-income folks. But, marketing fatigue in Facebook is starting and the whole site could see a big backlash if privacy concerns, PR nightmares and the lack of new/useful functionality are not dealt with publicly and effectively. Walk through your logic and think about whether you want to go all-in.

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