

## 'Not a Site, but a Concept': Tapping the Power of Social Networking

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Mini USA, the American branch of BMW's Mini Cooper line, tracks everything being said about its brand everywhere on line -- in blogs, discussion groups, forums, MySpace pages and much more -- then uses what it learns to guide advertising campaigns.

At Hewlett-Packard, 50 executives log into their individual blogs each morning to join the ongoing online conversation about each of their product lines, immediately responding to customer problems and concerns.

Ernst & Young recruits many of the 3,500 college graduates it hires every year using a career group on Facebook, where it not only posts job information but also answers individual questions from prospective employees. And Del Monte Pet Foods uses a private online community to regularly "chat" with 400 pet lovers whose opinions help shape new products.

These are all examples of companies savvy enough to participate in the "groundswell," according to Charlene Li, vice president and principal analyst at Forrester Research. "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."

Li was a speaker at the recent Supernova conference, an annual technology event in San Francisco organized by Wharton legal studies and business ethics professor Kevin Werbach in collaboration with Wharton. Li and Forrester colleague Josh Bernoff have co-authored a book on the subject, *Groundswell: Winning in a World Transformed by Social Technologies*.

"The more you know and understand the individuals who make up the groundswell around your brand and your company, the more you can use the new social networking phenomenon to your advantage," she said.

Such understanding comes from going well beyond traditional user surveys, however. According to Li and other speakers at the conference, too few companies study how people actually interact with the web and utilize online collaborative tools, yet much of today's Internet revolves around individual users, the content they create, the communities they form and the transactions they choose.

"People's lives are rich and complex, so you need to get data both in the large and in the small," said Elizabeth Churchill, principal research scientist at Yahoo! Research whose work focuses on user Internet experiences. "That means quantitative data from large groups to answer the 'who, what, where and how' questions, and qualitative data to answer the 'why' questions. For example, we know from research done by [photo sharing website] Flickr that while Americans are big sharers of photos, Scandinavians are not. Why? What is the cultural impact on photo sharing?"

### **Failed Searches and Alpha Moms**

Looking more carefully at people's behavior on the Internet can uncover surprises, sometimes calling into question basic assumptions -- for instance, that most young people are adept at using the Internet. Conference presenter Eszter Hargittai, Northwestern University professor of sociology and communication studies, studied a diverse group of students attending the University of Illinois at Chicago and found that 43% failed on a search task, based largely on their misunderstanding of Internet terminology and on their inability to navigate links.

Hargittai reviewed research showing that people differ significantly in their understanding of various Internet-related terms and activities. For example, when asked to assess their own Internet know-how, women, African Americans, Hispanics and those with poorly educated parents report lower levels of knowledge than men or Asian Americans.

"Since such skills are not randomly distributed among the population, certain content providers and content users stand a better chance of benefiting from the medium than others," said Hargittai.

Li agreed, citing Forrester research on the range of behavior on the web, which is sometimes based on skill and demographics, while at other times linked more to a user's stage of life. So-called Alpha Moms "are comfortable with technology, interested in parenting, and have above-average incomes," said Li, "but they have no time. So if you're trying to reach them, you don't give them blogs. You give them communities of their peers with opportunities for feedback."

To help companies target their Internet strategies, Li and Bernoff have organized Forrester research into a "social technology ladder," which classifies consumers based on their participation in various types of social networking. At the lowest rung of the ladder are the "inactives," some 44% of all U.S. American adults who were online in 2007. Higher up are the "joiners," the 25% who visit social networking sites like MySpace, collectors, an elite 15% who collect and aggregate information, and critics, those who post ratings and reviews as well as contribute to blogs and forums. Only 18% of all online Americans actually create content, publishing an article or a blog at least once a month, maintaining a web page or uploading content to sites like YouTube.

The power of such a classification lies in giving organizations a clear understanding of how consumers are behaving online, said Li. "Any successful strategy to tap into the groundswell has to begin with assessing customers' social activities. Then you can decide what you want to accomplish, plan for how your relationship with your customers will change, and finally decide what social technology to use."

Li is currently investigating why people move up and down this ladder of social technologies, and what are the levers companies can use to encourage consumers to act. It is critical for organizations to hone their understanding of groundswell activities, said Li, because "in five to 10 years, social networks will be everywhere."

### **The New Black**

Google's Joe Kraus agrees. Speaking at the Supernova conference, the director of product management for the search giant acknowledged that social networking is the latest fashion -- "the new black," as he called it. "But people have been endlessly fascinated by one another for a very long time. Social networking is not new, we just have new ways to do it."

That is not to diminish the power of social computing. In fact, Kraus already sees it as the force behind three major trends in the way people use the Internet.

First, "the process of information discovery is changing from a solitary activity to a communal activity," said Kraus, citing as an example his own recent behavior in choosing an anniversary gift for his wife. He searched and found that candy is traditional for a sixth anniversary, then set up a message on his G-mail account, saying he needed ideas for a candy-based gift.

A friend emailed to tell him of an extraordinary baker who constructs specialty cakes and, thanks to her suggestion, his sixth anniversary gift became an elaborate cake in the shape of a colorful purse. So, said Kraus, he went from solitary information discovery to social information discovery -- and a much better result than he could have achieved on his own.

Second, he said, how we exchange information is changing, from sharing information actively (emailing photos to friends) to sharing it passively (uploading those photos to Facebook and emailing notification to friends). "What's happening is that we're separating access from notification," said Kraus. This leads to more sharing because people don't worry as much about interrupting others with emails, calling attention to themselves and appearing too self-important.

Third, and most important, Kraus sees the web eventually becoming entirely social. "Today, social computing is something you do at a specific site," said Kraus. "But we're realizing that being social is not a site. It's a concept."

We won't get to that entirely social web, he added, until we find ways to allow users to do three things: establish a single identity to log on to many sites, share private resources such as photos or contact lists without handing out private credentials (such as an email account password), and distribute information across multiple social applications.

Google Friend Connect, a service that enables websites to easily provide social features for its visitors, incorporates three standards that respectively address each of those problems -- Open ID, OAuth and OpenSocial, says Kraus. A preview version of the service was released in May. He sees Google Friend Connect as a path to the open web he predicts will arrive sooner than we imagine. "Already you can browse a site like the New York Times or Amazon, then write comments and reviews. Why shouldn't I be able to go to the Ticketmaster site and see where my friend is sitting at a concert I want to attend, providing he wants to expose the information?"

What all organizations need to prepare for, said Kraus, is a completely social web, where "your users will simply expect to be part of the conversation."

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