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Advertising in Online Social Networks

A Comprehensive Overview

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Abstract

This paper examines characteristics of online social networking sites and their implications on advertising. The application of well known interpersonal and mass communication theories to the field allows for an in-depth look at behavioral cues and responses. The interactivity inherent in sites like Facebook, MySpace, YouTube, and in other forums encourages advertisers to tap into engaging their consumers. Types of targeting and the success of word of mouth referrals are examined, as are many of the common stumbling blocks. To better understand the potential versus the problems, we conclude with an analysis of return on investment.

Keywords: Advertising, social networks, Internet, targeting, word of mouth

Introduction

One of the cornerstones of the evolution from Web 1.0 to Web 2.0 is the introduction of online social networking sites. These websites, where users can post and distribute their own content, mark the surge of interactivity on the Internet. Advertising must utilize this new trend or it will be ignored. By encouraging consumer interaction with brands, using newly available targeting methods, and encouraging word of mouth referrals, advertisers will be able to profit from this online community, driving purchasing behavior and increasing brand loyalty. There are some stumbling blocks in the process, but an examination of the return on investment should inspire advertisers to appreciate the real potential in the field. By applying characteristics of more traditional interpersonal communication, the motivations behind people's response to different types of advertising are predictable and possible to utilize.

Benefits of Increased Involvement

The advent of the Internet had been described as one of the greatest technological leaps in history. This new tool allows us to connect to others as never before. The web originated as a relatively one dimensional entity; businesses and ambitious individuals could create pages, but they were essentially digital brochures. The lack of interactivity made the Internet's social uses seem very limited. This has evolved into what Janusz defines as "Web 2.0," in which users contribute and distribute their own content (124). Since the evolution from Web 1.0 to Web 2.0 is marked by a surge in interactivity, advertising must be sure to adopt this attribute in order to keep up with users. This includes providing consumers with real benefits to drive purchasing behavior, build loyalty, and avoid boredom. Two good ways to do this are to increase the value of the advertising and to increase communication with customers, allowing companies to tailor their customer service.

To determine what makes advertising valuable to consumers, we must look at the reasons people use online social networks in the first place. Boredom is a key reason to join, as the main reason for not having an account is being too busy (Schwartz, 2010). Studies have determined that the four main uses for Facebook in college-aged kids are socialization, information, status seeking, and entertainment (Part, et. al, 2009). Advertisers would do well to satisfy one of these four needs with their advertisements. Branded games, for example, satisfy the entertainment need, while introducing a game that allows people to play together satisfies the socialization need. Winning that game would increase someone's self-status – building on an idea like this would allow advertisers to compound their success rate.

In the changing economy, it is no longer an option to flood users with advertising and hope for the best. Making ads smarter, lighter, and overall funnier will keep people's attention and garner the desired feedback, but targeting is also essential (Mitchell, 2010). Understanding the client is crucial to enabling them to have a pleasant experience with the advertisement. Here, we get into the concept of "flow," defined by Guo and Klein as the state in which people get so immersed in what they are doing that the notions of context and time seem to vanish (839). Being in a state of flow is highly enjoyable and leads to people wishing to come back to the activity that induced it – it is a pleasurable, and potentially addictive state (Guo and Klein, 2009).

Those in a state of flow are more apt to enjoy what they are seeing and respond positively to advertising, making it a desirable tool for marketers to employ. The main block to entering a state of flow is incompetence – if people's computer skills are lacking to the point of not being able to handle or understand the material, their level of flow is significantly lower (Guo and Klein, 2009). This leads to anxiety, which may lead to frustration with the brands being presented merely by association. To avoid this and instead reap the benefits of enjoyment, which

include intention to purchase and continued usage, advertisers must make their interactive applications easy to follow without being patronizing, and above all entertaining (Guo and Klein, 2009).

Entertainment is a huge attraction to Internet users. People not only go online to be social, but to find ways to pass the time. Uses and gratifications theory tells us that boredom is a large reason for surfing the net. When advertisers put this to use, we see hugely successful results. One advertainment video series, the "Will it Blend?" channel, uses the popular Blendtec blender to show how strong the blenders are in a fun way (Janusz, 2009). By putting atypical materials into the blender, the marketers entertain the viewers while highlighting the powerful characteristics of the product. As people tune in to watch the Blendtec take on an iPad or a package of glowsticks, they make positive associations with the brand. Coke and Mentors take on this strategy in their viral video showing the explosion that occurs with the introduction of mentors candy into Diet Coke (Janusz, 2009). Highlighting the fun (and slightly dangerous) aspects of the product encourages people tune in to watch the video, or post their own versions in response. Whether brands seek to entertain or tailor their service to customers, it is essential to make these high quality interactions and find ways to be useful to consumers (Zeisser, 2010).

When brands lack this 'fun' appeal, it becomes difficult to get people to want to sit through ads. Some companies use celebrity endorsements to lend an element of glamour or humor to their products. Other marketers take the approach of sandwiching boring ads in with professional media on online distributors like Hulu. There is a choice to be made between keeping sites user content based and going with professional media. Like Hulu, MySpace employed a version of using professional media in the form of high quality remakes from companies like Sony and Fox. The click-through rates on these showed an increase of 300%,

mostly due to better targeting (Steyn, Wallstrom, and Pitt, 2010). Facebook and YouTube prefer user-generated content, which gives brands more options for user feedback, but must negotiate with consumer's free will. With MySpace's approach, consumers either take or leave the content, but with Facebook and YouTube, they can leave positive or negative comments. There is greater room for success, but the threat of damaging one's reputation must be taken into consideration.

When flow can be achieved, it is likely that brands will receive positive connotations that may lead to purchasing behavior. Another way to utilize consumer involvement is by transforming it into superior customer service. To deepen their relationships with customers, companies should seek out greater numbers of advocates and promote their commenting on blogs, persuade downloads of brochures, and make new e-commerce partners (Murdough, 2009). This type of interaction allows the company to learn from their potential customers, inevitably allowing them to give better customer service and even to adapt their products.

Research shows that consumers appreciate being heard. Consumers' forays into social media represents their desire to be heard by the general public. A notable example can be found in one hotel reviewer's experience at Gaylord Hotels, where she tweeted about her craving for cornbread (McKay, 2010). The hotel manager, who had been following her tweets, responded with the news that cornbread was available at the hotel bar, and could be wrapped up and taken with her to the airport. The surprise so delighted the reporter that the main focus of her hotel review raved about this exceptional service. Their attention to detail and ability to make her feel like a celebrity made her a self proclaimed loyal fan for life (McKay, 2010). As McKay points out, it felt like "they were really listening to me" (34). Being able to receive feedback

instantaneously allows consumers to adapt their products and services quickly and effectively (Subramani and Rajagopalan, 2003).

When individuals follow a brand, they most likely already like it. Therefore, brands should opt for relationship maintenance to make sure they are giving consumers as much as possible in exchange for their loyalty. This includes provoking dialogue and making people feel they are being heard. Instead of posting meaningless updates, researchers like Christopher suggest turning updates into questions and calls to action. This assigns a response to the consumer, who will inevitably feel more involved (Christopher, 2008). It is important to act like a friend rather than an advertisement – this calls for the filtering of information, while letting fans contribute.

Offering perks has been proven successful, with some sites even naming the most frequent contributor the 'mayor' (Christopher, 2008). Playing into people's need to feel important is a key feature in advertising in social networks. With the increase in mobilized social networks (based on smartphones and other wireless devices) companies will be able to make people aware of their proximity to relevant locations. Combining the digital world with the real world is important to encouraging purchasing behavior. Letting people know they are close to a place where a product is available, on sale, or being given away could be extremely lucrative and help a brand prove its value to customers (Christopher, 2008).

Benefits of Targeting

Social networking sites encourage people to share an incredible amount of information about themselves. Advertisers are finding that they can use many of these details to target key demographics, provided they know how.

Media planners can currently employ three methods of targeting consumers, as defined by Emerald Group Publishing. They can create branded profile pages, where friends can sign up to

show allegiance, use social advertisements, which lets users evaluate the brand and send messages about them to friends (usually incentivized), or they can use tools to track past purchase behaviors and predict relevant ads (2008).

It is easy for companies to target audiences based on geography; social networks let you pinpoint areas by entering cities and mile radii. Selecting a social network is key; you must know which network is the most popular among your intended demographic. For example, MySpace is more popular in the South, but Facebook finds more support in New England, New Jersey, Minnesota, South Dakota, and Virginia (Dholakia and Durham, 2010). You can also select audiences based on age range, gender, listed likes, interest, education, work, birthday, and even relationship status (Schwartz, 2010). One company targets girls with the relationship status "engaged" with bridal ads (Hoy and Milne, 2010). This is called "behavioral marketing" or "behavioral advertising", and can also take into consideration past searches, webpages visited, and content viewed. Marketing tools can tell you instantly how big an audience you will be reaching.

All of these targeting tools show great promise in making sure the desired reach of advertising is achieved, and increases the chance that the right people will receive the right advertising. This decreases the chance that people will find advertising frustrating or annoying, and increases the odds of purchasing behavior and returned visits to the site.

Potential of Word of Mouth

A huge area of interest for advertisers in online social networks is the prospect of word of mouth advertising. Person-to-person referrals are one of the most successful types of advertising, and the hardest to procure. Researchers have defined three dimensions on social networks: the information dimension (seeking and disclosing information about the self), the

friendship dimension, and the connection dimension (Bonds-Raacke and Raacke, 2010). Spreading news about products fulfills all of these dimensions, suggesting they are the perfect forums for this type of advertising. Addressing informational needs becomes especially important in word of mouth interactions. When recipients are actively seeking out the advertising, they are typically looking for relevant, hard sell facts. Lack of information is one of the greatest barriers to adoption, so an active influencer may help by bridging the knowledge gap. Having access to this across weak ties is incredibly valuable to advertisers (Subramani and Rajagopalan, 2003). A great example of this comes from the adoption of new farming technology, which was all but ignored until the news of success stories began trickling down through farmer's social networks (Subramani and Rajagopalan, 2003).

Social networks also have incredible strength in numbers, and greater size allows ease of communication. The increased concentration of individuals in social networks leads to a huge increase in network density. This, the proportion of existing to possible ties, determines how tightly connected people are. In this scenario, people have a greater network of weak ties, meaning they are more tightly connected. Since they can contact more people by going through less middlemen, they can bypass many of the constraints to getting work done. There is more direct access to information, increasing the potential to influence other people. Since it is so easy to spread your opinions to a great number of others, there is the potential to exhibit influence in a much greater magnitude (Grossman, 2008).

This increased density transforms the traditional word of mouth approach into a powerful tool. With websites like Facebook and Twitter, it is easy to share your individual opinion directly with huge quantities of people (Warren, 2009). People are available both synchronously and asynchronously, which allows them to be contacted with less effort and lets them provide

feedback just as easily (Subramani and Rajagopalan, 2003).

The ease of communication also allows companies to bypass many of the crippling CAN-SPAM act regulations that constrain direct marketing (Thomas, 2007). Though some say that promotions based advertising may not be very successful on Facebook, it is still an incredibly appealing opportunity to take part in direct marketing while avoiding those regulations (Warren, 52).

Social networking sites' size is also correlated to their popularity, which inherently makes them an ideal place for advertising. Facebook had more hits than any other website on Christmas in 2010 (Bobinski, 2010). A dentist makes the suggestion of using Facebook to attract customers in the medical/dental community, since 80% of patients of the upcoming generation can be found there. Sites like Twitter and Facebook are very useful in tracking people looking for a local dentist. According to Bobinski, the Internet is the "ultimate referral engine" (68).

Consumer endorsements are easy to achieve on social networking sites. Research shows the consumers tend to prefer ads that are created by other consumers, indicating their trust in word of mouth advertising (Steyn, Wallstrom, and Pitt, 2010). By having people sign up as 'fans' of a businesses profile, companies can begin building a world of virtual references (Janusz, 2009). From here, it is simple to send ads to friends of the individuals affiliated with certain pages – Facebook even makes this an option to potential advertisers (Hoy and Milne, 2010). The options of using Facebook to promote also include "promote with an ad," and "suggest to friends," where a user can type up to 135 characters and add a photo (Murdough, 2009).

The benefits of a positive word of mouth review are impressive. A customer who joins on a word of mouth referral adds twice the lifetime value than those who come from traditional

marketing, and brings in twice as many new customers (Trusov, Buckling and Pauwels, 2009). Word of mouth advertising is twice as effective as radio, four times more effective than personal selling, and seven times more effective than print (92). It is important to realize that not all publicity is positive. Negative reviews reportedly weigh much more heavily than positive reviews (Trusov, Buckling and Pauwels, 2009).

In an experiment by the restaurant The Dessert Gallery, those who took a Facebook survey became fans and the best customers for the business. They spent the same amount of money per visit as non-fans, but visited more, and generated more positive word of mouth. They had 20% more visits, and gave the Dessert Gallery the highest share of their dining-out dollars (Dholakia and Durham, 2010). Although only 2.1% of the mailing list signed on as fans, this still indicates the unlocked potential of word of mouth advertising online (Dholakia and Durham, 2010).

Types of Word of Mouth

There are a few important studies that classify types of word of mouth advertising. One study examines social information-processing theory, while a few others look at the importance of opinion leaders. Both of these theories can be used to look at the motivations behind sharing information and the factors behind people's reactions to their referrals.

Social Information-Processing Theory: Influencer and Network Externality Characteristics

Using the term "word of mouse," Subramani and Rajagopalan explore the concept of social information-processing theory (300). This theory examines the social network as a source of information and a guideline for behavioral cues and action. It is based on interpersonal relationships, especially one-on-one interactions. The theory is applied to influence episodes involving an influencer who may be either active or passive, and network externalities, such as

the benefits to society of this product expanding (Subramani and Rajagopalan, 2003). An excellent example of a positive network externality can be found in word processors – the product allows the consumer to create documents more efficiently, but the adoption of the technology by the greater population makes it much easier to share information across groups (Subramani and Rajagopalan, 2003).

By examining different combinations of influencers (active versus passive) and network externalities (present or not present), Subramani and Rajagopalan give us four scenarios of word of mouth events. The first is Awareness Creation and Benefits Signaling, with a passive influencer and minimal network externalities. People are self-motivated to go to a website, which may prompt them to use the service, creating awareness and promotion without much action on the influencer's part (Subramani and Rajagopalan, 2003).

The next type is Targeted Recommendation, where an active influencer pinpoints people within their network who they think will benefit from the service or product. In this case there are minimal network externalities; a good example is a person forwarding a link to a news story to a friend. The influencer must decide whether the recipient will receive the story positively or negatively, and this prediction indicates their active nature. About 56% of people who are referred content will visit the content, where 60% of visitors will follow through and download the content (Subramani and Rajagopalan, 2003).

The third type is called Signaling Use, Group Membership because it deals with a passive influencer and significant network externalities. An example of this can be found in file compression applications, which are usually hidden from sight. The use of these is ubiquitous in e-mails, but is rarely noticed. Since the influencer does not intend to broadcast their use, but inevitably makes them necessary through sending e-mail, the influencer is passive (Subramani

and Rajagopalan, 2003). Since the use becomes automatic, these applications quickly become commonplace.

The last type involves an active influencer and significant network externalities, and is referred to as Motivated Evangelism. With this, influencers seek out friends to use services and products directly, such as with instant messaging software and social networking sites. The benefits to society include increased communication and the influencer is extremely active in encouraging others to join (Subramani and Rajagopalan, 2003).

Subramani and Rajagopalan discuss networks as a combination of subgroups where weak ties allow word of mouth to travel across the would-be separate groups (2003). Although people will pay more attention to referrals from stronger ties, there is more frequent interaction among those with weaker ties. We are able to pull in the most information from this multitude of weak ties (Subramani and Rajagopalan, 2003).

Opinion Leaders

Some approach the word of mouth phenomenon by looking for opinion leaders, or particularly influential individuals in different networks. Smith, Coyle, Lightfood and Scott espouse this idea; since the media landscape is so fragmented, there are key players who can communicate across subgroups most effectively (2007). They argue that these people are not generally the elite, well connected few, contrary to popular belief, but instead are moderately connected people. Seeking and sharing information is a commonly enjoyed activity; people enjoy the social interaction and often have their own economic incentives, or else concern for others and the desire to increase their self-worth (Smith, et. al, 2007). Those who study spreading schemes also conclude that people will inevitably spread information without regards simply because a product is believed to be intrinsically valuable or beneficial (Yang, Yao, Ma,

Chen, 2009).

To get information across subgroups, weak ties are essential, although stronger ties are more influential within groups, at the micro level. Those who are recognized as opinion leaders are typically central in networks, and are often seen as authorities on many subjects (Merwe and Heerden, 2009). Researchers can analyze networks to find those influential individuals, and can even modify their strategy to fill the identified structural holes. Improving communication between organizations is the key to successful word of mouth (Merwe and Heerden, 2009).

In discussing disparate subgroups coming together, it is essential to discuss social convergence theory, in which different social contexts are collapsed into one. Basing advertising on the likes of individual's friends may be unsuitable because of this – there is the chance that a friend is merely a weak tie and not too influential. Advertisers should find ways of finding out who individuals talk to the most, or what percentage of their friends like a certain brand, before planning to appeal to them in this way. Tools such as AT&T's Cobot in conjunction with LambdaMOO can inform individuals whom they talk to the most – this type of technology could prove useful (Merwe and Heerden, 2009).

Interestingly, word of mouth referrals rarely take place among wealthier consumers, but among less affluent people concerning luxury goods (Story, 2006). Perhaps the lack of economic incentive is a key issue here, or the need to confirm values of products to make sure the minimum amount of a scarce quantity of money is spent (Story, 2006). There may also be a certain fascination with the fantasy of luxury goods that becomes tedious to those who can actually afford these goods. To encourage discussion and purchasing behavior among wealthier consumers, advertisers must find a way to engage these people in the discussion (Story, 2006).

Interpersonal Behavior and Product Referral

It is illuminating to look at interactions on social networking site as extensions of typical interpersonal interactions. Concepts like normative behavior, social identity, accountability, and self-disclosure have been linked to behavior surrounding word of mouth advertising. These come into play and can be used to predict people's behavior.

Product adoption tends to have a waterfall effect as more and more people follow what quickly becomes a trend. When people have strong social identities, they have a greater likelihood of accepting advertising. They feel that advertising is relevant to the whole community, they accept it as normative behavior to respond to it (Zeng, Huang, Dou, 2009). If a user believes they are expected to follow the norm, they will conform.

This is especially dependent on their feelings towards the influencer. If the relationship with the influencer is desirable and influencer can see the response, there is a greater chance the advertising will be acted upon positively. When the influencer is active, their personal characteristics are very important. Often, the recipient must process the information provided by the influencer – the acceptance of which will lead to internalization, the highest possible outcome of persuasion (Zeng, Huang, Dou, 2009). This suggests that companies should find a way to make consumers' responses knowable, or show somehow that they approve of the service.

This idea of accountability is difficult to achieve online. It is impossible to replace the need to see people in person, although the digital presence can be very strong. Events like the Virginia Tech massacre illustrated this, with thousands of mourners convening online on Facebook to show public support (Grossman, 2008). This shows how dependent people are on social networking sites to make their opinions public. Not only can they connect with others, but

also they are able to wear their emotions on their sleeves. This need to show personal characteristics will be a way for advertisers to look for feedback and demand accountability.

Much of what we put into social networking profiles represents self-disclosure, which allows us to create images of ourselves among others. In face-to-face conversation, this combines with nonverbal cues and other 'giveaways,' but the synchronicity and anonymity of online forums allows for a hyperpresentation that may or may not be accurate. Despite its potential lack of accuracy, the motivations to present a positive self-image are clearly present in social networking sites. Since they are primarily used for relationship maintenance and romantic initiations, the information people present on their profile and in blogs may be carefully selected.

This points to the importance of the characteristics of the products and services that are being advertised. When targeting is based on self-provided information, it is unlikely that companies that create incontinence products or other embarrassing things will find their prospective consumers declaring these needs in public. If these types of companies attempt to advertise based on cues that may be correlated to these types of problems, such as age, the consumer may become offended. Likewise, a consumer who buys this type of product is unlikely to broadcast its effectiveness, since this would indicate a personal weakness.

Products that encourage comedic talk, banter, parodies, or other entertaining responses will find more success on these websites. A comparison of the response to the Snuggie versus Proactive exemplifies this perfectly. The Snuggie's official infomercial has millions of YouTube views and its Facebook page boasts over 50,000 fans (Shepter, 2008). The Snuggie's popularity as the butt of many late night talk show hosts' jokes and YouTube parodies (such as the much visited "WTF Blanket" skit) makes it a conversation starter on social networking sites.

Conversely, products like ProActive do not find this kind of support. With only 6,000 fans on Facebook, this product is nowhere near as 'cool' as the Snuggie (Shepter, 2008).

By keeping in mind the stigmas associated with some types of products, such as acne and ProActive, advertisers must find ways to highlight the positive aspects of products. ProActive does this by employing popular celebrities as spokespeople – one of these, Canadian pop star Avril Lavigne, has over 2.3 million Facebook fans. People will be more apt to admit to liking Lavigne than to having skin problems, and may be more open to an ad placed on Avril's page than to proclaiming their fan hood more openly. Approaching the introduction of products onto Facebook via these outlets may prove a successful strategy for stigmatized products.

Jeep has utilized this approach of making products reflect well on their consumers. They created a webpage for people to upload pictures of themselves next to their vehicles perched on precarious cliffs or steep mountainsides. This smart move let consumers feel exciting and helps built the brand's fun and adventurous reputation (Shepter, 2008). Coke achieved this by encouraging users to vote on the design for their webpage, then following through with using the chosen design. This lets people feel entertained, involved, and important – getting feedback from the company makes consumers feel positively about them. This increased sense of self worth is what many people go onto social networks to achieve, and having people feel like their self worth comes from your product may be the smartest loyalty building move available (Shepter, 2008).

This discussion about the potential and ongoing success of word of mouth advertising aims to encourage research into the field. By applying known characteristics of interpersonal communication to this field we can make predictions and learn to plumb the depths of its potential.

Current Stumbling Blocks

Although the potential of advertising in social networking websites seems huge, many companies have encountered setbacks that are slowing the adoption of the new techniques. Mixed results, concerns about context and privacy, and cost make many companies nervous about diving into the new field.

There have been mixed results in the field, with many success stories but some notable failures. Many factors contribute to people ignoring advertising, namely overexposure to information, boredom, mistrust and lack of feedback. It is crucial to learn from these mistakes, since there is much more opportunity for success.

One of the main problems is the inundation of information – too many ad-related updates dilute the news feed and cause people to learn to ignore them. There are concerns that aggressive advertising may lead to people abandoning their overzealous friends, which points at the importance of providing creative, enjoyable advertising (Quittner, Hempel, and Blakely, 2007). Since advertising needs to a part of online social media – according to Mark Zuckerberg, "it's an ad-supported business," it is crucial for advertisers and social networks to work together (Quittner, Hempel, and Blakely, 2007). Too little advertising will cause networks to collapse, due to lack of funding, but too much may scare away consumers. Though some fear this flight of users from ad riddled social networks, the overwhelming popularity and dependence on these websites is reassuring.

Boredom is another dilemma. Teens ignore advertising when it is irrelevant or when they feel the medium lacks credibility. Even when games are enticing enough, they will often play it to beat it, then refuse to give out information. Advertisers can bypass this by embedding advertising in the game and by finding the line between making games accessible to less

technologically capable individuals and not boringly easy for computer savvy people (Kelly, Kerr, and Drennan, 2010).

Some users grow wary of putting themselves onto such a public place when they feel they are getting little in return. Many look at the sharing of social information as a form of grooming, but there are issues when this sharing is decidedly one-sided. To avoid people becoming frustrated with a lack of feedback, marketers must be sure they are giving something back to people who are involved with the brand online (Boyd, 2008).

These factors show up in the measurements, which themselves are lacking. There have been many success stories, such as Burger King's 'subservient chicken' website. On this, a video of a rooster showed it performing tasks set to it by users. Another success story is the Unilever and Food Network online film series showing how to cook with leftovers. This, combined with a phone app, was a huge hit with consumers. Not all stories are this successful, however, Travelocity's Roaming Gnome briefly had a fan page, but its lack of support led to it being taken down. The disparities across examples are leading many companies to be wary of online advertising. Many media companies are forced to throw in online, or, 'experimental' advertising for free, since people are unwilling to spend millions in such an unproven area (Helm and Kiley, 2009). Media companies are forced to commit more time to research and focus groups to determine how to make the advertising effective.

There is a problem of the context, for example, some companies don't want their product associated with some of Facebook's more immature content. Websites whose content is primarily user generated become difficult to control. Those who are wary of association with keg parties or messy breakups stay away from social networking sites (Klaasen and Learmonth, 2008). There have also been issues with some companies notably Vodaphone, First Direct, and

AA, because they feared association with some extremist political groups (Kelly, Kerr, and Drennan, 2010). People also inevitable fear the anonymity, tracing back to the Internet's initial popularity among sexual deviants.

Another major problem is parasitic friends, or those who join or 'fan' a page for the sole purpose of promoting their own products or services. Likewise, spammers may join discussion threads and throw off the purpose of the discussion (Syed-Ahmad and Murphy, 2010).

It is also important to consider the cost of advertising. Although it is hard to measure, estimates can give a reasonable outlook. The numbers that are available show that online TV has a higher CPM than traditional TV, and that while online advertising is growing, it is not at as high a rate as was initially predicted. Some media buyers claim it is more expensive than traditional advertising, mostly because of the difficulty in covering all the demographics. When one needs to buy so many outlets to avoid people falling through the cracks, the costs really add up (Campaigns and Elections, 2010).

The breaches of privacy are a concern for many as well (Kelly, Kerr, and Drennan, 2010). There is an element of social convergence that many find exciting – the lack of physical walls keeping people apart leads to the coming together of people across subgroups. Some people look at this as negative, however, noting the overexposure and invasion of privacy (Syed-Ahmad and Murphy, 2010). When people feel overexposed, they feel like they have no control over the situation, and this lack of social competence leads to the same sort of anxiety that prevents the ideal 'flow' state (Boyd, 2008). Sites like Facebook do employ some privacy barriers and opt-out options that represent digital walls, and for many, this keeps the social convergence from being overwhelming.

Return on Investment

Since cost is a major issue for most companies, we must examine return on investment. This is difficult to do, but many researchers have developed ways to turn out quantitative data. Measuring often includes knowing the exact number of searches for a product, how often a sale is made, and how much was spent to get the sale (Cauley, 2010). When people are incentivized to make a search, this is called a paid search – it differs from organic searches, which occur naturally. When searches are made on a major search engine, it is assumed that the product was mentioned in a traditional advertising outlet, and the sale is credited to an offline source. Online advertising can account for between 30% and 70% of sales, and can even contribute to 100% of sales (Cauley, 2010). According to Cauley, roughly 75% of Internet users buy products online (39). Some of the devices that are used to get these statistics are Google Analytics, Omniture, and Webtrends, which use cookies, tags, pixels, and referrers to track people's web histories.

Though people may dislike and try to avoid advertising, it is still influential (Magedanz and Simoes, 2009). The success rates measured by Cauley indicate this, and we can only guess at the untapped potential once certain stumbling blocks are worked through. Social media is still in its formative years. Measurements must continue in qualitative means, measure topics and sentiments and following user's motivations, but must extend to quantitative measures, including counts of sales, clicks, chatter, and magnitude of consumer engagement (Murdough, 2009).

Facebook and MySpace together are responsible for a fifth of advertising traffic. They operate at one of the lowest costs available; their CPM is 56 cents, compared with the average CPM of $2.43. In terms of online advertisement impression serving, Facebook has 16.8%, while MySpace has 8% (Lee, 2010).

The need to increase interaction and engagement is apparent in the decreases in click-through rates and purchasing intent. Social networking sites had success in their paid advertising (with success defined as purchasing intent) of 9% in 2009, but of only 3.5% in 2010 (McEleny, 2010). Twitter's success rate is only 2.6%. There are many users, but click-through rates are dismal. Some methods are more successful than others; companies who provide vouchers see a 50% success rate, and those who use direct mail see 22% of their customers follow through with purchasing intent (McEleny, 2010). Some genres are more successful online than others, namely supermarkets and travel, which have a 13% click-through rate, and fashion, which has an 11% click-through rate. Restaurants and entertainment are much lower with a click-through rate of about 4% each (McEleny, 2010). This again suggests that advertisers must give consumers a good reason to engage with their advertising.

Some tools exist to measure the return on investment for brands that advertise to social networks. A group called Syncapse measured spending in Facebook fans of a product versus non-fans over two years. The fans spent $71.84 more than non-fans, and were 28% more likely to be loyal to the brand (McEleny, 2010). Sixty-eight percent of Facebook fans were very likely to recommend the product to friends, where only 28% of nonfans would do this. Importantly, 81% of the fans said they felt a connection to the brand. The combined value of this increased spending, recommendation, and brand loyalty adds up to about $136 per fan (McEleny, 2010).

One of the options available to marketers is the ability to set a limit on pay-per-click ads. Facebook offers this option, which causes ads to stop running when the indicated threshold is reached. This makes sure the advertiser is really reaching people and sets a cap to make sure it does not become too expensive (Ryan, 2010). Paid ads are not having as much success as some expected, mostly since people are wont to leave Facebook to make a purchase. Advertisements

need to have better calls to action in order for this to occur. The free options, such as creating a branded profile page, are more popular and are being utilized by many companies (Ryan, 2010).

Conclusion and Implications

As the Internet evolves, it becomes dependent on advertisers for funding. In order for advertising to truly reap the benefits they are paying for, they must keep up with the trends. The theme of interactivity means people are demanding highly engaging content, especially that which stands out against the litany of information already present on the web. If advertisers want consumers to try their products, they need the attention of their potential customers. They can achieve this through creating visually stimulating and humorous ads, but must consider targeting and word of mouth carefully.

Targeting is proving to be effective, and it is becoming increasingly measurable. Making sure the right ads reach the right demographic is the first step towards smart marketing. Targeting also helps people feel they are being listened to, and it allows companies to tailor their customer service and products to fit customers' needs. Word of mouth also employs this strategy; people enjoy feeling like their opinions are important, so they are naturally inclined to spread news about the products and services they enjoy. Marketers must find ways to ensure that the positive aspects of their products are the ones being broadcasted by users.

There is a huge amount of potential here, but there are also significant stumbling blocks. Issues of privacy and context can be resolved by advertisers' careful selection of message vehicles. While there are some failures, researchers agree that online social networks are in their formative years, with much trial and error to come. Issues with cost have been the focus of much study, and the reports on return on investment suggest that the brand loyalty and purchasing intent is well worth the effort to get it, especially when free platforms are utilized.

This comprehensive analysis puts to rest some of the concerns with online social networks and hopes to inspire future research in the field. By applying already known theories to the existing research, there are many questions raised for each that is answered. This burgeoning and exciting field will be well worth the effort of continued analysis.

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