

# Social Media: Costs, Benefits and the Hype Cycle

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## Introduction

Web 2.0 and "social media" are terms that have been applied to technologies that link Internet users to larger networks of people and which offer more opportunities for users to create and share "content". Social media include blogs, Facebook, Flickr, MySpace, Wikis, Twitter, YouTube, and Second Life to name a few. Applications such as Facebook and Twitter boast millions of users who join in order to connect with friends, network, and share information with each other (Godin, 2009; Shirky 2010). In addition, traditional businesses, non-profit organisations and mainstream media companies have recently jumped on the social media bandwagon (Garvin, 2009; Huberman, Romero & Wu, 2009), with a large number using social networking technologies in their public relations strategies as a tool to reach out to their publics (Hassay & Pelozza, 2009).

Private sector companies, government, NGOs, even the Pope have developed social media strategies to "engage" with customers and citizens (Lombardi, 2009). Based on stories about Obama's presidential campaign (Harfoush, 2009) and on "viral" campaigns in business (Kirby & Marsden, 2005), other organizations have jumped on the bandwagon encouraged by consultants and gurus (Williams, 2009; Kottler, 2010). Business consultants and social media providers actively promote it as a powerful tool to "build brands" and market products.

However, research on the impact of social media on marketing is limited and examination of the discourse on social media in mainstream and online media is scant. There is anecdotal evidence to suggest that powerful technology hype has profound effects on policy, decision making and resource allocation as well as many unintended negative consequences (Cukier, 2008).

## How Businesses Use Social Media

Social media has been promoted to allow businesses to more easily build brand communities (Hassay & Pelozza, 2009); gather consumer data, generate valuable word-of-mouth marketing, and mobilize publics to campaigns (Lekovec et al., 2007; Milojicic, 2007; Shirky, 2010). Some research has indicated that Internet use strengthens social contact and community engagement (Bevarly and Ulma, 2008) but examples of success are still largely anecdotal.

One of the first widely discussed examples of corporate viral marketing was the Sunsilk Shampoo Bride Wig out video. Only after the video went viral (with 9 million views) did the

company issue a press release acknowledging that it was a sponsored performance (CTV.ca News Staff, 2007). Another campaign, run by KLM airlines, which featured a Pixar style flying game where users can personalize their virtual airplane, create their own character, choose their favorite destination and take off. The game was “seeded” to social influencers, blogs, forums, travel communities, video sharing sites (YouTube, MetaCafe), social networks (Facebook, MySpace). The award winning campaign received 8 million views in 90 days, was highly rated by users, generated significant media value, and resulted in an increase in KLMs awareness (11%), likeability (16%) and purchase intent (9%) (Viral Tracker, 2009). Another example was the HP- “You on You Project” contest in which contestants had to create short videos about themselves without showing their faces. More than 500,000 people viewed the video and 6,000 subscribed to HP’s YouTube channel where they voted for the winning videos (GoViral.com, n.d.). Susan Boyle, a competitor on “Britain’s Got Talent”, generated enormous YouTube attention which contributed to the launch of her professional music career (Khan, 2009). Another oft-cited case is My Starbucks Idea, a campaign in which the company asks for suggestions on how to make the company better. The CIO reviews and discusses the ideas submitted by bloggers and responds online (Saleem, 2008). And recently, Nissan launched an entirely Internet based campaign promoting the new and unconventional Nissan Cube vehicle (Barry, 2009). One of the best documented success stories is the Old Spice Commercial, launched during the Superbowl with conventional media as well as a social media campaign credited with reinvigorating the brand and fuelling sales (Hallerman, 2010).

Not only are corporate (and other) interests trying to find ways to exploit these media to market products, but venture capitalists are carefully tracking new products and services with a social media angle in spite of the fact that many of the largest most successful services have yet to turn a profit. Investors hoping to profit from these emerging tools and technologies have had mixed results: Facebook boasts 250 million users, over 900 employees, and \$400 million in revenue, but the company is not particularly profitable (Urstadt, 2008). A recent survey of businesses showed more than 80% have social media strategies but fewer than 20% can measure their effects (Mzinga & Babson, 2009). As with our previous research on the construction of the dot.com boom and bust, there seem to be significant gaps between the aspirations and the reality of social media companies (Cukier, Fornssler, & Ryan, 2009; Cukier, Ryan, & Hodson, 2009).

### **Assessing the Benefits and Risks**

Despite the many recent articles about blogs, blogging, Twitter, and “viral marketing,” there is a relatively limited understanding of the effects of using these tools in media campaigns or to engage audiences (Kent, 2008). Similarly, in the private sector, a recent survey showed that while 86% of professionals in a variety fields said that they have adopted social media in some way, 84% of respondents said they do not currently measure the return on their investment (Mzinga & Babson Executive, 2009). As enthusiastic as they may be, both practitioners and academics are struggling to understand the value and consequences of social media application. Even a preliminary review of the literature suggests that the links between social media use and behavior are not clear.

In measuring effects of public relations on businesses there are generally three dimensions, whether for profit or not. The three effects can be measured as outputs, outtakes, and outcomes. These can be outlined as follows –

Outputs: What is generated (i.e., coverage, site visitors, etc.);

Outtakes: What the audience sees and understands based on your messages; and

Outcomes: Changes that occurred as a direct result of the initiative (i.e., behavioral changes, sales generated, etc.) (Hon & Grunig, 1999).

In spite of the hype, there is a great deal of uncertainty surrounding the ways in which social media affects behavior. Even when YouTube videos “go viral,” for example, the resulting outcomes may not be clear and in many cases there have been unintended consequences. For example, a recent campaign aimed at promoting Danish tourism generated immense traffic and controversy but, resulted in the resignation of the head of the Danish Tourism Ministry (Daily Mail Reporter, 2009).

### **An Adaptive Approach to Social Media Design**

While barriers to entry into social media are low – the costs of setting up a Facebook page, posting a YouTube video or setting up a Twitter account are minimal - many organizations grossly under-estimate the costs to sustain a social media campaign. They also appear tend to overestimate the benefits that they will obtain and ignore the potential unintended consequences.

Bookshelves and the internet abound with guides for developing successful social media programs. Some of these are simply adaptations of existing systems analysis models and others appear to have evolved from marketing management. Most are largely linear (McDonald, 2007; Evans, 2010, Kaushik 2010), and others propose iterative processes more aligned to prototyping approaches to systems design. Often they are steeped in hype and silent on the ongoing costs and risks of unintended consequences. At the same time, there is little evidence of risks to using social media. Unlike a conventional or broadcast media where businesses may control the message broadcast via media channels, a message sent out via social media channels is difficult to control (Mangold & Faulds, 2009). Also, digital piracy, surveillance, and privacy concerns continue to present challenges (Elmer & Opel, 2008; Deibert, Palfrey, Rohozinski and Zittrain, 2010) for businesses.

This paper will describe the initial results of a large project developed through a university-industry partnerships. The project will:

- 1) systematically examine the characteristics ascribed to "social media," "social networks" and "Web 2.0"; the claimed costs and benefits, advantages and disadvantages and the evidence used to support these claims.
- 2) Use citation analysis as well as the infoscope webcrawler to identify, compile and analyze case studies identified as successes or failures in the print and online media about social media using standardized criteria
- 3) Based on this meta analysis, develop a taxonomy by industry, application, markets, objectives, results etc.
- 4) From these we will select 9 -10 case studies and conduct interviews with key actors in order to understand the ways in which success and failure are defined and measured.

5) Develop recommendations for ways to improve social planning and practice.

References available on request