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[BUS 468: SOCIAL MEDIA COST VS BENEFIT ANALYSIS]

What can be expected when a firm implements Social Media into the overall marketing plan? Firms that implement Social Media into their marketing plan can expect the overall benefits to exceed the costs, however care should be taken to develop a plan and monitor the risks and hidden costs.

Executive Summary

This paper attempts to answer the question, “How can organizations use Social Media in their marketing plan, and what are the impacts to be expected?” Combining theoretical research with practical interviews, we look at the implications of Social Media, both positive and negative, on the individual, company-wide and industry-wide effects.

We interviewed two Vancouver-based firms- Hurray! Solutions, a electronic components company, and Acme Design Inc., a successful digital agency. These firms’ employees differed in their approaches to Social Media, and we were able to draw on their experience and their goals for Social Media within their respective firms.

Overall the benefits of Social Media were found to include increased brand awareness and exposure, marketing cost effectiveness, target market focus, marketing research, and recruitment. Also, increased efficiency, sharing knowledge (internally and externally), first move advantages (industry dependent) and building internal culture could be expected by implementing Social Media.

Negatives included a difficulty tracking Social Media to actual sales (and therefore measuring the ROI), increased business risk- both in terms of legal risk and risk to the firm’s branding, and the hidden costs of implementation- mostly through the heavy time investment required.

Recommendations include developing a strong plan, maintaining a strong and trusting corporate culture, focussing on giving to the community, and training employees in how to maximize Social Media communications, amongst other things.

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Introduction

“The web is fundamentally about people - though it wasn’t really seen like that until comparatively recently” (Alex Newson, *Blogging and other Social Media*, 2009 p. xi).

Social media is not a new phenomenon, despite many people thinking so. Broadly defined as “activities, practices, and behaviors among communities of people who gather online to share information, knowledge, and opinions using conversational media” (Safko & Brake, 2009), Social Media has existed for decades in various forms. A brief timeline of Social Media would include “phone phreaking” (phone line hacking) in the 1950’s, “codelines” (telephone versions of blogging using voicemail instead of text), Bulletin Board Systems in the 1970’s, Internet Relay Chat in the 1990’s and the rise of BitTorrent at the turn of the century (Borders, 2009). Today, mega Social Media sites boast hundreds of millions of users. Facebook alone claims to have more than 350,000,000 current users (Zuckerberg, 2009) which is a staggering 5% of the total world’s population (US Census Bureau, 2009).

The history of Social Media is broad in scope; however this paper is examining the uses of Social Media specifically from a marketing perspective, where it is said to be a revolution (Saunders, 2009). In marketing, Social Media is about “enabling conversation [and] the ways that this conversation can be prompted, promoted, and monetized” (Safko & Brake, 2009). With an emphasis on the final element, money, the following question is to be investigated through research and interviews with case studies:

“How can organizations use Social Media in their marketing plan, and what are the impacts to be expected?”

This paper will be an attempt to answer this question by conducting a thorough cost versus benefits analysis, looking at the individual, company-wide and industry-wide implications.

Methodology

Both theoretical research and practical investigations have been conducted. For theory, blogs have been consulted mostly for information, as the topic of Social Media is still relatively new and it has been found that the publishing world is still to 'catch up' in this area although some published works has been used as well. For the practical investigations, two lengthy semi-directed interviews are conducted with two Vancouver-based companies in order to tap into their utilization of Social Media and the results they have achieved so far. The goals for the future of Social Media at their respective companies have also been discussed.

In keeping with the theme of the project and because it is efficient, Diigo, Skype, traditional e-mail and Google Docs have been used to share sources and ideas.

Hurray! Solutions Inc.

The first interview conducted was with Hurray! Solutions (fictive name), with the CEO, the Marketing Coordinator, and the person in charge of the Business Development and Finance.

Hurray! Solution is a private company which was founded in 2002 in Vancouver. The company is specializing in electronic components. For the year 2009, the company ranked number in the top 50 among the 100 fastest growing companies in B.C. (Business in Vancouver, 2009), and has grown almost 2000% in the last four years (Hurray!, 2009). Like many companies in 2009, Hurray! had to downsize during the financial crisis. Currently there are only four employees, with business being located in the President`s basement office.

Hurray! Solutions Inc also has two main objectives for Social Media.

1. To educate customers and communicate about the companies' products.
2. Build a strong network in helping people on the Internet and in reinforcing relationships he already built in the non-virtual world.

Hurray! primarily use blogs, Twitter, and LinkedIn, as well as their website.

Acme Design Inc.

The second interview was conducted in Acme Design Inc. (fictive name) headquarters with the VP Sales and Business Development, and the Account Manager who is also responsible for Social Media for the company.

Acme Design Inc. is a company that specializes in digital services. Considered "thought leaders" in their industry, Acme Design Inc. builds interactive social-networking applications, virtual marketplaces, and web content for companies. In 2009, twenty-five employees were working there full time (Personal comm., 2009). Acme Design Inc.'s clients include many major international clients. Furthermore, in 2009 the company was among the top 50 fastest growing company in Greater Vancouver (Business in Vancouver, 2009).

Acme Design Inc. uses Social Media to further two primary goals:

1. To have representation in the digital space, considered critical for their industry.
2. Drive traffic to their website.

Acme Design Inc. primarily focuses on blogs, Twitter, Facebook, LinkedIn, e-mails, and Wikis, as well as their website.

Findings

The Benefits of Social Media Implementation

Social Media Increases Exposure for the Firm

Like all marketing efforts, Social Media attempts to generate brand exposure and therefore brand awareness, and studies have shown that if done correctly it can be successful. For example, Stelzner's Social Media Marketing Industry Report found that 81% of all marketers indicated that their Social Media efforts have generated exposure for their businesses, 61% of marketers indicated that Social Media has increased the traffic to their website, and almost half of them say that their search engine ranking has improved (Stelzner, 2009). Both Hurray! and Acme Design Inc. agree that Social Media has helped them generate exposure. For example, Acme Design Inc. has over 6000 followers on their Twitter account, a significant tangible figure representing their exposure on one platform alone.

Blogging, one of the older forms of Social Media, is extremely effective at increasing an organization's online presence and therefore exposure. Blogs, derived from the term 'web log' (Newson, 2009), are relatively simple to create and update, and involve publishing a passage of text to which others have the opportunity of responding to. Both Hurray! and Acme Design Inc. write blogs on a weekly basis, and they both commented that blogs help drive traffic to their website, and they also improved their website's search engine ranking. Both The Marketing Coordinator and The Account Manager attempt to discover what people are interested in, not just what they, as individuals, are interested in (e.g. The Marketing Coordinator uses TweetDeck in order to keep his finger on the pulse of what people are talking about). This is an excellent approach, however both organizations should be careful not to simply repeat what their

competitors are already saying as this does not create added value for the consumer (Rowse & Garrett, 2008).

It is interesting to note that not all types of businesses require exposure to consumers. Acme Design Inc. has indicated that as a B2B (Business to Business) company, Social Media Marketing is actually not their main priority. However, they do need strong representation online as they want to appear like they are ‘good at what they do’. Acme Design Inc. know who their key competitors are as a firm, and are aware of their competitors’ Social Media efforts (although Mr Willms claims that their competitors’ strategies do not have any direct effect on Acme Design Inc.’s business strategy.) So it is as much demonstrating themselves to their competitors as it is to the potential customer just saying “we are here, don’t ignore us.”

Social Media Enables Very Specific Targeted Marketing

Changing consumer trends are decreasing the effectiveness of traditional marketing, due in part to the fact that consumer skepticism is at an all-time high (Chany, 2009). “Interruptive marketing” like a 30 second spot on TV is not engaging to consumers anymore. In fact, it is the opposite. Also, consumers have often experienced deceptive marketing messages, and now think twice before becoming convinced by advertisements. The second and significant trend proposed by Chaney is that both the Media and its audience are now fragmented. With the Internet and hundreds of broadcasted radio stations and TV channels, consumers are experiencing “information overload”. Additionally, a lot of the advertising budgets are wasted on audiences who have no interest to what is being promoted (Chany, 2009). The CEO from Hurray! explains that Social Media on the other hand is said to be participative, rather than interruptive, and is very good at targeting specific, narrow audiences that television commercials and other forms of mass advertising simply cannot offer. This is especially true for smaller businesses or even

professionals, artists, niche product companies, and non-profit organizations with minimal marketing budgets (Scott, 2009). For instance, the fact that President Obama has chosen to use Social Media for his fund-raising campaign has demonstrated the power of Social Media as a marketing tool. Through Social Media, his campaign was able to identify his supporters and establish millions of connections, raising more than \$100 million a month in funds (Azua, 2009).

Social Media Acts as Excellent Feedback Mechanisms

Social Media on the web enables collaboration as well as community building, and these communities can provide valuable feedback and insight for any company. Feedback can actually function as market research, and interestingly community building and feedback have been listed as two of the main reasons why banks invest in Social Media (Cohen, 2009). Communities enable multi-way communication between customers themselves and the business, and it has been argued that “you can leverage their collective wisdom for the benefit of your organization” (Safko & Brake, 2009). At Hurray!, customer feedback enabled by Social Media helped The Marketing Coordinator develop a market need, mileage tracking with GPS devices for tax expense purposes. After identifying the need, Hurray! then investigated and developed a product to satisfy that need, which has proven to be successful for them.

With his eyes and ears constantly out in various communities, The Marketing Coordinator is able to listen carefully to what customers and potential customers are looking for. He is also able to talk to customers, energize them, enable them to support each other, and embrace the customers throughout product development, which are said to be the five objectives for interacting with customers through Social Media (Li & Bernoff, 2008). Acme Design Inc. did not use Social Media in this way, firstly because they are a creative agency and there is not really a ‘need’ that a specific product can fulfill, and secondly because it is extremely rare that a

person will read a blog and sign a huge hundred thousand dollar contract with them, so Acme Design Inc. do not overinvest in this area.

Twitter is extremely useful in gathering feedback from your community. It is able to “quickly share information with people interested in your company, gather real-time market intelligence and feedback, and build relationships with customers, partners and other people who care about your company” (Milstein). Despite Twitter being relatively new, Gartner has identified at least three ways Twitter can be used for business marketing purposes: a ‘direct strategy’, ‘indirect strategy’ and for ‘signal inbounding’ (Gartner, 2009). In a direct strategy, companies will “tweet” specifically about their company, using the tool as an extension to their blog. This strategy is risky because Twitter users are rarely interested in self-serving tweets that claim and praise the author of the tweet. This should be used minimally and with caution. The indirect strategy is generally more successful, as it is focused more on helping their ‘followers’, providing relevant and useful information. This helps build a “tribe”, which has been defined as “any group of people, large or small, who are connected to one another, a leader, and an idea” (Godin, 2008). As the CEO of Hurray! Solutions put it: “it’s all about giving, giving, giving” (Hurray!, 2009). He explains that “the morals you learned as a kid do not get lost online”, reemphasizing the importance of looking out for each other. Finally, Inbound Signaling consists of studying the market through Twitter. Twitter is an excellent feedback mechanism, because it is real-time, honest, and built on the opinions of people that are part of your community or “tribe”.

Social Media Can Easily Be Tracked and Measured

Safko and Brake have explained that tracking is “the incredible value of the Internet. Everything can be measured” (Safko & Brake, 2009), and this is certainly true for Social Media tools. The companies interviewed used several measures, predominantly aimed at recording traffic to their website, and visitors’ engagement with the content. Both Hurray! and Acme Design Inc. use Google Analytics in order to measure the traffic to their website and to their blogs. Used more so by Hurray!, Google Analytics helps them determine what referring links people used to go to their website, which is a type of feedback mechanism regarding which blogs were successful and which were not. Acme Design Inc. has indicated that they employ several engagement measurements, such as comparing the number of comments on their blogs and on Twitter to how often people respond. This ratio gives them a good indication of how useful the content was, and the overall objective is to improve these ratios so that they can generate more interest from the public by doing less work. These measures are extremely valuable because they are calculated in real time, are accurate, and have a very wide reach.

Social Media is Cost Effective

Not only is access to Social Media free in most cases, but it is also cost effective. One example is the viral videos implemented by Unilever, the parent company of Dove, where it can be seen that Social Media was much more cost effective than other forms of large-scale advertising. Unilever has successfully used a 75 second viral video posted on Youtube to catch the attention of 5 million people in less than a year (Marketing VOX: The Voice of Online Marketing, 2006). More importantly, it has tripled the traffic to Dove’s advertisement campaign website that a Super Bowl ad was able to generate. Of course, uploading a YouTube video is free, whereas the Super Bowl ad spot cost \$2.5 Million dollars. This is only one of the many

examples available to demonstrate how Social Media Marketing is cost effective in terms of the “amount of attention” per dollar spent on marketing.

Social Media Can Help Attract and Recruit Talent

Both Acme Design Inc. and Hurray! have focused on Facebook and LinkedIn to generate awareness about their company, which then allows them to attract and recruit talent. LinkedIn is oriented towards professional networking (Learning Center, 2009) and keeping track of professionals one meets and works with. The tool has many different uses and can be a great resource for small and medium businesses. Hurray! for example, uses it as a platform to build up their credibility and their professionalism and they claim they have actually sold a few units of their products from connections made through the website (Hurray!, 2009). Overall, LinkedIn’s real strength lies in its ability to both connect professionals together, and to reach experts of any field with a simple search (Walker, 2009). There are two specific functions of LinkedIn that generate value for businesses, particularly smaller firms:

First, the “group feature” not only allows an organization to both create a group with their own customers, potential clients, providers and experts in their markets, but also to join other groups, as well as the opportunity to continuously educate a firm’s “tribe”. For instance, it also increases Hurray!’s exposure and awareness (Godin, 2008), which will create trust in the company. Second, the “recommendation feature” enables any contact to recommend a person by writing up a short text, which also helps building up one’s credibility and reputation (Brooks, 2008). A smart business would use this to their own advantage by trying to build their tribe around these people and eventually recruit them when time comes to hiring.

The recommendations will come in handy when recruiting a new employee since it gives a better overview of a candidate than would a résumé alone. Recommendations are useful in

assessing a candidate's potential, when done with care. One should keep in mind that these recruitment tactics are easier, faster and cheaper, and are able to micro target certain groups. These features not available in other common online recruitment forms such as craigslist.com and monster.ca, and it has been said that using Web 2.0 technologies to recruit is even cheaper than placing an advertisement in newspapers (Koeppel, 2009).

Social Media Helps Internal Efficiencies

Twitter is used internally to boost creativity, efficiency and productivity by sharing ideas and communicating about the different projects everybody is working on (Gartner, 2009). It can be used to ask for help to peer workers, to promote new projects, to inform people in the organization, etc. Blogs can be used internally for sharing information and ideas between coworkers or from top executives to employees. Wikis solve two main problems: concurrently working on same documents and the transfer of knowledge to new employees from seniors (Goodnoe, 2005). Anyone who has worked in a team on a single document that was passed by email knows what nightmare it can be to put it all together and to deal with the different versions that are created. Wikis solve this problem by having only one document in which everybody contributes. It also makes easy and cheap the transfer of knowledge that required an expert system or some complicated databases and software before. Both Hurray! and Acme Design Inc. utilize Wikis internally to share information, and Acme Design Inc. in particular commented on how it increased efficiency in day to day operations.

Social Media Brings First Mover Advantages

Hurray! believes that they are the only company within their direct competitors that has a strong Social Media presence. The CEO indicated that during the time of economic downturn, firms are forced into cutting costs, and Hurray! lost several staff members in 2009, however, if

anything this has encouraged them to invest even more into Social Media. The CEO believes that due to Social Media's use as a marketing research tool and its ability to generate a community of followers, Hurray! will gain exposure with the early adopters, the people more likely to buy his product anyway, and will reap the benefits of first mover advantages. These advantages are the 'sometimes insurmountable advantages gained by being the first company to move into a new market' (Marketing terms.com, 2009).

Social Media Helps Share Culture Internally

Facebook is usually not very popular for B2B businesses, but it can still offer great potential as Acme Design Inc., one of the companies interviewed, pointed out. The popular website can help promoting the organization's culture to its employees as well as the public at large by creating a page, or a fan page, or a group (Inc., The benefits and the impacts on different levels of Social Media in an organization, 2009). Acme Design Inc. identified that they had a "corporate culture gap" and embarked on Facebook and Wikipedia efforts in attempts to 'close the gap', by educating the employees about the company as well as the general sharing of knowledge. The success of this venture is difficult to mention as it is a subjective need, however The Account Manager claims that it has been extremely successful.

According to a study reported by the Web 2.0 Journal (McMillan, 2009), most Social Media initiatives in big organizations started underground between employees who wanted to test the different tools. Managers and executives usually turn a blind eye on these initiatives and wait to see if any good comes out of it. The vision is driven by the frontline younger workers who expect these tools to be available in their workplace in order to address the business problems at hand. Social Media has "transformed the way users communicate, share and collaborate online" (McMillan, 2009) and offers a golden opportunity to businesses who can

adapt to the new reality. Among other things, the new technologies allow them to focus on the content instead of production, engage employees, and hear from employees who executives would not usually have access to (Bull, 2009) and have been proved to increase productivity (Kirkpatrick, 2009).

The Costs of Social Media Implementation

Intangible Costs are Not Being Fully Considered

During the interviews, it was noticed that the main cost of Social Media was the time required, and that this was not considered fully by either company. It is easy to imagine that the initial implementation would require some time as it would have been the case for any other tool (e.g. creating an advertisement). However, it was found that Social Media also requires significant time and effort on an ongoing basis, and this kind of cost is very difficult to measure and track. At Hurray!, The Marketing Coordinator indicated that he spends at least 50% of his time in doing Social Media, particularly in editing blogs and comments. His rate of pay was not part of the discussion, however, assuming the minimum wage of \$8, and he works a regular 40 hour week, this would mean that Hurray! is effectively investing \$160 per week in their Social Media efforts. With the cost of one of their mileage tracking machines at around \$250, this means that Social Media has to lead to the sale close to one unit per week in order to cover the investment. This may be the case, however the point here is that Hurray! did not appear as if they had actually calculated this cost- they focused on the `cost effectiveness` of the tool, compared to television advertising for example.

The Account Manager at Acme Design Inc. spends considerably less time on Social Media efforts, however he also had not considered the real cost in terms of time. He personally spends approximately 30 minutes per day on generating content in the morning, and then if

anyone responds to his content throughout the day he will respond back to them. However when asked about how much time that would add up to on a weekly basis, he responded “To be honest, I couldn’t tell you. I’ve never really thought about it. But I will, and I’ll get back to you on it”. For small to medium businesses in particular, the cost of time and labor cannot be underestimated, and it was found overall that in Hurray! and Acme Design Inc. they had failed to consider these aspects fully. Despite being relatively free to implement, the time spent on it is a non negligible cost (American banker, 2009). There are opportunity costs of Social Media, for example, if a company wants its employees to make blogs on Twitter, they will not work on something else when they will update their blog. Furthermore, in order to look for customer’s comments or for potential candidates on the Internet, someone has to spend time on this task. Neither Hurray! nor Acme Design Inc. seemed to have fully considered these aspects fully. They certainly were not willing to discuss these issues freely in the interview.

The Conversion from Social Media to Sales is Impossible to Measure

Even though some guidelines could be used by the companies in order to have a good idea of the efficiency of their use of Social Media (Gillin, You CAN measure social media ROI, 2009), it seems to be hard to measure the exact return on investment because the ability to track the conversion of Social Media targets into actual sales dollars remains to be seen. The Marketing Coordinator from Hurray! said that even with the best tracking tools, the company cannot know if it is their use of Social Media which lead the customer to their website and then lead him to buy the product. The Marketing Coordinator points out that Hurray!’s search engine rankings have improved and sales have been generated through LinkedIn in particular, however he identified a major limitation: that if he was to find out where the actual customers came from (post sale), Hurray! would need to use more `classical` marketing techniques like conducting

surveys, perhaps asking them how they heard about the company. Additionally, surveys are extremely time consuming and inefficient, and something that a company like Hurray! Solutions does not want to attempt.

According to a survey from Marketingprofs.com, out of 338 marketing professionals, 70% of the marketers responding consider that their company is not measuring well the return on investment of Social Media. For them, the biggest barriers were the lack of resources, the fact that they do not know what to measure, the lack of relation between Social Media and return on investment, and the lack of tools to measure (Pratt, 2009). The Account Manager mirrored these comments, saying that there are plenty of ways to track your Social Media success, but it is impossible to demonstrate a conversion to sales, or in their case, a contract with a new client. This makes it particularly difficult to put the return on investment into a profit and loss statement, because you cannot attribute revenue to something if you cannot demonstrate cause and effect. While this may only be an issue for larger companies with more stringent reporting requirements, it is something that small companies need to consider as well.

There are several tactics that are said to help firms measure the efficiency of their Social Media effort. One of these tactics is to have a clear business goal before beginning to develop this kind of technologies, and another tactic is to be very clear about which tools are really effective and what might influence this efficiency, which would need to be monitored on an ongoing basis, as does all content on websites and blogs, etc (Gillin, You CAN Measure Social media ROI, 2009). In a survey done by StrategyEye involving about 212 digital media companies, 87% of them considered that the return on investment was better with online advertising than with other media and planned to increase their investment in it, however they were not able to demonstrate exactly how (Mcelleny, 2008). This area of Social Media is yet to

be developed, but at the moment it is very difficult for firms to measure if their investment in Social Media is worth pursuing or not, because of course at the end of the day it is about sales, and dollars coming in.

Social Media Can Create Productivity Losses If Not Monitored Properly

It has been shown that productivity can be significantly improved by implementing Social Media tools in the workplace, if the worker spends less than 20% of his or her total work time on such websites. Some studies have shown the improvement in productivity to be as high as 9% (Magid, 2009). However, productivity should be closely monitored, because one study has shown that British workers would spend 40 minutes on average per week using Social Media on the workplace, working on their own personal sites and not doing company-related tasks (IET, 2009). There is no reason to think it might be different for North Americans and 40 minutes per week per worker represents an important amount of money for any businesses, small and large, and this should be closely monitored if productivity loss starts to occur. If you ‘open the door’ to Social Media in the workplace, it is more difficult to monitor whether it is work or non-work related.

Social Media Can Damage The Firm’s Brand and/or Introduce Legal Risk

It seems obvious that if employees can use Social Media to broadcast their thoughts, ideas and moods, somehow the organization is giving up a large part of the control it used to have over its brand image and public relations, traditionally only a function of the Marketing and PR departments. In its worst form, high employee involvement can be extremely chaotic, impossible to manage and may even introduce legal risks to the company, particularly if employees mention current clients. One way to minimize this risk is by “setting usage guidelines as well as establishing a values-based ethical culture are among the steps leadership can take to

encourage employees to make good decisions online” (Deloitte, 2009). Clearly, a strong Social Media policy is key. At Acme Design Inc., all employees are encouraged to blog, no matter what their role at the company, as long as they do not discuss any of their clients past, present or future.

To minimize the risks associated, the company uses an official guideline on blogging for the employees, but Mr Willms explained that the best way to minimize risk is by trust in the employees. He said that at Acme Design Inc. `they are clever people`, implying that trust is of utmost importance when you bestow every employee with the power to publish communications. Just like any other means of communication, Social Media can be used for wrongful purposes, or employees as well as customers and providers can make mistakes while using Web 2.0 tools which can potentially lead to legal actions. However, it is possible for an organization to mitigate the risk and keep the odds of a legal pursuit as low as possible by “having the right attitude, the right people, and the right infrastructure – policies, procedures, training and monitoring” (Funnell, 2009).

Release of Critical Information Can be an Issue with Social Media

There are two main reasons why the release of critical information is relatively low. (1) Employees are using computers at work and are attributed an IP which can be traced back and therefore discourage the employee from misbehaving; and (2) Communities will form within the organization and there is a natural tendency to self-policing itself (McAfee, 2009). However, to prepare for unintentional release of critical information, a clear policy should be implemented so that should it occur, employees understand what steps they have to take in order to correct the problem. Monitoring employees is a delicate and sensitive topic for most managers and naturally raises some ethical issues, which could have potentially negative effects. Fortunately,

monitoring can often be avoided by implementing a strong corporate culture around Social Media, supported by clear and realistic policies (Weider, 2009). Employees should be trained and they should understand what Social Media is, what it does, what it does not do, and its sometimes dire consequences. By empowering employees in this way, organizations build a culture of trust, in which self-monitoring becomes a natural and very effective process (McMillan, 2009).

Recommendations

First and foremost, firms should have open minds when considering investment in Social Media, it has considerable proven benefits. Second, firms should develop a clear strategy outlining, at a minimum, the specific Social Media objectives, the target market, budget size (including “hidden costs”) and a comprehensive tracking and measurement plan. Social media is effective for businesses of all sizes; however it is particularly recommended for small firms with limited budgets and firms within industries that have not really engaged with Social Media as these firms can obtain substantial first-mover advantages. If internal culture needs to be reinforced, or inefficient work processes are identified, tools such as internal wiki`s, Facebook even Twitter are extremely effective. If a company wants to increase brand exposure and awareness, blogs are an excellent way to achieve this, and the content can be reused in most other Social Media applications. B2B firms should have a “give give give” approach, so they can generate a community of followers which can be an effective feedback mechanism.

In order to cope with the drawbacks and risks of Social Media, it is recommended that firms ensure they have a positive, trusting and respectful culture if employees are going to be allowed to publish content and communicate externally. Also, tracking tools for measuring the Social Media to sales conversion should be developed. This will allow firms to justify the

investment to a much greater degree, which would strengthen Social Media overall. Employees should try to remain mindful of the hidden costs of Social Media, and training should be conducted that focuses on how to maximize Social Media communications, both internally and externally.

Conclusion

The paper has acknowledged the phenomenon in which Social Media and its tools are used for marketing, allowing businesses to directly tap into numerous consumer communities. Through theoretical research and the generous assistance of Hurray! Solutions and Acme Design Inc., an extensive cost benefit analysis is conducted, which can provide quick insight for companies investigating whether or not to embrace the phenomenon that is Social Media.

When Social Media is used as a marketing tool, organizations are able to increase exposure, improve marketing cost effectiveness, focus marketing efforts, conduct effective marketing research from direct customer feedback, and consistently improve and refine their efforts due to the infinite measuring tools within Social Media tools. Moreover, Social Media can also help organizations in recruiting, sharing knowledge (internally and externally), obtain first mover advantages within the firm's industry and help to build the firm's internal culture. On the other hand, marketing with Social Media introduces some hidden costs and difficulties in measuring the ROI. Social media can also increase business risk- both in terms of legal risk and risk to the firm's branding. Organizations may also face productivity loss and issues with privacy if not implemented or monitored correctly.

Firms should recognize the benefits from utilizing Social Media both internally and externally and implement a corporate culture based on trust when it comes to Social Media. Just

like any other investments, there should be a tracking and monitoring plan in place to define the Social Media strategy success.

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