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Beware Social Media Snake Oil

Hordes of marketing "experts" are promoting the value of wikis, social networks, and blogs. All the hype may obscure the real potential of these online tools

By Stephen Baker

For business, the rising popularity of Facebook, Twitter, and other social media Web sites presents a tantalizing opportunity. As millions of people flock to these online services to chat, flirt, swap photos, and network, companies have the chance to tune in to billions of digital conversations. They can pitch a product, listen to customer feedback, or ask for ideas. If they work it right, customers might even produce companies' advertising for them and trade the ads with friends for free. Starbucks (SBUX), Dell (DELL), and Ford Motor (F) have all testified to the magic social media can create.

But the same tools carry risks. Employees encouraged to tap social networking sites can fritter away hours, or worse. They can spill company secrets or harm corporate relationships by denigrating partners. What's more, with one misstep, one clumsy entrée, companies can quickly find themselves victims of the forces they were trying to master. Thousands of bloggers attacked Motrin last year because of an advertisement from the Johnson & Johnson (JNJ) brand they found demeaning to mothers.

Over the past five years, an entire industry of consultants has arisen to help companies navigate the world of social networks, blogs, and wikis. The self-proclaimed experts range from legions of wannabes, many of them refugees from the real estate bust, to industry superstars such as Chris Brogan and Gary Vaynerchuk. They produce best-selling books and dole out advice or lead workshops at companies for thousands of dollars a day. The consultants evangelize the transformative power of social media and often cast themselves as triumphant case studies of successful networking and self-branding.

The problem, according to a growing chorus of critics, is that many would-be guides are leading clients astray. Consultants often use buzz as their dominant currency, and success is defined more often by numbers of Twitter followers, blog mentions, or YouTube (GOOG) hits than by traditional measures, such as return on investment. This approach could sour companies on social media and the rich opportunities it represents. "It's a bit of a Wild West scenario," blogs David Armano, a consultant with the Dachis Group of Austin, Tex. Without naming names, he compares some consultants to "snake oil salesmen."

Critics complain that many of the new experts have adopted an orthodoxy that provides little flexibility for differing situations—or outcomes. Their pronouncements follow a rigid gospel: Be transparent, engage with your customers, break down silos. Yet these strictures don't always make business sense. Adam Kmiec, director of interactive marketing at Marc USA in Pittsburgh, tells of a company he met with that got much of its revenue from the Defense Dept. and had allocated $4 million for social media. "What do you hope to get?" he asked them. Ultimately, the client decided the privacy-obsessed Pentagon may not be thrilled with a supplier publicizing itself through Twitter.

FURY VS. BUZZ

Scrutiny of the hype merchants is picking up. Rob Spencer, senior research fellow for idea management at drug giant Pfizer (PFE), mingles frequently with social media vendors and consultants as he looks for ways to amplify the company's brainpower. He urges caution. "You have to tread your way carefully and have your B.S. sensors up," he says. "I call them innovation hippies. 'Here's my book for free. Won't you hire me for $500 to run some workshops?'"

Social media consultants' own promotions can collide, on occasion, with those of their customers. Take the case of James Andrews, who was working early this year at the PR firm Ketchum (OMC). As a consultant, he helped companies such as Newell

Rubbermaid (NWL), Monster Worldwide (MWW), and FedEx (FDX) work out their strategies for blogs and the microblogging service Twitter. On landing in Memphis for FedEx meetings, he says he had an ugly run-in with a racist at the airport and twittered that he would "die if he had to live" in the city. The tweet produced an outpouring of blogged fury from FedEx employees and a fast apology from an embarrassed Ketchum. But for Andrews, the tweet generated buzz and may even have boosted his brand. "It helps me today," he says. "I use it as a case study. It creates authenticity." In June, Andrews left Ketchum to launch a boutique consultancy, Everywhere. He helps Macy's (M), CNN (TWX), and Jane Fonda promote their brands and monitor their audiences on Facebook, blogs, and Twitter.

Skeptics can draw from plenty of examples of social media experiments run amok. Consider Saatchi & Saatchi's ill-fated promotion for the Toyota (TM) Matrix. Targeting young men, a demographic known to resist traditional advertising, Saatchi's social media team last year created a campaign based on the pranks of the popular MTV (VIA.B) show *Punk'd*. According to the plan, a prospective buyer of a Matrix would single out a friend to be the target of a prank. The promise: a bit of fear, a lot of laughs, and perhaps a groundswell of free marketing across Facebook, MySpace (NWS), and Twitter.

Amber Duick, one of the targets in the short-lived campaign, says she received a series of e-mails from a fictitious British soccer hooligan named Sebastian Bowler. He said he was coming to visit her and bringing along his pit bull. He had a MySpace page where he bragged about "drinking alcohol to excess" and participating in riots. One e-mail Duick received was a fake bill for damage to a hotel room wrecked by Bowler. He had left her e-mail address, the message explained, as his contact info. Duick filed a $10 million lawsuit in October and says that to protect herself from the oncoming Bowler, she slept with a machete by her bed. "She was terrified," says her lawyer, Nicholas Tepper.

In a statement, Saatchi and Toyota wrote that they would "vigorously defend against the claim," which is "entirely without merit." They said the plaintiff had granted "her permission to receive campaign e-mails and other communications from Toyota."

CAN CHAGRIN BE GOOD?

James Cooper, Saatchi's digital creative director, says social media, by their nature, are unpredictable, which makes them an easy target for critics. "Anyone who says 'This is going to work' is either lying or deranged," he says. He compares the risk model with venture capital, where one bet out of 10 might pay off richly, while the others struggle or even bomb. And he stresses the difficulty of measuring results. "If something's got 20 million hits on YouTube, that's a good thing," he says. "But what if half the comments are negative? I don't think anyone's got a long-term case study yet."

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While the marketing consultants focus on buzz and engagement, their in-house colleagues are trying to use social media to change how companies operate. The goal of Enterprise 2.0, a descendant of the "knowledge management" movement in the '90s, is to reroute the information traveling through corporations, undermining rigid hierarchies. Tools from Microsoft's (MSFT) SharePoint, IBM's (IBM) Lotus Notes, along with packages from newer companies such as Jive Software and Socialtext enable vast networks to share documents and work together on projects.

Yet the buzz around social media has led many companies to buy these systems before they're ready to put them to work. Jennifer Okimoto, associate partner at IBM Global Business Services, says many corporations took the plunge into social media and now are sitting on loads of uninstalled software. "I'm working with a company that has made huge investments" in social software, she says on a phone call from Switzerland. Yet only a small number of employees at the company use it. A Forrester Research (FORR) study shows that despite buzz around Enterprise 2.0, less than 15% of the knowledge workforce makes use of internal blogs, wikis, and other collaborative tools. "E-mail is still dominant," says Ted Schadler, author of the report.

The economic situation is heightening the focus on accountability. "Companies no longer have fluff money" to experiment with, says Mark Turrell, chief executive of Imaginatik (IMGKF), a vendor of corporate knowledge management tools. "A lot of programs you launch and get good buzz. But now it's all about outcomes."

The debates over buzz are leading to confrontations among consultants. In late October, Marc USA's Kmiec, a little-known figure in the industry, launched a blog attack against Chris Brogan, one of the towering chieftains of social media. President of consultancy New Marketing Labs, Brogan is an object of considerable envy: He boasts 110,379 followers on Twitter, has co-authored a new social media best-seller, *Trust Agents*, and commands top dollar on the speaking circuit.

Kmiec wrote of Brogan: "He speaks well. He presents well. Does that make him talented? Yes. Does it make him smart? Yes. Does it make him an expert? No." Kmiec asked Brogan for client case studies and metrics to prove his social media success. Responding on Kmiec's blog, Brogan dismissed the questions about his clients and social media metrics: "Is it an exacting marketing science? Not at all. Partly because it's so damned new that we're inventing the case studies while we're experimenting with what comes out of it. Are companies asking for more and more experiences with me to see if it'll work for them? Hell, yes."

DANGER OF A BACKLASH

Many argue that a fixation on hard numbers could lead companies to ignore the harder-to-quantify dividends of social media, such as trust and commitment. A Twittering employee, for example, might develop trust or goodwill among customers but have trouble putting a number on it. "There is this default assumption that return on investment is the correct measure for everything," says Susan Etlinger, senior vice-president at Horn Group, a San Francisco consultancy. "Everything needs to monetize within 12 weeks, so we can understand that we're successful. But frequently the thing they're measuring is misleading."

This can lead to confusion. The risk is that a backlash against the consultants' easy promises could reduce social media investments just as the industry takes off. Think back to the dot-com boom a decade ago. Soaring valuations were based initially on promise and hype. In early 2000, when investors started focusing on scarce profits, the market collapsed. But many companies drew the wrong conclusions. Believing the fall of a hyped market was a sign of the failed promise of the Internet, they drew back on Internet investments. This happened just as the technology was on the verge of living up to much of its promise, dominating global communications, transforming entire industries—and spawning social media.

The best way to avoid a similar backlash today is for social media's practitioners, including thousands of consultants, to shift the focus from promises to results. It may be the only way to convert the skeptics—and flush out the snake oil.

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The Cluetrain Manifesto of 1999, by authors Rick Levine, Christopher Locke, Doc Searls, and David Weinberger, set out the guiding principles of social media years before Facebook and Twitter existed. Thanks to the book's popularity among Web consultants, some of the declarations now sound clichéd, such as "Markets are conversations." But others still offer surprising insights.

For highlights from the book, go to http://bx.businessweek.com/social-media-marketing/reference/

Baker is a senior writer for BusinessWeek in New York.