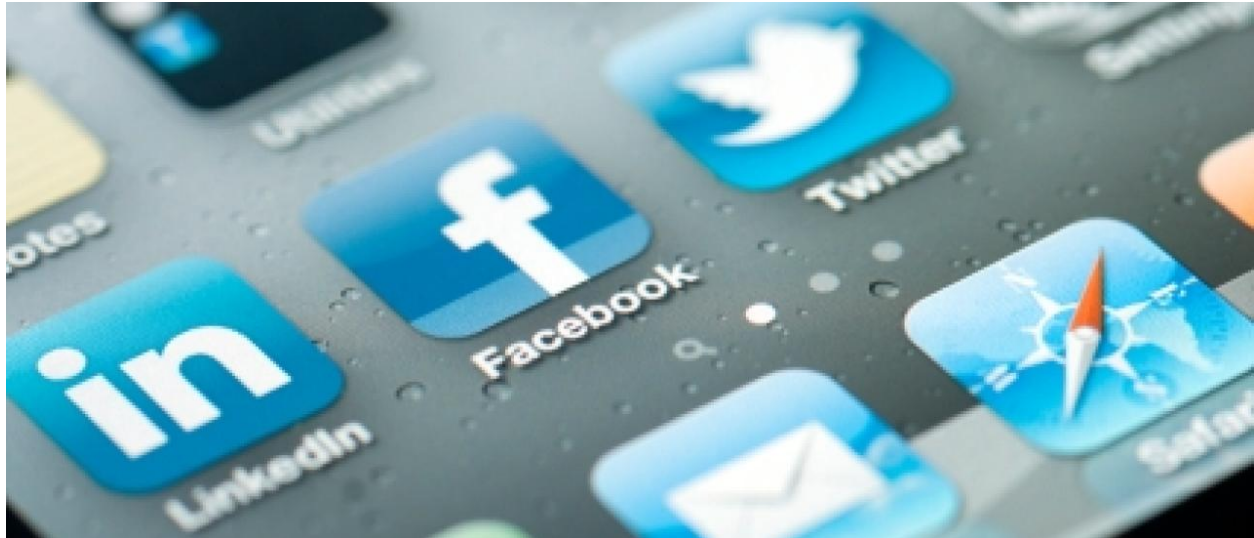


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# Just a pretty face(book)? Social media tries to come of age



By Shellie Karabell

**Emails are old hat; SMSs passe. Tweeting, blogging, and posting on “walls” are no longer the domain of the under-30s. They have become a staple of the way most people in the world communicate today, of the way Fortune 100 companies reach out to customers old and new.**

Emails are old hat; SMSs passe. Tweeting, blogging, and posting on “walls” are no longer the domain of the under-30s. They have become a staple of the way most people in the world communicate today, of the way Fortune 100 companies reach out to customers old and new.

Social media have spawned a whole new support industry. Companies such as Trender, Attentio and Nielsen BuzzMetrics monitor and analyse all the data which can be retrieved from electronic transactions -- be they messages, purchases and everything in-between. BuyWithMe, Groupon and LivingSocial integrate social media on behalf of merchants, taking a percentage of the revenues. And foursquare goes so far as to use global positioning to tweet you bargains to be had at a store near where you happen to be at that moment.

Social media as subject to be studied have even crept into the MBA curricula of leading business schools including Harvard Business School, London Business School, and INSEAD.



“Spending on this kind of marketing could hit \$3 billion a year by 2013-2014,” says INSEAD Assistant Professor of Marketing **Andrew Stephen**. “What we’re seeing today is an effort on the part of retailers to keep their customers engaged,” he adds. Stephen’s Advertising and Social Media class debuted during the last school term in Singapore as an elective and is now offered three times a year.

Stephen is fast gaining prominence as the ‘go to’ authority in the field of social media and ‘what it all means.’ His class doesn’t have a textbook -- Stephen draws on his extensive research and on the work of experts and practitioners in the field who regularly address his classes. He recently brought an entire panel of six executives who are directly involved in social media -- either as practitioners or professionals intent on incorporating these new trends into their marketing plans.

“Branding awareness is accelerated through social media,” says **Robin Burton**, Founder and Managing Director of i-wave, an electronic media marketing agency based in the UK. “The public can really affect the brand, and in a short period of time.” But not always for the good, says Frederic Winckler, CEO of global media agency JWT’s Paris office. “The bad news is that the people have the power now, and many companies are not prepared for this shift,” he claims.



It's a question of harnessing that power to achieve corporate (and marketing) objectives. "Consumers can also help you define your brand," points out **Patou Nuytemans**, Chief Digital Officer for the Ogilvy group in Europe, Africa and Middle East.

“You’re not trusting the brand; you’re trusting people and their opinions, chimes in **Sebastian Badault**, Director of Sales for Google, France. “Tweeters can become gurus.”

That translates directly to consumer spending. Stephen’s own research into the habits of luxury goods customers shows that “websites and social media are about educating the consumer. Consumers do online research as to price, options, etc., and then even bring the printout to the shop with them.”

Social media have begun to find their niche in the luxury sector, despite the typical customer profile pointing to someone older and therefore, at least anecdotally, less likely to tweet. But the big brands such as Hermes and LVMH and even Richemont are all developing their strategies. But it’s a challenge. “When you talk, for example, of luxury brand watches you see a price point for the medium range at about \$5,000. That may be



the most that people are willing to spend online,” says [Frederic Godart](#), a Post Doctoral Researcher at INSEAD, who specialises in the luxury goods sector. He believes the luxury business has embraced a mix of social media as a way to showcase its brands. But it has not been an easy realisation. “LVMH had a website about ten years ago,” recalls Godart. “It was called E-luxury, and they finally closed it down recently. It’s now been redeployed across the brands, but they no longer try to sell at the group level.” The customer, it appears, is more likely to be drawn to a Dior or LV handbag rather than the holding company itself.

The so-called ‘traditional media’ are far from dead. “TV still has the ability to reach out to a huge audience all at the same time,” states Badault. It’s a question of getting the mix right. “There’s a new paradigm of using online and social media” in your marketing and advertising campaigns, says **Christophe Duhamel**, Marketing Director for auFeminin.com, which claims to be the biggest website in the world aimed at women.

At the very least, in the business world, aside from being a direct sales platform, social media has thus far morphed into a sort of high-speed, instantaneous consumer guide. The problem is, the information isn’t necessarily vetted and the risk of spreading misinformation (or unfavorable opinions) is rampant. “Everyone is his own journalist,” says **Lutz Finger** (MBA ‘04J), Founder and CEO of Fisheye Analytics. “Propagating rumours through social media are harder to manage than the days when we just had gossip and telephones.”

And then there’s the privacy question. “If the government asked us for all the personal information most people voluntarily put up on Facebook, we’d be in the streets demonstrating,” says Burton. And Nuytemans points out: “The internet never forgets.”

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