



End of social?

By Niraj Dawar

With the Facebook IPO muddle, will money stop flowing to social media? Will the social media space stop consolidating (no more Instagram-like deals?) because the social media giants' acquisition currency, their stock, has been devalued? Will the best entrepreneurs reconsider their social media ideas; put them on the back burner; be unable to fund them? Has the social media marketing fad passed?

If you believed all the pre-FB-IPO hype about how miraculous social media is for marketing, then yes, you probably stand to be disappointed with where social media marketing is going. The much-hyped 900 million users of FB? Well, yes, but they remain unmonetized. And 900 million is not really such an astounding number: there are several companies out there that have that kind of reach, and more. Unilever, Nestlé, P&G, Kraft, Colgate-Palmolive, Danone, to name just a few consumer goods companies, each reach more than a billion customers. Importantly, they don't just reach them, they make money from them. FB does not.

What is also of concern for the future of social media marketing is that some large media buyers are turning cool on social: Facebook advertising is not doing it for them. General Motors famously dropped FB advertising just before the IPO.

With a public stock and skeptical post-IPO investors, Facebook does not have much time to demonstrate how its monetization will work. Yet, if the company does things in a hurry, it risks trying things that will hurt the brand and customer loyalty – too much monetization too quickly may turn users away.

Still, FB is far from written off, and social media marketing is certainly not. It is worth keeping in my mind that there is some marketing magic that only social media can deliver. And the marketing world is waiting for Facebook to deliver it.

Social Influence marketing, for example, is only possible through social media such as FB. Facebook's understanding of social influence patterns means that they can sell marketers access to influencers, not just buyers. Why target the bride who is shopping for her wedding, when you can target the bride's best friend and get her to whisper a word into the bride's ear? The friend's word carries far more weight than an advertiser's.

Facebook is also one of the only places marketers can find hard data on the correlation between media consumption and brand consumption. Establishing correlations between media exposure and brand purchases has always been a marketer's dream — it improves targeting and makes marketing much more efficient.

Facebook is also what Starbuck's was in the 1990's - the third place (not home, not work) where people hang out. It is a place where they are open to new ideas, influences, and advertising.

Facebook sits atop the internet and captures users click patterns and their network of relationships. This gives the company a view of consumer behaviour like no other company (perhaps not even Google) has. That information is extremely valuable to marketers such as Unilever, Nestlé, P&G, Kraft, Colgate-Palmolive, Danone, who do reach over a billion consumers and know how to get real money from them.

In short, Facebook still represents the future of social media marketing. How it defines and exploits that space will certainly affect the future of marketing even if it does not live up to its investors' lofty expectations.

>> This post appeared originally in [Just Marketing](#); the author retains all rights.

Find article at

<https://knowledge.insead.edu/marketing/end-social>

About the author(s)

Niraj Dawar I am the Barford Professor of Marketing at the Ivey Business School, Canada.

Download the free Knowledge App

