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Social media conundrum: user experience vs. commercial need

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By Mark Pinsent

There is an old mantra in social media: if you are not paying, then you are the product.

We have become used to social media tools and online services being given away for free. Social networks, blogging platforms, image sharing, micro-blogging – just register and away you go. But there is a necessary value exchange.

Different ballgame

By giving us a useful service for free, the provider wants something back. And it is our data that the social media company wants, from which it extracts value by using it to allow advertisers to present targeted commercial messages. In this instance, therefore, we become the product.

There is a balance to be struck in this exchange of value. Is the usefulness of the service worth the intrusiveness of the interruption? This is nothing new, of course.

I was talking sports with a client in the United States recently. He had just started watching Britain's Premier League football, which he could now pick up on cable.

One of the best things about it, he explained, was that the action was not interrupted by commercials, so rare was that to a U.S. TV viewer.

British commercial television channel ITV picked up the rights to Formula 1 TV coverage in the in 1997, and was the host broadcaster for the next decade.

Suddenly an audience that had been used to uninterrupted race coverage for decades on the BBC found commercial breaks inserted into the race, often and inevitably when something interesting was taking place on the track. It created an uproar among viewers.

The coverage may have been free, but we were only prepared to put up with so much interruption by the paymasters.

When equally commercial Sky took over the coverage, it was smart enough to know that ad-free races were critical to keeping the audience happy.

So, balance is important when you are walking the tightrope of user experience versus commercial need. And as social media platforms mature – and particularly as they do such grown-up stuff as list themselves on the world's stock markets – this balance becomes trickier and trickier.

It’s a snap?

Take Instagram. It is a wonderfully simple and useful social platform that captured the imagination and exploded in popularity. So much so that within a very short time and with only a dozen or so full-time employees, Facebook bought the company for an astounding $1 billion. This for a company that at the time and for a good while afterwards had not created a single cent in revenue, let alone profit.

Clearly, with Facebook having paid such an incredible amount of money for Instagram and having floated it on the New York Stock Exchange to huge scrutiny, there needed to be a commercial model in mind.

Sure enough, Instagram has announced that advertising has come to the platform. And if you ever needed to understand the sensitivities around placing commercial messages into a user's stream of content, search for “Instagram's first ad."

Suffice to say, reading the comments on that first ad would give many brands pause for thought about paying to promote their own messages, even though it was a success by many other measures.

I am a firm believer that “paid” can be employed to help “owned” gain traction amongst target audiences. In fact, it is difficult to avoid a strategy that combines both. But the quality of that owned content will always be where I put my focus.

After all, there is no point throwing away advertising money if what you are pushing is not aligned to the audience's interests and passions.

As my mum would say, that is "throwing good money after bad." There is another old adage that still holds true: it is not that people do not like marketing, it is that they do not like bad marketing.

Stock markets are fickle and sensitive.

When a Facebook executive stated recently that the company was seeing teenagers being less active on the platform, the 14 percent increase in the company's share price following otherwise strong results was instantly wiped out.

We will continue to see the markets nervous and sensitive to any signs that users may be leaving social platforms or reducing the time they spend on them.

EVERY FREE social media platform is walking the experience/advertising tightrope. And while the phrase "if you're not paying, you're the product" may be true, every individual has the power to take themselves off the shelf.

When that happens, the customers – and make no mistake that in this context the customers are the advertisers – will stop spending.

Stats:
Social media has reached middle age. The fastest growing segment of social media users is now adults ages 45–54. Fifty-five percent of this age group now have a profile on at least one social network (source: State of Search).

Furthermore, 75 percent of social media users "object to major companies and platforms using their personal information for commercial purposes." And just 12 percent admit to having their purchases influenced by Facebook "Likes" or Google "+1s" (source: Relevanza).

Half of all social media users under age 35 follow their online friends' product and service recommendations (Source: TECHi)

Per Nielsen:

· Social media to engage or to advertise? Turns out agencies are slightly more likely than in-house marketers (81 percent versus 75 percent) to advertise on social networks, while corporate marketers are significantly more likely to use "free" social media tools (89 percent versus 71 percent).

· Seventy percent of brand marketers and 60 percent of agency professionals view social media advertising as more valuable for building brand awareness than for driving direct response.

· But – contradicting the statistic above – 66 percent of brand advertisers want to see a measurable sales bump from social media advertising.

Source: Nielsen's Paid Social Media Advertising report

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