

WHAT'S THE SOCIAL NETWORKING HYPE ALL ABOUT, AND HOW CAN IT HELP YOU?

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As a result of the dot-com bust at the beginning of this millennium, the habits and activities of internet users have gradually shifted. Initially, people used the internet to find information and access content, and information flowed largely in one direction. Recently, internet usage has shifted towards more consumer interaction, content sharing, and collaboration, creating a more multi-directional information flow.

One of the most obvious examples of this shift is the arrival of social networking sites. The term “social networking” is widely applied to any site that includes a combination of features allowing individuals to connect with others in the network and share content. Often these networks permit you to create permanent profiles that display biographical information or serve as a reference or contact point.

You’ve no doubt heard of MySpace, Facebook or LinkedIn. These sites generally allow various forms of interaction, including comments, private messages, chat, and more. Some social networking sites evolved from earlier non-social networking sites as their users demanded feature sets that eventually evolved into what now falls under the definition of a social networking site. While the definition remains hazy and continues to shift, the general purpose of social networking sites is to allow you to connect with others and to view connections between other users.

HISTORY

To understand where we are today, let’s look at how it all began.

Generally, the first site defined as a social networking site was SixDegrees.com. Appearing in 1997, it was a simple directory of profiles with limited features. Because the site was open to anyone, you simply set up your profile with a few personal details and made connections to friends’ and acquaintances’ profiles. One of the key reasons for its failure was its limited functionality. Other than connecting with and viewing your network, you could do little else on the site. It failed to achieve profitability and closed after the dot-com bust. Note, however, that SixDegrees.com peaked at more than a million active users and was purchased at one point for \$125 million.

As SixDegrees.com became popular, other sites entered the social networking scene. Although these new sites added features such as unique profiles and connectivity between profiles, some went the way of SixDegrees.com, falling out of favor when users became bored. Others experienced dwindling traffic as users headed elsewhere. But a few sites prospered, developing huge followings by keeping people interested and

engaged, adding additional features and providing functionality that went beyond online use. Several of these more successful sites are well known now, such as LinkedIn, MySpace, and Facebook. Others, such as Orkut and Friendster, originated in the United States, and though their domestic traffic dwindled, they became widely popular in certain locations overseas.

For the most part, early social networking sites offered little more than a unique profile and the opportunity to build a network. In the past few years, social networking sites have added the ability to both create and host user-generated content and to link and share external content with like-minded users.

The world of social networking sites continues to evolve and grow, with new phenomena cropping up so quickly that sites and blogs are dedicated to tracking new social network sites and breaking news. While new sites continue to pop up, they die off in a similar fashion. A social networking site’s success depends on its popularity and user engagement is not always easy to attain.

TABLE 1: INCREASE IN UNIQUE INDIVIDUAL VISITS TO SOCIAL NETWORKING SITES

	June 2007-June 2008
Overall	25%
United States	9%
Asia	23%
Europe	35%

CURRENT MARKET

According to comScore World Metrix, social networking traffic is on the rise. In June 2008 over 580 million unique individuals visited a social networking site. Facebook leads these sites in growth, more than doubling over a year to 132 million unique visitors a month. In the past year, Facebook usage has exceeded that of MySpace, the former leading social networking site. Much social networking site growth has come from outside the U.S., Asia and Europe. By contrast, the U.S. market may be reaching maturity, as suggested by its slower growth rate (see Table 1).

Social networking sites have achieved varying levels of success and geographic coverage. Some have become extremely popular in certain areas but not used at all in others. Google's Orkut is a prime example. When first launched, it failed to achieve real success in America, but became widespread in India and Brazil (where it eventually relocated its headquarters). Many sites looking to expand and grow are focusing on translation and expansion beyond North America.

The various social networking sites have different uses and features. Some of the most popular sites—Facebook and LinkedIn, for example—concentrate on generating user profiles and direct links indicating connections. These sites build primarily on existing social networks where people largely meet and connect to profiles of individuals they already know and proceed from there to develop another layer of regular social interaction.

Other sites focus on creating content by building networks and communities around the publication of user-generated content. Among such sites are Flickr and the tremendously popular YouTube. Still other sites focus on filtering the massive body of information on the internet to generate “moderated” content that has been individually reviewed and recommended. Popular examples include Delicious and Digg, where

people tag and link to internet sites and search or browse through the cataloged set of sites and tags.

These three categories are loose and are not exhaustive. Other categories include those dedicated to specific activities, catering to specific demographics, and more. Every day more sites are created—some copying old ideas and purposes, others branching off in totally new directions. The proliferation of social networking sites led analyst Clay Shirky to coin the term “Yet Another Social Networking Service” (YASNS) to describe the massive amount of new sites popping up every day. (<http://arllennium.wordpress.com/2008/03/27/social-networking/>)

KEY ISSUES

Social networking sites face several challenges, the greatest being attracting a critical mass of users to become viable only to face a whole subset of challenges related to managing a site with so many users. Social networking sites derive their functionality from the users. A large population makes their features and functions much more interesting and useful. Attracting the numbers is no simple feat, and the factors affecting user attraction are still being researched. Once a site obtains a sizable user base, the obvious challenge is keeping users happy and eager to return on a regular basis.

Some issues are hardware-based, as in the case of Friendster. With the explosion of the site's popularity, the server hosting the site could not cope with the increased traffic. This led to slow load times, which in turn caused many users to abandon the site in favor of other smaller, more niche-oriented sites.

Another issue is closely related to the need to keep site users satisfied with functionality and experience. Changing the interface or nature of a site often results in the loss of users or, at the very least, in widespread complaints. When Facebook adapted a new layout,

millions of unhappy users formed groups within the site to voice their objections.

One issue is exemplified by Friendster and its policy towards “Fakesters.” Fakesters were fake profiles representing celebrities, concepts, and more. Some of these fake profiles had entertainment value, since users enjoyed searching for and finding “celebrities.” Others served functional purposes by creating profiles for colleges and other institutions and used to find classmates and students. Widely considered one of the most popular features of the site, Fakesters were struck down and deleted, at which point angry users abandoned Friendster.

SOCIAL NETWORKING SITES FOR BUSINESS

The social networking sites that businesses currently use productively can be classified into two groups: internal or private, and global or open. Many businesses see the potential for social networking sites to improve communication and enhance internal dialogue. Several companies provide software that can perform a variety of functions to make collaboration and sharing of information and ideas within the business easier and more practical.

Several global or open social networking sites exist, some of the most popular being LinkedIn, Xing, and Jigsaw. Although the specific functions and special focuses of these sites vary, all function as networks where users can best make connections when searching for jobs, potential employees, contractors, and so on. From a competitive intelligence perspective, these sites can be very useful when seeking to identify individuals in a certain industry or company and ask them specific questions or concerns.

LINKEDIN

With upwards of 30 million registered users, LinkedIn is the leading business-oriented social networking site.. People create profiles detailing

biographical information and work history and connect to others through their already established network – a sort of “Six Degrees of Separation” concept. Employers can list openings and search for candidates at the same time that employees are searching for job openings. The site also has the functionality to recommend or refer a connection and to actively indicate approval of the user’s previous work. A monthly subscription fee allows access to more search results and more detailed profile information.

The LinkedIn network relies heavily on trust, as all interactions are based on mutual connections and recommendations. Establishing dialogue with a non-connected person is at the individual’s discretion.

In another function, the Answers area, people can pose a question related to an area of expertise, company, or job and receive an answer from other individuals, who either provide answers themselves or make referrals to experts in the field. Askers can then examine the profiles of the answerers to determine their level of expertise as they evaluate the validity of their answers. With its powerful search function and the capacity to ask questions of the entire network, LinkedIn provides the opportunity to locate information about companies and competitors or to find contact information for the people who know the answers.

XING

Founded in Germany, Xing is LinkedIn’s closest direct competitor. Xing expanded its reach through organic growth and the aggressive acquisition of other business-oriented social networks around the world. Reporting a user base of 6 million, Xing offers a limited search free of charge. A premium subscription allows access to a more powerful search capability with far greater functionality.

Xing introduced specialized interfaces for organizations, which allows the employees of certain

organizations to enter and interface with Xing through their own portal. Another feature allows users to:

- join groups based on common interest or expertise
- discuss issues and news
- pose and answer questions

These groups can help you find answers to specific questions from qualified experts in specific industries. Although Xing and LinkedIn offer largely the same or similar features, Xing has a smaller but more international presence.

JIGSAW

While not a direct competitor to LinkedIn and Xing, Jigsaw functions more like an enormous Rolodex. With a searchable directory of over 10 million contacts from 1.5 million companies, the site provides free access to information about even the top leadership of many leading Fortune 1000 companies. This free access puts Jigsaw in competition with paid information companies. The ability to search and find contact information for millions of people in so many companies opens the door wide for you to find people for free. However, Jigsaw does not provide more than simple business card type information.

Although the quality of answers to questions posed to the LinkedIn and Xing networks is not entirely predictable, both of these sites provide valuable information about people and their positions, including, in many cases, contact information. Their greatest value lies in their main purpose: making connections for their users with the right people and information.

FUTURE

Social networking sites continue to develop and evolve. New ideas and sites are always surfacing on the internet. You need to maintain near constant monitoring to stay abreast of

new sites with the potential to become successful, as well as to identify sites on the decline. As new ideas materialize, new functions become available and current sites mature, the uses and value of social networking sites will develop more clearly. Due to the dynamic nature of social networking sites, you need to pay very close attention to new developments and changes. For a helpful list of active social networking sites, see http://en.wikipedia.org/wiki/List_of_social_networking_websites, which lists over 125 of the most well known sites.

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