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EDITORIAL

Social Media is Shifting Power from Advertisers to Consumers

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IN A RECENT FORBES.COM COLUMN,[1] Shel Israel opined, "Social media is not yet a vast wasteland…. But in the world, where changes come at the speed of the Internet, I see danger here."

When television was in its infancy, some of its pioneers sought to share fine arts with viewers, but advertisers quickly drove the decision makers to offer low comedy and variety shows. When social media was in its infancy, companies at first talked about listening to their products' consumers, but now they are talking "about making social media more transactional rather than conversational."

Still, consumers push back, driving advertising budgets and media buys through their social media behavior. By the 2013 Super Bowl, some predict that advertisers will change less liked versions of their TV commercials to different versions later in the game—for the first time making real time changes in the commercial lineup. This is based on the estimated 5 million viewers who tweeted or otherwise commented on the commercials during the 2012 Super Bowl, for which ads cost an average of $3.5 million.[2] With $72 billion in U.S. television ad spending at stake,[3] the once fanciful notion of "interactive TV" is becoming reality.

TV is still the primary communications channel for marketers, representing a 41% share of major media advertising spending globally in 2011, up from 38% in 2001, when Internet advertising was new.[4] Advertisers are learning to put their TV commercials online, and it is paying off. Online audiences watched ads a record breaking 1.3 billion times in the first quarter of 2012, an increase of more than 40% compared to the same period in 2011 and more than 225% compared to the same period in 2010.[5]

Paying attention to the convergence of TV and social media is critically important to advertisers, as Americans spend 20% of their day watching TV—and many are simultaneously playing with their iPad or iPhone.[3] Research shows that 71% of tablet owners go online while watching TV; the extra device will soon not be needed, as all TVs are expected to be connected to the Internet, with more than three fourths of global TV shipments in 2015 having this capability.[6]

Research is beginning to appear to help advertisers understand these interactions. Hanna et al. describe the social media "ecosystem" of digital and traditional media in their 2011 article.[7] Hess et al. explore the interplay of TV, PC, and mobile technologies in the German home.[8] And research by Onishi and Manchanda concludes that new and traditional media in Japan act synergistically in terms of market outcomes, with this relationship stronger during the prelaunch versus the postlaunch period for a new product.[9]

Certainly, more research is needed. Companies such as Bluefin Labs are using analytics to find out how context affects ad "buzz," while recognizing that some processes are still a mystery. One ad appeared on two shows with similar demographics and ratings, yet one show created eight more times the social-media buzz than the other. Moreover, not everything is controllable, as social media users are not representative of the general population, and 90% of people's conversations about brands happen offline.[3]

Experts in this emerging field believe that the relationship between advertisers and consumers is undergoing a fundamental change. As Bluefin CEO Deb Roy put it, "Audience members speaking through social media is effectively a shift in power."[3] Advertisers seeking to put that relationship back on a one way footing through "shouting" in social media ignore this power shift at their peril.

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