Media Diva: Star architect Zaha Mohammad Hadid

Dueling Elections role of

Social Media
Is Facebook just a waste of company money?

Looking back Anniversary celebrations at L’Hebdo and L’illustré

Multimedia
Sixty seconds on the web

Rhetoric
Language pundit Wolf Schneider

The Imhof survey
The struggle for journalistic quality

US candidates and the media

Ringier
The in-house journal
December 2011
Abraham Seidmann

Facebook for companies:
A waste of money

In a recent study economics professor Abraham Seidmann analyzed what users worldwide really do on Facebook and other social media. What's more, he explains why companies are mostly just throwing good money down the drain with their social-media profiles.

Mr. Seidmann, more and more firms are using social media, especially Facebook. What does a profile on Facebook do for a company?

Abraham Seidmann: It depends. Many firms just think that it is the 'vogue' thing to do. They've been running their website and a blog, and now they've added a company profile on Facebook alongside, but they're investing very little time in fully understanding how these platforms work or in analyzing their mechanics. That's why I think most companies Facebook profiles are just a waste of money.

Could you elaborate? Why is this a waste of money? Because all they use Facebook to do is blare out their news. They do not make a return on the biggest part of their investment. Most companies simply don't understand why people are on Facebook, what they love to do there and what they don't. That's exactly what we're studying. We've analyzed the behavior of 600,000 users worldwide, so our figures are relevant.

What was the result of this survey? Facebook users spend about 40 percent of their time looking at photos and profiles of their friends. Another 40 percent is spent looking at profiles of people they don't even know, friends of friends or friends of friends of friends. Or even total strangers. This surprised us. They spend the remaining time updating their profiles and sending private messages. It is fair to conclude that 80 percent of the time spent on Facebook can basically be qualified as stalking. The rest is spent 'greening', i.e., users trying to make themselves look good.

So would you dissuade companies from participating in social networks?

«Digital strategies are not consistent with how people use social media»

Not at all, but they need to develop a solid social-media strategy. One good reason for companies to be present in social networks is the dialog with their customers. However, you have to interact with your customers, and that requires a lot of effort. The most important reason is to bring your customers together, to run some kind of moderated fan club and to take good care of those people who will recommend you to their friends, since this is the main reason users are on Facebook in the first place: to get in touch with other people - not to hear company news.

Could they companies do all of this without Facebook?

No, because only Facebook knows how people are interconnected. No company can build that kind of network on its own.

Is it harder for media companies to be on Facebook than for other firms?

The digital strategies of media companies are not consistent with the behavior of users on social platforms. That's a fact. On Facebook people primarily want to get to know new people or deepen relationships with their friends. The challenge for companies is to package the information about their products appropriately, i.e., in a way that is targeted and compelling enough to excite fans. This is how advertising works, too.

What makes Facebook such a success?

Facebook simply got there first. Why would you want to change to a different network when you've already invested so much time in your friends list? What’s more, Facebook works without technical hitches for the most part and has never been hacked. Finally, they keep a close eye on what Google offers and integrate these features into Facebook so no one feels the need to leave.

Plus it's simple and free. So this business model of a free service in exchange for glimpses into our private

Professor Abraham Seidmann is convinced that in the future multimedia content will predominantly play on cell phone screens.
Lives is here to stay. Except that it isn’t free. We pay for it with our privacy. That’s right. What is interesting to note is that more and more users have given up on privacy protection for their personal information. The same is true for Google: Google’s e-mail offers the most reliable free e-mail service there is. In exchange they read all your e-mails in order to send you specific advertising. That’s creepy, and yet, these kinds of misgivings have never caused Facebook or Google any problems.

Which is the greatest challenge that Facebook faces, in your opinion: the danger that people will grow tired of it, or the new competition?

Neither. The greatest challenge will be to go mobile, to be present on smartphones and tablets. Google controls Android and Apple isn’t all that fond of Facebook, either. Nevertheless, mobile platforms are becoming increasingly important. Many film producers are thinking about how their movies will look on an iPhone. The only screens that will matter in future are the big 3-D TV and the cellphone screen.

Everything in-between, even PCs and laptops, will become insignificant by comparison.

Will there be several social networks side by side in five years’ time? No, there will be one big social network - Facebook, in fact with a few smaller ones alongside.

Mr. Seidmann, which social networks do you use?

Privately, I use Facebook, Google+ and Myspace; professionally, only LinkedIn. I’m not on Twitter. I love Facebook. It is a great way for our international family to stay in touch.

Interview: Andi Kämmerling
Photo: Abraham Seidmann

When Professor Seidmann lectures on computer sciences and social media at the University of Rochester, New York, or at the University of Berne (Switzerland), the auditoriums tend to be packed.

Seidmann, the Facebook expert

Professor Abraham Seidmann has been teaching at the University of Rochester, New York, since 1986, with a focus on computer sciences and business strategy. In addition, he frequently lectures as a member of the faculty of the Rochester-Bern Executive MBA.

In his teachings Abraham Seidmann informs students on the latest research results for online social network and smartphone business applications as well as the efficiency of social-network promotions.

His lectures and studies have repeatedly garnered Seidmann the Superior MBA Teaching Award. In the Facebook usage study mentioned in the interview Seidmann cooperated closely with Professor Mikołaj Jan Piskorski of the Harvard Business School as well as various faculty members at Tel Aviv University.

http://www.simon.rochester.edu/fac/Seidmann