Of one thing I’m certain: When it comes to business online, Facebook is no Amazon. When Amazon first went live in 1995, it sold books. Today, the site has branched out into being a purveyor for countless other mass-market products that have nothing to do with literature. For one, Facebook has not effectively aggregated retailers. Yes, it has more members that any other site and therefore legions of potential consumers. But the site has proven to have far greater potential as a marketing tool and as a potential ally in analyzing buyer habits than fostering sales. When it comes to e-commerce, so far, Facebook is simply an enabler and not an effective retail platform.
A social network can indeed be useful in building brand image in a number of ways. Several businesses use Facebook as a means to promote their names in subtle ways, including cause-related marketing. Chase Community Giving had more than 2.2 million likes on Facebook, for example, and American Express uses the site to trumpet its Partners in Preservation program. State Farm insurance asks Facebook users to vote for their top charities. The top 40 will each receive $25,000. But how effective will social networks be when it comes to actually spurring sales?

Businesses are beginning to see the potential in data gathering. Diageo the giant liquor firm, has been using Facebook to collect information about customers, which they will undoubtedly put to good use in targeting their products in the right space. The firm discovered that Guinness beer drinkers are also interested in using the beverage in recipes, such as a marinade for flank steak. They also gleaned interesting nuggets like - a group of their customers that liked flavored vodkas and malt beverages were mostly males. Social networks already play a vital role in viral marketing because friends of friends are always sharing shopping ideas and reviews of products and services. Consumers are not shy about expressing their likes and dislikes in cyberspace. It’s not uncommon for bestselling books on Amazon to receive over 4,000 reader reviews. I’m not sure if the world needs that many reviews but it’s clear people like to express their opinion.

In our work, I have come across enough examples that show that social media, when used effectively, does result in a 3x multiple on the marketing spend. Effective use here translates to reducing the entry barrier for customers - by allowing their social ID to be used in your ecosystem and also leveraging social connections to provide a more personalized experience.

All of this points to what we can be termed the Consumer Genome. Using information available about a brand, through various interactions with its consumers brands can identify the “consumer” DNA, her interests, buying behavior, her current needs, her influence; and then market to her elegantly; in a way that doesn’t seem intrusive. Go too far (meaning, get too nosy), and you’ll risk losing business by annoying them. If you don’t use the data effectively, you’ll lose out to competitors who do. I’m wondering what the threshold will be when it comes to data mining of personal information that can be used for consumer sales and marketing. The drop off rate can be dramatic when a company asks potential customers to fill in too many “required” fields. They become frustrated at their keyboards and simply click away to be done with it. Google, at one point, offered $25 to consumers to fill out forms to garner personal information about respondents. The deal was simple: they paid for privileged data and in turn were allowed to use it in any way - reselling to other vendors, and so on. Really, at what price would you sell your age, zip code, hobbies, preferences, likes, dislikes, and income?

This leads directly to the other issue that is emerging as data analysis and predictive analytics gets more sophisticated. In my view, in the future, brands will need to find the happy medium where they can induce consumers to opt in rather than opt out.

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