Time is ripe for large companies to tap into social networking: Info Tech

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Your next **Facebook** friend request may be from a company, and that's good news for business. While small- and medium-sized businesses (SMBs), artists and self-employed individuals have learned to harness the networking and promotional benefits of social networking sites like Facebook and **MySpace**, the opportunities are now ripe for larger companies to jump aboard, says the **Info Tech Research Group**.

Social networking now rivals broadcast television and other traditional media as a means of reaching consumers. As of May, Facebook boasted about 13 million and MySpace had 4 million unique users in Canada alone. South of the border the numbers are even more impressive: as of June MySpace had 72.8 million U.S. users while Facebook is estimated to have 37.4 million Americans onboard.

"(Social networking sites are) where consumers spend a lot of time and it's where they actually start to look for other goods and services," Info Tech's Tim Hickernell, associate lead research analyst, told *Canadian New Media* in an interview from his Chicago office.

"Because of the growth of the sites, we're recommending that companies consider it like a domain name right now," he adds. "Companies should go ahead and put their shingle out there, not to replace their website but (social networking sites) are the entry point where more and more people are finding services and resources. I think that trend will continue to grow drastically over the next few years."

Some companies have already begun to embrace public social networking sites. An exclusive **Citigroup** Facebook network has over 2,000 members, there are 183 groups devoted to **Ernst and Young** employees, and countless companies have alumni groups. Others however, such as **Bell Canada** and **Rogers Wireless**, have more groups devoted to corporate bashing than corporate communications.

"Those types of groups are bound to exist," says Hickernell. "But that's why it's important for enterprise to create and sponsor their own groups and pages. There is a real value in these types of sites."

Hickernell points to **Best Buy** as a company that has quickly embraced the technology. A quick scan reveals hundreds of employee groups - one with over 4,000 members - and seven Facebook

pages devoted to the electronics giant. But the company has gone further, initiating a private internal social networking site: www.blueshirtnation.com [1].

The site is more than a forum, incorporating social networking aspects along with corporate information. "Best Buy has found a tremendous increase in communication effectiveness through the network," says Hickernell. "They get higher enrollment rates for HR and benefit materials that they roll out through the site. They've also used it to cut through the layers of bureaucracy. Field employees have been able to generate new ideas and make recommendations, without going through their manager, and talk straight to the heads."

Sales Spider boats 340,000 users

Other public sites, such as Toronto-based **SaleSpider.com** [2] aim to connect businesses with opportunities for trade and sales, without the "teen talk about plans for the weekend," says founder Russell Rothstein.

Launched two years ago, the site has approximately 340,000 registered users and even more visitors. "We're the largest social networking site in North America focused on SMBs. Although we're Toronto based, 92% of our users are in the States," he adds.

The free site provides users with qualified sales leads - in the form of governmental tenders - while offering free web conferencing and the opportunity to earn money. "We're the only social networking site, that I'm aware of, where users can make money through **Google**. We have a deal with Google where they put ads on our users' profiles and every time a visitor clicks on it, our users make money."

Grand and Toy is expected to launch a private label version of the site for their customers towards the end of the summer; where customers can take advantage of Sales Spider's strengths while gathering product information and purchasing Grand and Toy goods.

While Hickernell believes public sites such as SaleSpider.com and MySpace can offer tangible business benefits, he cautions employers to tread carefully.

"We don't recommend allowing (access to social networking sites) for personal use at work. It's the same thing as personal IMs; these can be conduits to install applications and potentially viruses, on the machine."

"We encourage companies to (tell their employees) to set up separate user IDs, for legitimate business-related purposes. We suggest they use their work email address and employers train their employees to never use their personal ID at work or add customers to that network, or add friends to their business network," Hickernell advises.

"What we want companies to understand is that now that these social networking sites have achieved some critical mass, there are really valid uses here for business."

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