Max Brand Equity

How will we use Online Social Networking in 2015?
By: Richard Guha

We have only scratched the surface of Online Social Networking. It will change the way we interact, socialize, learn, and do our jobs over the next few years. If you think any of this is nuts, remember that most of today's world was thought to be crazy when it was first postulated.

Online Social networking is defined as any online activity which allows users to connect with others, via networks, diaries, or sharing of preferences.

Online networking has been with us for 22 years, although it has changed beyond all recognition. While the past is a poor predictor of the future, it does often give us perspective. Who now remembers The Well? Yet, when Stewart Brand invented it as the first online bulletin board in 1985, he meant it as a virtual commune, a way for people to interact online. Now we think of MySpace as the quintessential online social network. However, it is the tip of the iceberg, and there is every reason to believe that it will change or be replaced in the next few years. Change takes place so rapidly that our minds cannot hold it in perspective. Yet, looking back a few years the seeds of today's version of social networking were being planted. This article takes a look at some of today's seeds to predict some of the impact on tomorrow. For simplicity, it does not cover wikis or blogs.

Socializing has been around for centuries. Whether rich or poor, people sat around and talked. Even soldiers and merchants spent time in socializing. While it may be fun, it also serves a valuable function to us in that it allows us to discover whom we can trust, and to deepen those bonds over time. We learn that we cannot always trust those whom we like. It also allows us to learn about the world around us. We may learn from textbooks and classes, but people of all ages who can just sit and talk learn much more than those who do not. In the past few centuries, our reach has extended beyond that which could be achieved by carriage or letter. The Royal Society was founded in London in 1660 to allow those
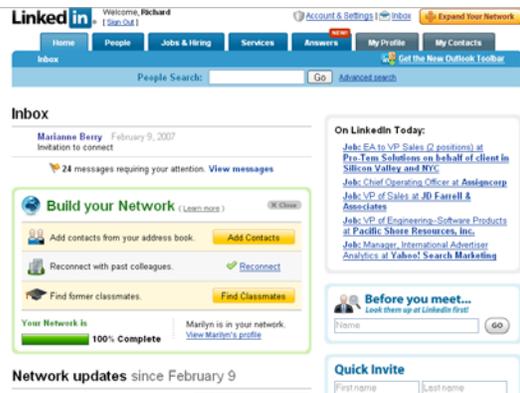
interested in science to meet and to share information. Today, there are many more people in the world, and much more knowledge. We also have greater ability to transmit and store data. The early bulletin boards morphed into the Forums of Compu-Serve, and then Yahoo Groups (1998). However, as these entities grew, they became less and less targeted and more mass. The result of this is information overload and the inability to identify and reach the specific individuals you need other than passively, i.e. you have to rely on them responding to a mass communication.

The "Modern" process - targeting

The next step arose out of the ability to let people post individual profiles on a website to that others could search by specific characteristics to reach people with specific knowledge or connections. These formed as networks which were primarily social, such as MySpace, The Face Book, Bebo, and Friendster, or primarily professional, such as

LinkedIn, Ryze, and eCademy.   There remains the issue of effectively reaching the right person as well as the ability to build trust online.   The anthropologist Robin Dunbar has calculated, based on the capacity of the human brain, that we can only effectively manage about 150 people in one of our networks. If we try to go above this, we have poor or even meaningless relationships with people we do not really know, never mind trust. Yet, there are people who try to link to strangers to grow their numbers. There are several other categories of online social networking software. Among these are wikis, blogs, RSS, and social bookmarking. Most directly relevant to this article are media sharing and virtual reality software.

The two other categories of software which we need to address are media sharing and virtual worlds. YouTube has made an enormous impact. While much of it has been because of its ability to democratize news and entertainment, it is also a network. Posters of videos can be linked to, and members own preferences can be shared, much like an Amazon reading list. In fact, Amazon.com is also a form of social network, albeit very specialized.   This is going to continue to expand, but also these sites will be incorporated into other sites and forms of software.
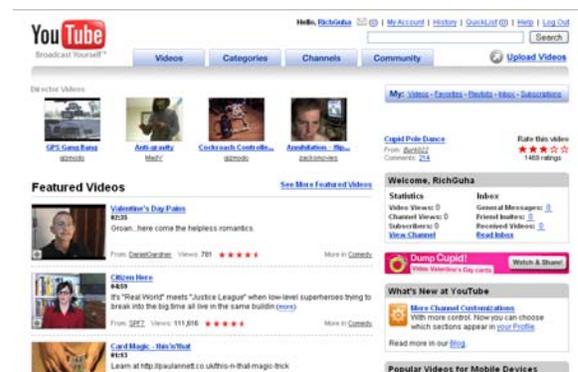
Perhaps the most ambitious form of online networking, and the one which when perfected, will change the world the most, is virtual reality. As virtual reality keeps on getting more and more capable, it has the potential for people to lose themselves in a world of their own making.   As knowledge management and database capability improves, we will be able to use VR goggles, gloves, and sensors to move into a world where we design at least ourselves. Eventually, it will allow us to be in a completely different world, where knowledge and experiences can be discovered through the power

of the computer. It may take a while longer to be able to physically interact with others, but eventually a touch with a finger tip will be felt by the other person as well as seen. Certainly though, it will not be difficult to move from a one-on-one conversation to a meeting by requesting it. Anyone you invite, who wishes to attend, can do so by simply wanting to. While this may be difficult to integrate into people's lives, younger people will find it easier. Perhaps they will be able to even step into their favorite TV program (whatever form TV takes by then), and interact with the characters and each other!

A New World – Virtual Reality

The first virtual reality network in the US was started when CompuServe launched Worlds Away, a 2D virtual reality based on Fujitsu's Japanese Habitat II, in 1995. Active Worlds, launched at about the same time, was the first 3D virtual reality world, which was intended to replace a browser by allowing users to create a virtual office. Today, the

best known example of a 3D world is Second Life. In Second Life, members create and design avatars. As yet, no-one can feel that they are in the world, but it does not take a great stretch of the imagination to believe that we will be able to do so. So we will be able to sit on a couch and talk to friend, then within moments, be jumping from a plane. Access to experts and people with personalities we like will be just a wish away.
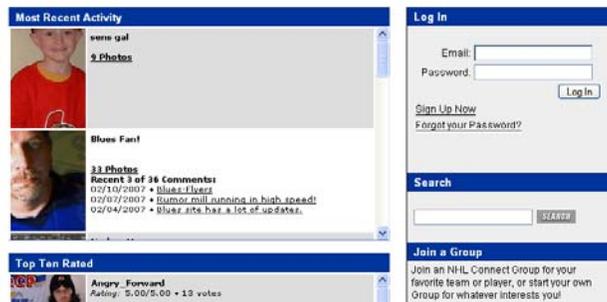
"Out of the Box" social networking

The field of social networking software is getting increasingly crowded. This will not attempt to review the contenders, as they change by the minute. Recently, IBM announced that it is entering the market with Lotus Connections, and Cisco has just announced that it is buying Five Across, which has built a social networking site for the National Hockey League. There is an increasing trend towards the creation of specialized and restricted entry sites for special interest groups, customer and user groups, and trade associations. You can buy software "out of the box" which allows you to do this, as well as such specialized applications as online dating sites. Frankly, I suspect that as so many

jump on the bandwagon, they will overload many people. After all, some people had not figured out how to program their VCRs by the time they were obsolete! Let's simply recognize that there will be many transitions – in software, computing power, and the way in which people use them. The technology providers will change, and anyone who is an expert one year, will be pushed to re-invent him or herself the next.

The punch-line, as it were is that all of this will have an impact on how we interact in all ways. Entertainment and recreation will change, as will work. I am going to address only three of the key areas where I see some of the most change. Others will be addressed in later articles. I am going to start by addressing one old shibboleth. Many people believe that scale provides absolute protection. In reality, while it does set up a barrier to entry, it can also, in rapidly changing technological times, be an exit barrier. It can prevent the company from changing to match newer, nimbler competitors. In 1995, CompuServe was the 1,000 pound gorilla, with 3 million subscribers, many support forums and seemed impregnable. Yet AOL defeated it in a few years. Such was the inertia at CompuServe, that even when they recognized that AOL had better technology and business model, it could not change its existing product. Therefore, it tried and failed to launch W.O.W. (Worlds of Wonder) to match AOL, giving up its scale advantage. The original AT&T was held back by its huge investment in copper wire based infrastructure. Even more recently in the high-tech field, we have seen the IBM Personal Computer business be relegated to an unprofitable also-ran.

The Job Market

The areas which I will address as examples of how online social networking will change are: executive recruitment; User groups, alumni networks, networking groups and social bookmarking. There are many others and more each day. Social bookmarking, such as Digg and Reddit, are recent, and new ones will appear as well as various new kinds of combinations. The application of online capabilities

to executive recruitment is still very crude. In almost all cases, potential candidates post resumes to a database which is searched by employers or recruiters, or apply to specific posted positions. The search tools are crude and imprecise, and applications tend to overwhelm whoever has to review them. So since the major search firms have up to 3 million resumes on file and poor capacity

to identify the right person, probably not much more than 5,000 are identified this way in any major search firm. Few of these are interviewed and even fewer fill vacancies. So the search firms mainly function by making phone calls and happenstance. Other options such as Execunet, Netshare, or The Ladders allow recruiters or employers to post positions. Job applicants send in their information. Because of the low cost and ease of application, many of the applicants are completely unqualified, but clog the system. So within an hour or two of the position being posted, there may be more applicants than anyone can reasonably evaluate in depth. From the applicant's point of view it is like dropping a resume down a bottomless well. In a society and culture where
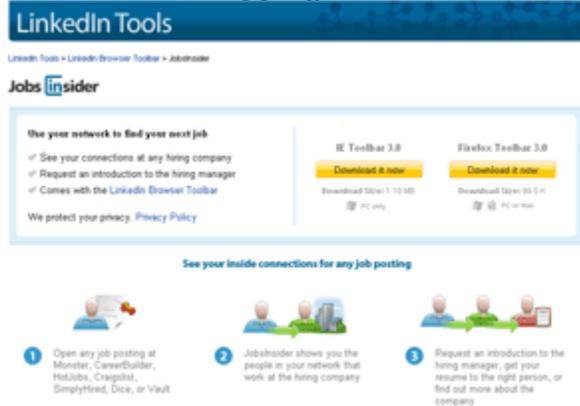
we expect effectiveness and efficiency, the system is clearly broken. While LinkedIn has entered the industry, allowing job-seekers and hiring managers to make direct contact, it is simply the old system on steroids. Yes, candidates can reach out to employers, but neither employer nor manager has any way to reach an optimum match. Perhaps there are many candidates who have not applied and the company will never know about them. The quantity of data which is out there is no guarantee that it is accurate, relevant, and capable of analysis. So there is a crying need for a system which allows a more active connection rather than this passive one. In times to come, we would expect to see the ability to codify the skills, experiences, and characteristics of individuals. A set of standardized scores and experiences, which go far beyond the

current capability, would allow prospective employers to identify and prescreen potential candidates. While individuals who are self-identified as job-seekers may occupy a special place, the hiring manager would have the ability to go beyond this. Companies such as Monster or CareerBuilder will be relegated to low level positions unless they change, but we would expect that the more niche companies could change first, perhaps by using some of the resources now on Zoom Info. Essentially new software, data collection, and databases will allow recruiters to identify candidates with the right mix, and reach out to them. Simultaneously, job-seekers will be able to identify openings which are best fits. This will eliminate huge inefficiencies in the current system, where the vast majority of hires are poor ones. This is one of the main reasons why very talented executives can take so long to find a position, and why so many companies push out recently hired executives. The implications of this are that the search industry will be forced to change very much

Much of the preliminary and random candidate identification will be eliminated. Services such as Execunet and Netshare will be forced to change

dramatically as they did when they moved from printed newsletters to the Web. Interestingly, the furthest along in this are online dating websites such as eHarmony and Match.com. Now this business is a classic example of "hope springs eternal in the human breast." In principle it has much in common with online recruiting. The satisfaction rate is abysmal, yet it is a huge business. Constant effort goes into improving it, but it fails again and again – perhaps a reason why growth has leveled off. I suspect that this industry may be the first to make improvements which can be applied to job search. In job search, no single large entity has a strong motivation to re-invent the system, but in online dating, the online companies have a very strong motivation. The lessons learned can then be applied to online search, so watch for Match.com or eHarmony to launch a separately branded job search site someday, perhaps collecting data from ZoomInfo to identify passive candidates.

User Groups

A few companies such as Intuit and Toyota are using online social networks to connect their own users already. However, while Intuit uses it to allow users to share tips, Toyota uses it to allow owners to boast – not a use which will encourage them to visit again and again. Over the coming years, there will be so many brand based networking sites that in order to stand out, the company will have to provide unique value to the visitor. Just as in the early days of the web, "brochure-ware" was enough, so is the mere existence of a connection now. But as more and more compete for people's time, the successful ones will have to stand out. For example a user group will have to move far beyond inviting participants to post requests and allow others to reply as they wish. If it is to allow members to reach out to others it will have to use systems which allow them to identify those who have relevant knowledge. For example, some companies are using knowledge management software internally to identify people with specific knowledge. Software such as that from AskMe is in use in a number of companies, and some elements of it may be usable in a wider context. This could then be used with social networking software to identify expertise, reach out, and get answers. Anything which can take place within a business can also occur in any other closed group. This is the purpose of IBM's new Lotus Connections software, which has moved beyond its long held expertise in collaborative working. I expect that in the next five years, we will see more of this in user and customer groups. However, as it becomes more and more cluttered, it will become more difficult for the consumer to organize it. There may well be a portal, much as CompuServe acted for many software and hardware user groups in the early 90s. This would allow an individual to log in and automatically have access to the most relevant user groups without having to manage

hundreds of such groups individually. If there is no solution like this, companies will be battling with non-competing businesses for a share of time and mind.

Alumni Groups Take off

Over 50% of online teenagers watch online video at least occasionally, and 22% watch it regularly. Entertainment is a major factor. Peer to peer networks, including TVU, which allows consumers to watch TV stations from around the world are in great demand. But for many people the key use of social networking is to stay and get in touch with old friends and colleagues.   In fact, Classmates.com, which started in 1995, may well be the oldest of the

social networking sites. It and its cousin, Friends Reunited, have many millions of members which allow them to connect with each other.   While these are general ones, many schools and companies have their own. The need to connect with others, particularly as people get older, may be enough to overcome the reluctance of some to participate in online networking.

As younger people become more familiar with this, the reach of online networking in groups who have something in common will grow. Most schools and colleges have alumni sites, and an increasing number of companies do as well. The success of online networks is difficult to predict. A few years ago Ryze seemed to be the online business network of the future, but now it only has about 250,000 members, while LinkedIn has 8.5 Million. MySpace has 154 Million members, while Tribe has only 600,000. Is it simply the network effect, where the value of the network is proportional to the number of potential interrelationships, so that it grows exponentially, or is it dependent on how it looks and works (which could explain why many are more successful in some cultures

than others? If it is simply the network effect, then while scale provides some advantages, it also restricts the ability to change and always leads to complacency eventually. However, it is also clear that whether by chance or design, some social networking sites are more "natural" to the target user. However, many of the tools are designed on the basis of the available "cool" technology and not customer-driven at all. As a result, the products are rarely refined until they have been on the market and may indeed already have failed. Many of the same issues will also apply to all of these social networking sites. Most fail or are very limited successes. Few successes last for long. The challenge is to predict which ones will succeed. It is probable that most out of the

box software will not, in an open environment, allow for market leadership or long life. They are designed to work in restricted groups, where the user has no choice. While this may seem acceptable, it can result in the group ultimately failing. Some alumni groups

achieve greater success because the website encourages more involvement. As Chairman of one of the largest senior executive groups in the world, I have learned how to make this work. For open social networking groups, the website is critical, as is the database behind it. So whether it is a network of senior executives or a special interest group, the website must allow people to do the following:

- Identify expertise.
- Connect with individuals without them feeling overloaded.
- Allow building trust.
- Encourage reciprocity.
- Build shared identity.
- Provide resources and knowledge.
- Provide leverage which individuals would not have.

The 12 year old Marketing Executives Networking Group uses a blend of online and in person networking tools. It is now on its fourth iteration of its website since the first in 1998. As it learns and grows, it is moving towards a system whereby members can communicate, build trust and identify members with specific expertise.
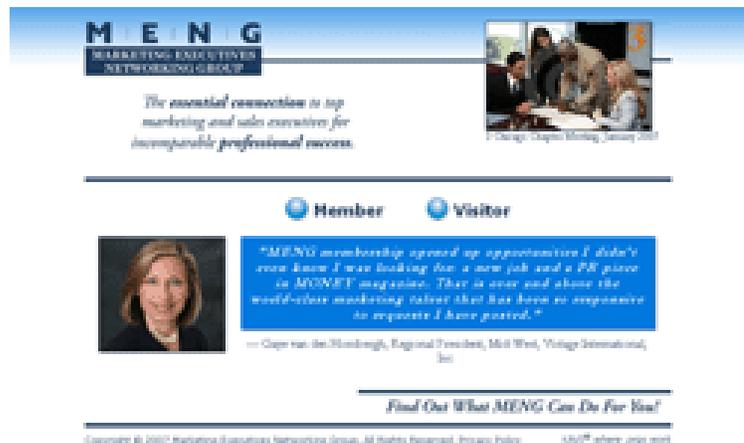
Social Bookmarking – exhibitionism or helpfulness?

Social bookmarking is both an attempt to share one's own preferences and also to

influence others. To some extent an Amazon "wish list" is one, but one which you only share with your friends. Even on YouTube, members can sign up for the output of specific people. Online newspapers usually list "most popular," or "most emailed." In some ways sites such as Digg and Reddit are extensions
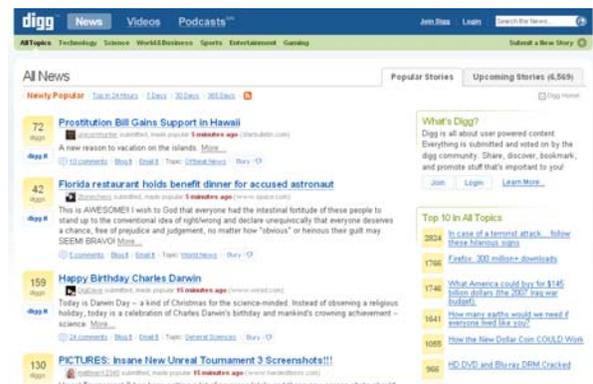
of this. However, there is no doubt that this is evolving even faster than earlier social networking websites. One of the impacts of the law of unintended consequences is that people are plugging stories, ideas, and products for money. Much like the disc jockey payola situations years ago, or authors writing glowing reviews of their own books on Amazon.com, people are pushing "professionally." While some may argue that this is simply an extension of "buzz" marketing, others, such as Digg itself consider it to be against the purpose of the site and are clamping down on it. Some of this is quite open. There is even a website which offers to pay for submissions, while soliciting pay for sites to submit. In time, this may well mean the death knell for social bookmarking sites as they now exist. Of course, few were predicting any of these before they arose.   They surprised everyone, yet looking back, they simply moved the kinds of activities which people engaged in face to face to the web. So it should be simple. We have to identify the activities which people do with other people and then figure out how we can move them to the web. In case we think that the attraction of this is simply one of efficiency, we need to recognize that an even bigger one for people is to gain some control over the activity. Research has shown that people feel far less stressed when they have more control even if the activity level is intense. People feel less pain with less medication if they control the quantity. Therefore, we will have to use technology to give more control to users, much as MySpace and YouTube have done. Also, over the next ten years we will see software which will use personality profiles to match people up.

Social Networking Software which will match us with real friends.

However, the ways in which we understand people has long been based on the methods of psychology and sociology, in which we administer questionnaires and believe the responses. Thus we rely on claimed behavior. More and more we recognise that this can be misleading. Sometimes people lie – perhaps to present a better face to the world, or even because they genuinely believe that they do that. If you relied on claimed behavior, the hand soap market would be many times its size, the Discovery channel would be the ratings leader, and few would visit pornography sites. We have started to learn that the methods of Anthropology may be more accurate even though the sample sizes are far smaller. Observing actual behavior is more accurate in identifying future behavior and personality. There are also other techniques to get very accurate responses from people. Some may be aware of the problem that you are in a room with only two exit doors. One leads to your death, the other to freedom. Each door has a "guide" in front of it, who can answer questions, but one lies, while the other only tells the truth – you do not know which is which. You are allowed to ask one question only of either one.   If you ask the liar which is the door to freedom, you will get directed to the door to death, the honest one will send you to freedom, but you do not know which one to trust. There is a way out, which I will refer back to later. Step one, the anthropological approach is to match people by behavior. For example, by understanding the books you

read, the movies you watch, the music you enjoy, the work you do, and the hobbies you have, the system will be able to understand who is best "introduced" to whom. This is the same way in which a good host introduces two people at a social function on the basis of knowing each of them – not their thoughts, but their behavior. As an interesting beginning, imagine how Amazon.com or Netflix could use their recommendation systems to not only use your reading or viewing history to make recommendations, but to identify people with similar characteristics and "introduce" them. By combining this with other hobbies and activities, it will become more precise. So for example, if the software knew your reading and viewing habits, your education, your political views, your food tastes, your hobbies and sports, it could match up people who are genuinely "like-minded." This kind of capability can be used for professional or entertainment purposes. So whether it is for alumni groups, romance, job search or activity groups, we will be able to connect far better than at any time in history. In networking groups, perhaps we can track the kinds of requests people make, the refererence documents they use, and the other people they know, and use that to "introduce" people. Given the Billions of people in the world, this synthesis of all the options available would enable people to connect really well, wherever in the world they are. Of course, these recommendation systems are still far from perfect. This is why Netflix has offered a $1 Million prize to anyone who can improve their recommendation algorithm.

Reverting also to the problem of being in a room with two exits, the only way out is to ask any of the guides, "if I were to ask the other one which is the door to freedom, what would he or she tell me?" The answer will always be to point out the door to death. The equivalent in research is to ask people not to talk about themselves, but about others. If you ask someone what they will buy, the result will not be as accurate as if you ask them to predict what others whom they know will. There is now a trading market, Intrade.com, which allows participants to bet on political events. It consistently predicts the outcomes better than any other method, including opinion polls.

Research by Professor Ely Dahan, of UCLA, has also shown that asking a relatively small group of people to predict how others will behave is more accurate than asking a large group of people how they themselves will behave. This is particularly valuable when there is a genuinely new product which requires new habits, much as the microwave oven, cell phone, or GPS systems have. As we become more skilled at identifying how people act and respond, we will move beyond social networking software which is written around the perceptions of software

engineers to sites which really work with and in the same way as the human mind. The way in which it works will not only be so close to the human mind that it is predictive, but it will be adaptive, changing layout and the way it works to optimize ease of use for its individual user. It will seem to be reading the mind of the user. Perhaps it will not be able to pass the Turing test (where a human conversing with a machine over a link, cannot tell it is a machine), but it will be able to shift much as computer controlled suspension systems in cars can now adjust to the road surface. While the current versions of prediction market software are not able to do this dynamically, this will change, and in the next five years, it will be able to learn from information on the network dynamically and will modify the social network "on the fly." Currently, such software and predictive markets are being used by Best Buy to predict how new video games will sell, and some early work on new products has been carried out. A few companies have started using it to predict success or failure of new products using internal management to carry out the rating. Combining this with flexible interfaces and processes in social networking software will allow people who join one to feel that they are being looked after by a very knowledgeable, insightful, and caring host. So perhaps in 2015 we will put on our virtual reality suit, goggles, hook up and step into a world where a host takes us and introduces us to all the people whom we would enjoy meeting, or from whom we would get mutual benefit. Just as in real life, we would want to meet different kinds of people in different circumstances and moods, but unlike real life, we could move from person to person instantaneously, and would never be short of people with whom to mix. To end this, I am showing a diagram of an online social network as set up in 2001 at Stanford University. In the future, there will be no distance and infinite dimensions. Wait just a moment, which would come to seem like real life?

Richard Guha has worked with online and in person social networking groups for over 20 years. With an engineering degree from Cambridge University, and a career starting at in Marketing at Procter & Gamble, Richard went on to become a CMO and CEO in telecommunications, cable, and high-tech companies, as well as an advisor and Board member to a number of Fortune 500 Corporations. Max Brand Equity works with corporations, turnaround managers, and private equity firms to understand and maximize the value of their brands - often the most valuable part of a business.

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