WIKIS, TWITTER, AND PREDICTION MARKETS...OH MY!
SOCIAL MEDIA IN THE MODERN ORGANIZATION
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WHAT'S ALL THE HYPE?
- 96% of Gen Y has joined a social network.
- In 2009, Social Media overtook pornography as the #1 activity on the Internet.
- 1 out of 8 couples married in the past year met via social media.
- Facebook would be the 4th largest country in the world.
- 1 in 6 higher education students are enrolled in online programs.
- Ashton Kutcher and Ellen DeGeneres have more followers on Twitter than the populations of Ireland, Norway, and Panama.

WHAT IS SOCIAL MEDIA?
- Blogs and Microblogs (Twitter)
- Wikis
- Forums
- Reviews and Opinions
- Social Tagging (or social bookmarking)
- User-generated Content Sites
- Social Networks
- Social News
- Prediction Markets
- Virtual Worlds
- Aggregators

FUNCTIONAL BUSINESS AREAS FOR USING SOCIAL MEDIA
- Sales and Marketing
- Customer Support
- Human Resources
- Research and Development
- Knowledge Management
- Collaboration
- Decision Making
SOCIAL MEDIA FOR CUSTOMER SUPPORT
- Faster connections with customers
- Wider reach
- Give customers a way to answer their own questions.
- Facilitate customers answering each other’s questions.
- Social Media applied correctly can
  - Reduce customer support costs
  - Improving customer support relationships

SOCIAL MEDIA FOR HUMAN RESOURCES
- According to a CareerBuilder Survey – In 2009, 45% of employers used social networking sites to research candidates, a 23% increase from the previous year.
- 35% of employers said that what they found caused them not to hire a candidate.

THE DELL COMMUNITY

Twitter got me fired!

ORACLE’S COMMUNITY

LinkedIn
- Professional Social Networks like LinkedIn allow employees to be looking for jobs, without looking like they’re on the job market.
HOW COMPANIES USE LINKEDIN IN RECRUITING

- Search for candidates based on qualifications and skills.
  - “Project Management”
  - “Java Programming”
- Review candidate’s network statistics.
  - Number of connections
  - Number of recommendations
  - Use of key words in profile
- Make first contact.
  - Discretely communicate with potential candidates through the network.

SOCIAL MEDIA FOR RESEARCH AND DEVELOPMENT

- Listen to customers and gain insights on potential opportunities for new products and services.
- Outsource product development and design to
  - Research communities
  - Customers
- Test drive new product ideas with customer communities.

THE NETFLIX PRIZE

LETS EXPERTS SOLVE YOUR PROBLEMS

LET YOUR CUSTOMERS DESIGN AND PICK YOUR PRODUCTS

LET YOUR CUSTOMERS DESIGN THEIR OWN PRODUCTS - FREITAG’S F-CUT
USE THE CROWD TO DO YOUR TEDIOUS TASKS – AMAZON’S MECHANICAL TURK

SOCIAL MEDIA FOR KNOWLEDGE MANAGEMENT AND COLLABORATION

- Provide employees with tools so they can
  - Find expertise they need
  - Find other employees with similar interests
  - Assist one another in problem solving
  - Communicate more effectively
  - Collaborate effectively across time and geographic constraints
  - Effectively use, manage, and update information assets

WHY WIKIS?

- They’re easy to use.
  - No programming required
  - Wikis use either simple markup or WYSIWYG
- Boost teamwork by promoting collaboration.
  - Editing requires employees to interact
  - But need incentives
- Wikis are cheap.
  - PBWiki will host a corporate Wiki for ~ $1000/year
  - How much does Lotus Notes cost?
- De-clutter email and communications.
  - Provides a centralized communication hub
  - That can be instantly updated

COMPANIES USING WIKIS

- Sony uses Wikis to keep executives informed of product developments.
- T-Mobile and Motorola use wikis as continuously evolving product user guides.
- IBM’s WikiCentral serves as an expert exchange with over 125,000 users
- Microsoft used a wiki to collaborate with partners that wanted to help in documentation for Visual Studio.
- Wookiepedia

SOCIAL BOOKMARKING AND TAGGING

- Share, organize, search, and manage web pages.
- In a corporate setting employees can tag and share relevant information with others.

WIKIS

- Wiki - A website that allows anyone to easily create and edit pages.
- Applications in a corporate setting
  - Knowledge management
  - Note taking and project documentation
  - Announcements and communications
  - Collaboration portals
Social Media in Marketing

- Communicating
  - Use conversations with customers in social media platforms to promote products and services.
- Listening
  - Achieve better market awareness.
  - Know the online buzz.
- Energizing
  - Identify enthusiastic customers and use them to promote products through word of mouth.
**User Generated Content**
- Let your customers be your best advocates and reward them.
- Word of mouth and friend recommendations are trusted more than advertisements in social media.
- What motivates customers to participate?
  - Money and prizes
  - Recognition and status
  - Truly caring about a product

**Google Blog Search**

**Chevy Tahoe Debacle**

**Heinz $57K Ketchup Commercial Contest**

**Affiliates and Word of Mouth**
- Make it easy for your customers to promote and recommend your products and services online.
  - Affiliate programs
  - Brand Ambassador Campaigns
  - Fan groups on social networks
  - Embeddable widgets and icons for blogs and social network profiles

**Brand Ambassadors**
- Windows Brand Ambassador Competition
**Social Networks**

- Know your customers in social networks:
  - Pictures are the killer application of social networks – there are more pictures on Facebook than on Flickr.
  - Women and men use social networks differently
    - “Women actually say things, guys give reference to other things.”
  - The biggest Facebook usage categories are
    1. Men looking at women they don’t know.
    2. Men looking at women they do know.
    - Overall, women receive 2/3 of all page views.
  - MySpace users largely populate smaller cities and communities in the south and central U.S.
  - People don’t click through advertising on social networks.
What can Businesses Get out of Twitter?

- Communicate with Customers
  - Real Time Customer Support
  - Promotions and Deals
  - Marketing relationships
- Share expertise and build reputations
  - [http://twitter.com/Padmasree](http://twitter.com/Padmasree)
- "Listen" to customers
  - [http://www.backtype.com](http://www.backtype.com)

Best Buy’s TwelpForce Answers Questions

Using Twitter to Post Deals

Whole Foods Asks Questions

Comcast’s Customer Service

Social Media for Decision Making and Prediction

- Gain new perspectives on problems.
- Get input for many different people.
- Leverage the “wisdom of crowds” to make predictions.
**SOCIAL MEDIA FOR DECISION MAKING**

**WHAT ARE PREDICTION MARKETS?**

[YouTube Video](http://www.youtube.com/watch?v=QW46V4XNswY)

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**WHY DO THEY WORK SO WELL?**

- **Wisdom of Crowds (Surowiecki 2004)**
  - Diverse, independent, and decentralized (local) opinions can be aggregated to make very accurate predictions.
  - How fat is that pig? - The average of all the weight predictions is typically very close to the actual weight.
- **Crowd Failures**
  - Homogeneous opinions or experiences
  - Participants have less than 50% chance of being right
  - Information cascades and imitation – “Group Think”
  - Emotionally invested participants

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**BEST BUY’S TAGTRADE**

[YouTube Video](http://www.youtube.com/watch?v=keVL0PkCpaQ)

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**PRICE MECHANISM**

- “The economic problem of society is...the utilization of knowledge which is not given to anyone in its totality, ... We must look at the price system as such a mechanism for communicating information...as a kind of machinery for registering change.” - Friedrich Hayek 1945
- Most common approach in prediction markets - contracts pay $1 and prices reflect the probability that an event will occur
  - “Obama will close Guantanamo Bay in 2009” for $0.67 - the market thinks there is a 67% chance of the event occurring.
- Other approaches – indexes (mean values) and spreads (median values).

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**PREDICTION MARKETS IN ORGANIZATIONS**

- **Applications**
  - Forecasting product launch dates
  - Forecasting usage statistics
  - Predicting sales figures
  - Project estimation
  - Individual project assessments
- **Potential Issues?**
INCENTIVES FOR MARKET PARTICIPATION

- **Hard Incentives**
  - Money provides real motivation
  - Encourages more attention to trades
  - Intrade users can “win” real money.

- **Soft Incentives**
  - Some early research indicates that status and “bragging rights” may provide equal motivation and nearly identical levels of accuracy.
  - “I haven’t one the big cash prizes yet but I’m often among the top 10 traders and I wear the t-shirt I won with pride.” Google PM participant


PREDICTION MARKET VENDORS AND USERS

- Inkling Markets
- NewsFutures
- Crowdcast
- Consensus Point

- See MidasOracle.org as a good reference
- Inking Demo

POTENTIAL ISSUES WITH SOCIAL MEDIA USE

- Disgruntled employee retaliation
- Intellectual property and security threats
- Copyright issues
- Image and marketing issues

- “You’re paying them to represent your company, and your reputation affects theirs. No company wants a newspaper headline with their name in it because of an embarrassing employee.”

SOCIAL MEDIA POLICY GUIDELINES

- Anchor social media policies to business conduct guidelines.
- Communicate benefits and encourage use of social media in the right context.
- Expect mistakes to happen and outline a process to deal with them.
- To deal with risks and liability, clearly communicate confidentiality, copyright and intellectual property guidelines.

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