

# How Effective Is Social Networking for Direct Marketers?

Megan Phillips, Dawn Thilmany McFadden, and Martha Sullins

Social networking services are becoming an increasingly popular medium for marketing and advertising. The growth in usage of these sites, together with an increasingly active local food system in Northern Colorado, motivated this study examines the effectiveness of social marketing for consumer-oriented agribusinesses. Initial research on social marketing suggests it is an innovation being informally used by consumers to quickly spread word of mouth on events and products. For consumer-oriented businesses, this suggests a potential opportunity to effectively grow markets or improve loyalty among customers. The case studies presented are particularly rich examples since direct marketing in agriculture benefits from authentic, word-of-mouth promotion, in contrast to traditional advertising. These case studies, which include analysis of websites and intercept surveys, show that social networking may be beneficial, but might be most effective in a multi-modal marketing strategy for small agribusiness producers and direct marketers.

Promotion is an essential element of any marketing strategy and plan, but it is arguably the most quickly evolving, given its relationship with how people receive, consider, and share information. Traditionally, businesses and firms launched marketing and advertising campaigns targeted at individuals through printed media and audio-visual outlets. This strategy can be costly and its effectiveness is difficult to measure. Moreover, it is not clear how broadcast promotions will fare in the new information economy, which allows for very interactive and targeted communications. In this lean and consumer-conscious economy, small businesses are looking for more cost effective ways to market their products and services, connect with current customers, and generate new ones. This study provides an overview of these market innovations and shows some case studies of how such marketing tools may be effectively integrated into customer-oriented agricultural enterprises.

## An Overview of Social Marketing

Word-of-mouth promotion and marketing strategies are increasingly being studied and employed as traditional forms and avenues of marketing lose their audience and effectiveness. Recent studies released by the American Marketing Association show that referrals and recommendations have a significant impact on new customer acquisition

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Phillips is Graduate Research Assistant and Thilmany McFadden is Professor, Department of Agricultural and Resource Economics, Colorado State University, and Sullins is Coordinator, County Information Service, Colorado State University Extension, Fort Collins.

and retention (Bucklin, Pauwels, and Trusov 2009). Other studies show that online consumer reviews led to an increase in relative sales of books (Chevalier and Mayzlin 2006) and movie tickets (Liu 2006). Recent studies conducted at Colorado State University have shown that word-of-mouth promotion and past experiences are the largest contributors to consumer choices in regards to agritourism, and consumer purchases (Ansteth, Sullins, and Thilmany 2007).

The Internet, with the help of instant messaging and social networking sites, has hyper-accelerated the rate at which people talk to each other and has greatly expanded the range of topics they discuss and how they discuss them. This has led marketers and small business owners to turn to the Internet as an avenue for cost-effective marketing, employing email campaigns, website advertisements and viral expansion loops (viral marketing). Viral marketing capitalizes on the nature of word-of-mouth promotion in order to convey a message through a potentially self-replicated, growing campaign where, ideally, one person tells two people who tell two more people each.

The nature of social networking sites such as Facebook, Twitter, MySpace, and YouTube lend themselves nicely to these marketing purposes and strategies. The rationale behind the development of these sites is that viral marketing can be driven by content integrated into consumer/user profiles, and such content is increased through new user acquisition and retention. It is therefore in the best interest of the users to invite friends and associates to sign up for these sites. In turn, the sites cater to this by offering a convenient avenue

for inviting friends to the site, sharing information, and otherwise interacting in a social, virtual world. From a marketer's perspective, the multifunctional media components of these sites gives potential customers the opportunity to virtually explore a business, encourages them to visit, and then easily facilitates the sharing of their experiences with their friends.

In the broader market, social networking and viral marketing campaigns have proved successful for numerous national and international brands and products where entire marketing departments and budgets are dedicated to creating the perfect seed for a viral expansion loop (Brymer 2009). But in the world of direct marketers of agriculture products and services, how effective is social networking and marketing?

These sites are typically free to join and only require a minimal investment of time. This makes them a cost- and time-effective avenue for relationship marketing and word-of-mouth promotion campaigns for small businesses that depend on maintaining a relationship with their customers. Unfortunately, small businesses tend to have small staffs that are already overly taxed with other obligations and job responsibilities and may not have the time and inclination to sit at a computer and engage a virtual social network. In addition, small businesses tend to have small niche markets that may be hard to find and target on international sites such as MySpace.

Given these specific characteristics of small agriculture based businesses, this study sought to determine if word-of-mouth promotion campaigns through social networking sites are an effective form of marketing and advertising. Over the course of this research, several case studies were conducted with a variety of small farms and local business alliances in Northern Colorado. Intercept surveys were performed at two agritourism events and one non-agriculture community event. In addition, web traffic analytic tools were employed to record website traffic for each participating firm. The general results of these studies indicate that an active presence on some social networking sites may be beneficial, but it should not be the only marketing tool that a small business employs. Full recommendations are discussed in the concluding section.

## Case Studies and Methods

### *Grant Family Farms*

Grant Family Farms is a large organic farm with over 3,000 acres in vegetable and animal production and a 2,100+ member CSA. During the 2009 growing season they dedicated a paid employee to a variety of marketing initiatives, including maintaining an active conversation on Facebook, MySpace, and Twitter. These sites were used on an almost daily basis with special emphasis put on advertising a market coupon and their annual season celebration, "Harvestival." Google Analytics was added to their website in order to track referring traffic. An intercept survey was conducted at Harvestival. Grant Family Farms is a member of their local business alliance, Be Local Northern Colorado.

### *Wolf Moon Farms*

Wolf Moon Farms has five acres in vegetable production and has a fifty-member CSA, two paid employees, and ten working members. For the purpose of this study, one working member was assigned to maintaining the website and social networking accounts. The MySpace and Twitter accounts were mostly neglected over the course of this study. Google Analytics was installed on their website, and they too are a member of Be Local Northern Colorado.

### *Villard Ranch*

Villard Ranch is one of the largest lamb operations in Colorado, covering approximately 22,000 acres. Villard Ranch hosts and promotes the annual Craig Sheep Wagon Days, a historical celebration of sheep ranching lifestyles and sheep drives. The owner maintains the website and Facebook profile for both Villard Ranch and Sheep Wagon Days. They do not have MySpace or Twitter accounts. Their website service, makemysite.net, records web traffic with an internal tool comparable to Google Analytics. An intercept survey was conducted at the Craig Sheep Wagon Days. Villard Ranch is a member of their local business alliance, Northwest Colorado Products.

### *Native Hill Farm*

Native Hill Farm is a two-person market farm operation with one acre in production. They have minimal information posted on their website, a small customer base, and they do not belong to any business alliances. For the purpose of this study, they allowed us to establish a Facebook Page that posts their logo and a link to their website, only. Google Analytics was installed on their website.

### *Be Local Northern Colorado*

Be Local Northern Colorado is a business alliance serving businesses mostly located in Northcentral Colorado. They host farmers markets and business networking events, print a local business coupon book, and conduct "Buy Local" campaigns. For a nominal fee, businesses can join this alliance and participate in their activities and benefit from their campaigns. They have recently joined the world of social networking by establishing Facebook and Twitter accounts, which are maintained by an intern. Their website is dynamic and features businesses on the homepage on a rotating basis.

### *Cruiser Bike Ride—Oktoberwest*

In September 2009 the Steamboat Chamber of Commerce hosted a Cruiser Bike Ride as part of their annual Oktoberwest festival. This community event was free and open to the public. It was not associated with Northwest Colorado Products (the local business alliance), the Community Agriculture Alliance (the local agriculture alliance), or any other forms of agritourism. It was not advertised using social networking sites, but data from the intercept surveys served as a control group. Website traffic for this event and its affiliates were not recorded.

## **Results**

### *Facebook, Other Social Networking Sites, and Web Traffic*

This study started with Grant Family Farms and Wolf Moon Farms establishing accounts on Facebook, Twitter, and MySpace, the top three (in order) social networking sites currently available (Kazeniak 2009). As the study progressed it became

clear that MySpace was not the proper avenue for agribusinesses to pursue social networking. At the close of this study, Grant Family Farms had 700 Facebook Fans, 391 followers on Twitter, and only 14 MySpace friends, which contributed to 19.1 percent, 2.7 percent, and 0 percent, respectively, of referring traffic to the business website. Wolf Moon Farms showed a similar trend across social networking services.

In general, Grant Family Farms dedicated the most time to social networking, had the most fans, generated the most online activity, and drove the most traffic from the social networking service to their website. As size of operation and time spent online decreased across firms, so did the number of fans, online activity, and website traffic. The only outright exception to this is Native Hill Farm, which spent no time on Facebook and somehow acquired 12 fans. Website visitors coming from Facebook to nativehillfarm.com made up 28.3 percent of the website referral traffic. These results are outlined more fully in Table 1.

Other dominant forms of referring website traffic were grouped into seven categories: Associated Business, Associated Organizations (like business alliances), Associated Events, Social Networking Sites, Directories (e.g., localharvest.org), Press/Media Sources, and Related Blogs. There was minimal variation in the rank of these categories for each site tracked. The pooled data ranked the seven categories by average percent of total referring traffic as follows: 1) Associated Businesses (30.4), 2) Associated Organizations (24.7), 3) Social Networking Sites (19.1), 4) Directories (17.3), 5) Related Blogs (4.2), 6) Press/Media Sources (2.6), and 7) Associated Events (1.7).

### *Survey Analysis*

As discussed in the methods section, intercept surveys were conducted at three tourism events, for a total of 186 surveys. Demographic information was collected, in addition to data on trip duration, trip expenditures, trip planning methods, participation in previous agritourism events, potential improvements for the event or local region, and logo recognition of business and agriculture alliances specific to the event location. Survey participants indicated that their primary means and reasons for planning their trip across all three events were the

**Table 1. Social Networking Activity and Website Traffic Among Studied Agribusinesses and Agritourism Events**

Facebook	# Fans	Posts per week	Fan interactions per post	Fan interactions per fan	% traffic to website from service*	% surveyed who used social networking sites
				1.2		
Grant Family Farm	700	10.4	1.2		19.1	
Be Local N. Colorado Harvestival	422	1.0	2.2	0.1	16.4	In process
Sheep Wagon Days	235					5
Wolf Moon Farms	70	8.2	0.2	0.2		2
Villard Ranch	53	2.3	0.6	0.5	14.8	
	38	8.5	0.3	0.5	1.6	
				0.0		
Native Hill Farm	12	0.0	0.0		28.3	
Twitter						
Grant Family Farm	391				2.7	
Be Local N. Colorado	87				2.9	
Wolf Moon Farms	3				0	
MySpace						
Grant Family Farm	14				0	
Wolf Moon Farms	2				0	

\*Percent of total referral traffic (not including search engines and direct links in emails) from social networking sites to website.

recommendations of friends/family, past experiences, and to visit friends/family. Nearly 35 percent of those surveyed relied on previous experiences for their trip planning, 30.3 percent relied on the recommendation of a friend, 6.5 percent used direct mailings, 4.3 percent performed personal web searches, 3.8 percent heard about the event on a social networking site, 3.2 percent collected a brochure or flier, 2.7 percent read about the event in a magazine or newspaper, and 2.1 percent saw a sign or billboard. The rest of participants noted using other sources such as travel agencies, "heard about it on the radio," or simply marked "other." Survey results were consistent with earlier CSU studies on agritourism in terms of resources used for trip planning, with past experiences and recommendations consistently mentioned the most frequently (Ansteth et al. 2007).

## Conclusions and Recommendations

People are increasingly using the Internet to communicate with others, elicit information, find recommendations, interact with associates and acquaintances, and play. Given the new belief that "tribal" marketing that leverages the satisfaction of customers into a marketing message to their "community," social marketing via the Internet may be a cost-effective new tool for any business owner seeking to build a loyal customer base. This can be as simple as building and maintaining a website or as complex as launching a multi-modal targeted marketing campaign employing direct emailing, social networking, and banner ads. This study demonstrates that although social networking sites are gaining rapidly in popularity and can serve as a way to reach and interact will people outside of

the marketplace, viral marketing is not a sufficient marketing strategy in its own right, although it may be an important tool for small businesses with limited marketing resources.

Based on this study and others, we recommend that business owners prioritize which Internet tools they use based on their time and ability to manage those tools. A well designed, informative website is key. If time and workforce allow, maintaining a dynamic blog or social networking account adds a nice touch to an Internet presence. An unexpected finding of the website traffic tracking indicates that belonging to a local business or agriculture alliance is more important than originally thought.

In future studies we hope to evaluate the true effectiveness of such affiliations, but our current data suggest that simply joining an active and successful business alliance provides a significant venue for effective marketing. This allows time-strapped business owners to essentially employ a marketer cooperatively with others in the alliance while also supporting local initiatives and drawing on the goodwill associated with other business owners. Interaction and collaboration with similar businesses can prove more effective than solo marketing efforts, especially if an employee dedicated to such purposes can be shared amongst firms.

### Discussion and Future Research

These case studies serve as a window with which to frame and view other studies. On their own, they are limited in size and scope. The intercept survey results, however, do agree with more intensive agritourism studies previously conducted at Colorado State University. Future research efforts

may include investigating the role local business and agriculture alliances play in guiding consumer choices and directly assessing how online activity translates to physical participation at events or in translating to direct sales. As Facebook and Twitter continue to add business-friendly applications, virtual marketplaces, and direct-purchase features, it will be interesting to see how this affects direct marketers of agricultural products.

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