Chapter I

Social Oracles as Advertising Tools in Programmable Businesses

Nick V. Flor
University of New Mexico, USA

Abstract

A social oracle is a particular kind of software agent that outputs social information. The information provided by a social oracle is typically for entertainment purposes and not necessarily genuine. But irrespective of the veracity of its information, a social oracle can also be a highly-effective, virtually no-cost advertising tool for businesses. This chapter analyzes the use of social oracles as advertising tools in one of the largest community forums on the Internet: yesnomaybe.com, which is also a special kind of business known as a programmable autonomous business. Using representational analysis techniques from the field of distributed cognition, the chapter argues that social oracles are effective advertising tools not because they provide entertaining social information, but rather because they are based on common social processes where individuals freely share information with one another. By mediating the communication of such processes with information technology, they can be adapted into low cost, direct-response advertising mechanisms. The chapter concludes by outlining how processes similar to those underlying social oracles can be adapted into product oracles for advertising the products of more conventional (non-programmable) businesses.
Introduction

A software agent is a computer program that assists people in information-related tasks, usually across a network like the Internet. Early software agents primarily filtered information and performed repetitive tasks (Maes, 1994). Current software agents not only assist people but can actually stand in for them in the performance of complex information-intensive tasks, such as those agents that buy and sell physical (Maes, 1999) and informational (Flor, Lerch, & Hong, 1999) goods in electronic marketplaces. However, software agents are not just for doing work; they can provide users with entertainment as well.

A social oracle is a particular kind of software agent that produces entertaining social information for a user. The information is typically for amusement purposes only, and not necessarily genuine. Perhaps the earliest example of a social oracle was Eliza (Weizenbaum, 1966) — an agent that simulated a psychoanalyst. Users could ask Eliza questions and it would respond with psychoanalyst-style answers. The enormous growth in online users has driven a concomitant growth in the number of online social oracles. Some of these social oracles, like online horoscopes, are based on popular offline content, e.g., newspaper horoscopes. While other social oracles like Web personality tests, exist offline but are only popular online. Common to social oracles is the ability to take information about a user or a user’s friends as input, and output amusing information. Although primarily for user entertainment, businesses can adapt social oracles into effective, low-cost, advertising tools.

Social oracles are part of a growing trend by companies of leveraging game playing for advertising purposes. The most well-known instance of games used for advertising is the “advergame”—a term coined by Chen and Ringel (2001), which they define as “interactive gaming technology to deliver embedded advertising messages to consumers ... by incorporating branding directly into the gaming environment.” It is still too early to know whether advergames actually improve consumers’ brand perception or their intent to purchase (Rodgers, 2002). However, the low cost of advergame campaigns makes them an attractive alternative to conventional forms of advertising.

Although social oracles are a form of advertising game, they have a different goal from advergames, per se. Instead of branding, the main goal of a social oracle is to get a user’s friends or other associates to visit a business’s Web site. Once at the Web site, branding and other forms of conversion can take place, including converting a visitor into a registered customer or getting visitors to purchase a product at the site. Social oracles are intended to be run at the business’s Web site by the site’s existing community of users. Thus, there are development costs, but no campaign costs. A site’s existing user community, through use of the oracles, freely brings in new users. Finally, initial results indicate that the conversion rates for turning visitors into registered users far exceeds the response rates expected from direct marketing, as this chapter reports.

To get a better understanding of why social oracles make good advertising mechanisms, this chapter analyzes two social oracles that were used successfully in building and growing the user community of a special kind of online business known as a programmable autonomous business (Flor, 2003, 2004). This chapter will be structured as follows.
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