

Making friends - and money - on MySpace

by CNNMoney.com

It's not just for musicians anymore: Entrepreneurs are using the social networking site to drum up new business, meet others in their field, get advice, and more.

Entrepreneurs are striking gold on MySpace, the social networking site best known for teens, dating profiles, and amateur bands. Many young small-business owners - particularly in fields like clothing, graphic design, photography, publishing, and real estate - are discovering that they can effectively advertise on the site to a narrow, but often enthusiastic demographic.

Take Daniel Barbalho. Six months ago, Barbalho, 26, a recent graduate of Georgia Tech living in Atlanta, started Esperanza Clothing Co. with partner and former roommate Bart Sasso to sell edgy, Atlanta-themed T-shirts to local hipsters.

At first, Barbalho brought their wares to local music shows and talked to small store owners. Then, about three months ago, he started an Esperanza Clothing profile on MySpace, joining more than 60 million other users. "We didn't have a lot of money starting out," he says, "and we saw MySpace as free advertising."

Barbalho started adding users in Atlanta to Esperanza's "friends" list, asking them to visit the profile, post comments, and visit the company's website to order a shirt. Soon, people that Barbalho had never contacted, from places like California, Canada, and Brazil, began ordering shirts and posting pictures of themselves wearing Esperanza clothes on their own profiles.

Good publicity, it seems, came easily. MTV Spring Break's official DJ stumbled across the MySpace profile and asked for free stuff. A writer working for Lucky magazine sent a message through the profile, asking if she could write up one of Esperanza's shirts. Barbalho was even able to contact publicists working for OutKast, an Atlanta-born rap duo, about getting the group to wear his shirts - and one of them ended up singing at an Esperanza fashion show.

"MySpace is the only ad campaign we've done so far," says Barbalho, who lists the profile address on his business card. "It is our greatest marketing tool."

Making connections Many entrepreneurs find they can drum up new business by posting profiles to the site, placing ads in its classifieds section, and developing contacts through bulletins and one-on-one messaging. In fact, MySpace has about 8,200 user-created groups dedicated to entrepreneurship and business. Some of these claim as many as 17,000 members, although most groups get only a few new posts per day. The most active ones target specific niches, like filmmakers or real-estate investors.

Currently, small businesses spend about 80% of their advertising resources on traditional media like local TV, newspapers, and direct mail, according to a survey by Princeton, N.J.-based Kelsey Group. And while 54% have a website, only 10% believe that the Internet is effective in generating new customers. Yet small businesses that use social-networking sites can gain an advantage over their rivals and advertise and network in new ways.

For Erica Gabrielle, an actor and head-shot photographer in Los Angeles, MySpace is steadily replacing the ads she places in L.A. trade publications. "MySpace offers great access to certain people, and networking," she says. "There are a lot of actors, directors and musicians I'm networking with now that I've never worked with before."

Indeed, business users say the ability to make connections with others in their field, get and give advice, and find potential employees is what distinguishes MySpace and other social networks from classified-ad sites like Craigslist.com and traditional web sites.

Barbalho says that's what helped his business. MySpace friends introduced the T-shirt maker to buyers at Bloomingdale's, Nordstrom (Research), and Urban Outfitters (Research). "I started meeting people in the industry, and they've introduced me to the store owners," he says. And other friends in cities like Miami, Boston, and Chicago, and L.A. have offered to help sell the shirts to stores in their own cities.

Other business owners say the site helps them target specific communities and demographics. Wendy Manning, 34, created a MySpace profile for her Denver-based independent film company, Double Edge, to promote its short films. When Double Edge was ready to make a full-length feature, Manning reached out to all of her profile's 14,000 friends in the Denver area looking for help.

"We said, 'We need bicycles, and if you're in Denver, or if you're an actor that looks the part, join us,' " she

recalls. "We got a huge response and got all the logistics covered." To promote the new film, Manning plans on contacting MySpace members - who can be sorted by age, gender, and zip code - in cities where it's screening.

Glory days ending? Some worry that as MySpace grows, it will become less welcoming to small business. The site, which was purchased by Rupert Murdoch's News Corp. last August, is seeking ways to more effectively monetize its content. That push could make it harder for small firms' profiles to stand out from big businesses' on the site, and to compete for eyeballs against paid advertisements.

Manning recalls that when Chris DeWolfe, one of MySpace's founders and now its CEO, discovered Double Edge's profile in 2003, he offered to help promote its short movie on MySpace's homepage.

Since MySpace was bought by News Corp (Research), Manning says she's noticed that many of the front-page ads now go to major artists and films, like singer Daniel Powter and the movie *An American Haunting*. "Now they're promoting big films," says Manning, "but before they were bought they were promoting us." Still, there are spaces on its front and filmmakers page reserved for unknown artists and movies.

For those who have turned MySpace into a store front, the site has become indispensable. Tino Buntic of Toronto, 30, who runs a sales-lead network through a web page and a MySpace profile, says his profile is essential to reaching more people. "If MySpace charged a couple dollars per month, that would be worth it," he says.

And small businesses, like big businesses, want to be where the buzz is. "It's about being in the right space at the right time," says T-shirt-maker Barbalho, "and the right place right now is MySpace."

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