The Henley Centre for Customer Management

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Developing a Social Media Strategy

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1. Executive Summary

Social media is a mix of psychology, sociology and technology offering great opportunities as well as challenges to businesses in today's fast moving and competitive environment. This report examines the rise of social media and its potential business impact while exploring best practice in developing effective social media strategies. The review begins with a consideration of what constitutes social media and social networking before going on to consider the influences that motivate people to engage in social media. This research includes an extensive literature review of both academic and practitioner sources in order to identify best practice for developing effective social media strategies.

A comprehensive six-stage framework depicting how to plan, run and improve the use of social media as part of the marketing strategy is included. This simple, but effective framework covers most situations and can be deployed in most companies whether operating in the business-to-consumer (B2C) or business-to-business (B2B) space.

For most companies, embarking on a social media strategy allows them to create a people-centred environment using technology to accelerate real-time interactions, rather than hinder them, within a collaborative technology architecture that mitigates the risks inherent with social networking. To be successful, organisations need to understand the relationship between business process, culture and technology in order to encourage collaboration and drive improved performance and business success.

2. Introduction

There has been a phenomenal rise in the use of social media in the last 5 years. Globally, social media platforms now receive over 1.5 billion visits every day (Universal McCann, 2010). This take up by consumers presents significant challenges and opportunities for business. One of the most frightening aspects of social media for business is the fact that companies can no longer control their communications with the customer. In reality the content, timing and frequency of information delivered by companies has been severely eroded and consumers are now dictating the rules of engagement. Information is now generated from within the marketplace and by consumers themselves. This shift of power and the new communications revolution, which is reflected in the use of social media tools, now presents significant challenges for companies that fail to embrace this modern way of working. However, for those companies that do embrace social media the rewards can be great. Different methods of collaboration and innovation are becoming ever more prevalent and companies are beginning to realise the commercial gains that can be achieved by these new business models.

This report aims to explore best practice in developing social media strategies. It presents an integrated framework that companies can follow to develop their own successful social media strategy, namely: monitoring social media activity, engaging with social media, managing social media, measuring social media and integrating social media into the company and marketing strategy and finally measuring the effectiveness of social media.

The social media framework that is presented here is developed from existing practitioner and academic literature on social media as well as the collection of primary research data from interviews conducted with best practice organisations.

2.1. The purpose of the study

The purpose of this study is to explore best practice in developing social media strategies. The study has three main objectives:

1. To gain an understanding of social media by defining what it is and outlining what motivates people to engage in social media.
2. To explore how companies are developing social media strategies and to consider the marketing practices adopted by best practice organisations.
3. To explore the methods and metrics used to assess social media effectiveness

2.2. Key findings

1. Technological advances have allowed social media technologies to be used by non-technical people leading to ubiquitous usage.
2. Traditional marketing communities have moved into the virtual space.
3. Trust – online social networkers are three times more likely to trust their peers than advertising on purchasing decisions.
4. Consumers are developing their own views about companies and brands.
5. Traditional measurement metrics do not fit in the social media space.

6. The six stage social media framework offers organisations of all types and sizes a methodology for planning, running and evaluating an integrated social media strategy.

7. Taking a corporate approach to social media activities does not work – it needs the personal touch.

8. Companies that blog increase their prospects and improve lead generation.

9. Organisations need to make the content engine part of the marketing process.

10. Demonstrating value from the social media investment requires a range of measures.

11. Justifying social media activities requires consideration of financial, strategic and liniked investment factors.

12. To be successful the social media channel needs to be an integrated part of the marketing strategy feeding into the overall vision and goals for the business.

3. Literature Review

Because of the speed of evolution in this field, academic research has struggled to keep up with industry customs and, as a result, academic research often lags behind practitioner insights and best practice. Therefore, in order to complete this report a comprehensive search of both practitioner and academic literature was undertaken. The review includes articles from academic journals, practitioner articles, books and white papers.

The review begins with a consideration of what is Web 2.0, social media and social networking, before going on to consider what motivates people to engage in social media. While having an appreciation of people's motivation is important if companies are going to develop social media strategies, it is also essential to have some comprehension of how people use social media, how they participate and what roles they undertake. This aspect is also reviewed in the literature. Finally, the effectiveness of social media is much debated and discussed amongst practitioners and this is included in the final section of the review.

3.1. Defining Web 2.0, Social Media and Social Networking

The term "Web 2.0" was first used by industry practitioner, Darcy DiNucci (1999), a consultant on electronic information design, in 1999. It was then more closely associated with O'Reilly Media (2005) to describe the way the World Wide Web was used as a platform, where content and applications are not only created and published by individual users but are also modified and shared by networks of users in an interactive, participatory and collaborative fashion. Since 2005 there have been many definitions of Web 2.0 and there is still a lack of consensus over what the term identifies. However, for the purposes of our research the term is simply defined as the underlying internet technologies that provide functionality for on-line social media.

Building on the foundations of Web 2.0, social media can be defined as a group of internet-based applications that are open to non-technical users who can facilitate participatory information sharing, interaction and collaboration with each other, while permitting the creation and exchange of user generated content (Kaplan and Haenlein 2010). These open source and interactive applications are aimed at expanding the experiences, knowledge and market power of the users as participants in business and social processes, by allowing generation, dissemination, and sharing of content (Constantinides and Fountain 2008).

Social media is the term used for a variety of media channels created by on-line social network users, such as:

- Blogs – a website on which an individual or group of users record opinions, information or commentary on a regular basis. It can include text, images or video content. Blogs have given rise to the term blogger – someone who keeps a blog, blogging – the act of writing the blog and blogosphere – the interconnecting network of blogs and their communities across the internet.

- Twitter – An instant messaging system that allows short burst of 140 character notes to be broadcast to a group of followers. These messages are known as tweets and the person sending it is said to be a tweeter who is tweeting.

- Facebook – is a privately owned social networking site that derives revenue from advertising. With more than 500 million active users sharing 30 billion pieces of content each month it is one of the world's largest websites generating social media traffic.

- LinkedIn – a business-orientated social networking site with more than 60 million registered users across 200 countries worldwide. It is primarily used to connect company colleagues, as a recruitment tool, to form business contacts and answer industry questions.

- Podcasts – a pre-recorded audio program that can be listened to over the internet or downloaded onto a computer or other playback device.

- YouTube – a video sharing website, where users can upload and playback short pieces of video content. YouTube video content can also be embedded in other web sites, used as part of a blog or broadcast on Facebook.

- Wikis – a website created by a group or community of users that allows collaborative content.

- Virtual Worlds – an on-line simulated environment where communities of users can meet and interact with each other. Often used for role play games and social interaction.

Social networking (mostly web based) focuses on building on-line communities of people who share interests and/or activities, or who are interested in exploring the interests and activities of others. According to Wertime et al. (2008) web based social networks are seen as services that are built around the needs and interests of like-minded individuals and are created by those individuals. From a marketing perspective Harridge-March (2010, p.59) define on-line social networking as "the label attached to any consumer-initiated communication with other consumers who share an interest and use the World Wide Web as a platform for creating a community".

3.2.   Drivers of Social Media

3.2.1. Internet Technology

There are many reasons why social media is evolving at a phenomenal pace. First and foremost is the availability of internet technologies that enables this. The cost of personal computing has never been lower with 77% of adults in the UK now owning a PC (Mintel 2009). Broadband performance is constantly improving with UK penetration reaching 68% of all UK adults and covering every socio-economic group (Mintel 2010). There are also improvements in Web 2.0 interactive capabilities and 3G mobile communications. With the advancement of 3G wireless networks and smartphones, social networking providers have re-engineered their services to operate effectively in the mobile environment, resulting in 66% of Facebook users, for example, prefering to read news feeds and post status updates from their mobile phones (Compete 2010). This improved web performance now makes on-line social media experiences more pleasurable and irresistible for individuals, enabling virtual worlds, gaming and faster video streaming and all accessible at home, work and on the move.

Allied to the availability of internet technologies is the fact that these applications can be used by non-technical people. Individuals can now easily develop their own web sites, blogs and video content. They can search for friends, play interactive games with others across the world, generate followers and fans, as well as share photos and music. In addition, it is

now easy to communicate with, as well as participate in and access, communities in interactive and collaborative ways.

3.2.2. User Motivation

Whilst technology has played a very large part in the development and evolution of social media, this is a relatively recent phenomenon. Man has always been a social animal and much has been written in social science about what motivates people and societies to socialise and form communities.

From a sociological perspective, it is generally accepted within the literature that communities consist of members who have shared understandings and values (Gusfield 1978), as well as having similar interests and identities (Fernback and Thompson 1999). The idea of community has shifted from being primarily geographically centric, to existing more predominantly in a virtual space, with social media now transforming the way in which society thinks and behaves. Virtual communities take on a variety of forms (both social and commercial) from which individuals have the opportunity to educate themselves on goods and services, discuss shared hobbies and interests, explore other identities and engage in social relations (Hagel and Armstrong 1997).

From an economic perspective, companies are implementing virtual communities to engage with their customers and fulfil certain goals (Porter 2004):

- Increase sales (Brown, Tilton & Woodside, 2002).
- Create positive word-of-mouth (Bickart & Schindler, 2001).
- Generate more effective market segmentation (Armstrong & Hagel, 1995).
- Increase website traffic (Bughin & Hagel, 2000).
- Strengthen brands (McWilliam, 2000).
- Boost advertising and transaction fee revenue (Rothaermel & Sugiyama, 2001; Schubert & Ginsburg, 2000).
- Improve product support and service delivery (Armstrong & Hagel, 1995; Walden, 2000).

From a relationship marketing perspective, the facilitation of customer-company relationships is an important part of virtual communities that businesses are starting to realize (Brown, Tilton and Woodside 2002, Hagel and Armstrong 1997). In an effort to increase customer loyalty (Mathwick 2002), firms focus on creating an enjoyable experience for consumers to enhance their desire to participate within the community (Bagozzi, Dholakia and Pearo 2004). As a community member's desire to participate increases, their intention of community visitation can be stimulated, thus providing a platform from which customer-company relationships can begin developing (Bagozzi and Dholakia 2002).

As with traditional communities, there are numerous definitions of a virtual community, and since no two communities are alike, there has been difficulty in defining the concept (Rothaermel and Sugiyama 2001, Romm, Pliskin and Clarke 1997). For the purposes of this report we will accept the definition from Rheingold (1994) who defines virtual communities as "Social aggregations that emerge from the Internet when enough people carry on public discussions long enough, with sufficient human feeling, to form webs of personal relationships in cyberspace".

From a virtual community perspective Wang and Fesenmaier (2004) comprehensively researched virtual community participation and found that they could group the needs of members into four categories; functional, psychological, social and hedonic. Wang, Yu and Fesenmaier (2002) developed a framework of the first three needs, but Wang and Fesenmaier (2004) later went on to include the fourth need, hedonic, through the study of an on-line travel community (Figure 1).

Figure 1: Wang and Fesenmaier's (2004) Framework
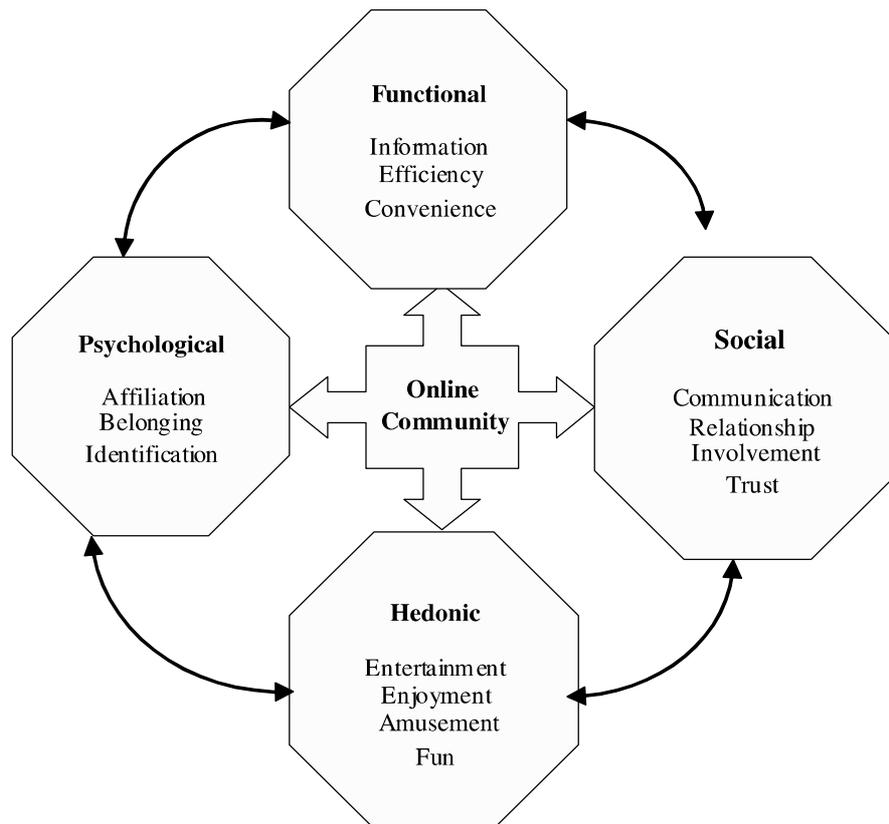
Functional needs

Wang and Fesenmaier (2004) argue that members choose to join on-line communities to serve a functional need. This need is seen most often in the form of knowledge seeking (Hagel and Armstrong 1997) or in other consumption activities. One of the main modes of consumption is through the exchange of information and resources found within the community (Wang and Fesenmaier 2004).

Social needs

From the study of on-line travel communities it was discovered that communities are structurally social, have social meaning and meet the social needs of its members (Wang, Yu, Fesenmaier 2002). The social needs of a community vary as the community purpose and environment change. Therefore the social needs of an individual can be met by the formation of relationships developed within a community, as on-line communities function to bring people with similar interests together in one space (Kozinets 2002).

Trust is an essential component of the community and it is argued that where there is trust, relationships will flourish (Preece 2000) and where there is no trust there will be little or no member participation. Wang and Fesenmaier (2004) also argue that part of an individual's social need is the element of trust, which then goes on to foster communication and interactivity. Surprisingly, on-line social network users are three times more likely to trust their peers' opinions over advertising when making purchase decisions. According to our research, 86.9% of on-line social media users said they would trust a friend's recommendation over a review by a critic and 83.8% would trust user reviews rather than those of a critic. It is thought that this trust in on-line social media is a result of a backlash to declining levels of trust amongst institutions generally. People have lost trust in Banks, The NHS, The Government and the Police. As a result of the numerous scandals regularly publicised in the media, belief in many marketing campaigns run by organisations has also been lost. People no longer trust what is broadcast to them; they would rather find out information for themselves, prefering to turn to strangers met in social networking sites for advice and help. Trust, therefore, plays an essential role in sustaining the continuity of a social media community (Shankar et al. 2002) and in fostering the cooperation between strangers within the community (Ridings et al. 2002). When there is trust among members in a community, the communication is more open and honest – increasing the frequency of knowledge contribution and ruling out undesirable, opportunistic behaviour (Ridings et al. 2002). Within the literature, trust is widely conceptualised from the probability that an individual imagines cooperative behaviour by other parties (Hwang and Burgers 1997) to "a party's willingness to accept vulnerability but with an expectation or confidence that it can rely on the other party" (Mayer et al. 1995).   Morgan and Hunt (1994) define trust as the perception of confidence in a 'partner's' reliability and integrity

Psychological needs

Psychological needs can include the expression of self or identity, feeling a sense of belonging, as well as feeling affiliated with the community as a collective (Wang and Fesenmaier 2004). It has been argued that the most important factor for people who participate in on-line communities is friendship (Coon 1998). By meeting these needs, a community becomes part of who someone is, and how that person defines himself (Rheingold 1993). For this reason, communities are particularly attractive to the world of commerce as an organising force that can reflect and endorse brand values.

Hedonic needs

While Wang, Yu and Fesenmaier (2002) did not perceive hedonic needs to be relevant as to why individuals seek out community, Wang and Fesenmaier (2004) thought that to neglect this would be to overlook equally important experiential elements of consumption (Holbrook and Hirschman 1982). It is argued, in this study, that individuals will join travel communities for the sole purpose of entertainment and enjoyment (Wang and Fesenmaier 2004). The hedonic perspective is an important aspect of consumer information searching behaviour (Vogt and Fesenmaier 1998), and views members as "pleasure seekers" (Wang and Fesenmaier 2004). The way that this affects participation is that hedonic consumption stimulates positive emotions and is closely affiliated to feeling a sense of enjoyment, happiness and enthusiasm (Hoffman and Novak 1996), thus possibly acting as a motivator for participation in all forms of community.

Bagozzi et al.'s (2004) Social Influence Model of Participation

There are various values that individuals gain from their participation in a community; these are comprehensively outlined by Bagozzi, Dholakia and Pearo (2004) through their social influence model of consumer participation. The basis for this study was to investigate two group-level determinants of participation in virtual communities – group norms and social identity. Whilst the Wang and Fesenmaier (2004) framework was applied to only one community, Bagozzi et al.'s (2004) study was conducted throughout a broad range of virtual communities, and relies on the uses and gratifications theory. The uses and gratifications perspective is most often used to understand why people are motivated to choose various media outlets (McGuire 1974, McQuail 1983). Through this study, Bagozzi et al. (2004) identified five values derived from participation within virtual communities: purposive value, self-discovery, maintaining interpersonal interconnectivity, social enhancement and entertainment.

Purposive value

The purposive value an individual may hope to achieve from participating within a community can include both informational and instrumental value. That is "the value derived from accomplishing some pre-determined instrumental purpose" (Bagozzi et al. 2004). Participants see purposive value when they engage in the act of giving or sharing information. These objectives of knowledge sharing are generally predefined prior to participation, therefore facilitating achievement of a set of end-state goals (Bagozzi and Dholakia 1999). Safko and Brake (2009) also argue that people are motivated to contribute information of value to the community because they believe that they will receive useful information in return and then gain recognition for doing so from the community.

Self-discovery

The value of self-discovery is highly dependent upon a person's perception of self and the value they find through social interaction (Bagozzi et al. 2004). However, a person can use interactions with others as a way to gain access to the social resources needed to attain one's future goals (McKenna and Bargh 1999). Not only can participation aid an individual's quest for their goals, but this interaction with others can also help an individual define more clearly their preferences and values (Bagozzi et al. 2004).

Maintaining Interpersonal Interconnectivity

The value of maintaining interpersonal connectivity comes in the form of the advantages an individual finds from establishing and maintaining contact with fellow participants; these benefits can include friendship, social support and intimacy (Bagozzi et al. 2004). Wellman and Gulia (1999) argue that most individuals join communities so that they meet others who are similar to them, receive companionship and dispel their loneliness.

Social Enhancement

Both social enhancement and maintaining interpersonal connectivity are group referent, meaning that these values are the self in relation to the collective (Bagozzi et al. 2004). The value of social enhancement is what an individual gains through the acceptance and approval of other group members. Social enhancement also relates to an individual's social status within the group. Cognitive neuropsychologist Lewis (2010) proposes that society today is narcissistic and that by using Twitter it infers a level of insecurity invoked by a

compulsion to be recognised. James (2010) also believes that blogging stems from a lack of identity and that through constant blogging people are reminding themselves as to who, what and where they are.

Entertainment

Entertainment value is derived from the interaction an individual has with others that results in feelings of enjoyment and relaxation (Bagozzi et al. 2004). Specifically, it has been found that participants find enjoyment in activities such as adopting various fictional identities and communicating with others with similar interests (McKenna and Bargh 1999).

In addition to Wang and Fesenmaier's Framework and Bagozzi et al.'s Social Influence Model of Participation, homophily (Lazarfield and Merton 1954) is a frequently observed characteristic of social networking groups and a significant participant motivator.

Homophily

Human beings have a great tendency to seek out and engage with people who are like themselves, perhaps in terms of race, age, gender, language and values. This theory is known as homophily (Burkeman 2009, Lewis et al. 2008). The principle is that personal networks are homogeneous in terms of sociodemographic, intrapersonal and behavioural traits. This theory can perhaps partly help explain why, in terms of social media, people collect together into self-organised groups on the internet (Godin 2009). However, Godin (2009) argues that the theory doesn't explain what motivates users to contribute to these groups, other than a subconscious desire to mimic or follow people as in the "birds of a feather flock together" concept developed by McPherson et al. (2001).

3.2.3. Participation levels and Roles

Having outlined the drivers of social media and what motivates people to participate in social media, it is now important to understand the roles that people adopt when engaging with social media. There have been two fundamental types of research into participation levels and roles, namely qualitative and quantitative. Qualitative research or Netnography, as it is better known, is a method used for analysing on-line community behaviour (Kozinets, 2002). This research strategy provides information on symbolism, meanings, consumer attitudes, perceptions, imagery and feelings as well as consumption patterns of on-line consumer groups. Quantitative research methods on the other hand have included Forrester's Social Technographics profiles to analyse large volumes of data on community activities, behaviour and trends (Watts and Storgatz, 1998, Willinger et al., 2009). Social Technographics Profiling (Li and Bernhoff, 2008) can also be used for analysing social interactions of community members. Li (2010) argue that this system is based on traditional theories of psychographics and demographics and that these traditional theories can be used for surveillance in cyberspace (Li and Bernhoff, 2008). Both the quantitative and qualitative techniques can be useful to marketers to help them obtain better demographic data and enable them to segment consumers based on their values and beliefs as well as their preferences.

On a very fundamental level, behaviour within a community can be classified as one of two types (Burnett 2000):

1. Non-interactive behaviour.

2. Interactive behaviour.

While all members of a community exhibit some form of activity, every action is not necessarily classified as an interaction. Ricoeur (1976) has concluded that for interaction to occur there must be "interlocution", which simply means that both a speaker and listener are present. As applied to the context of virtual communities this philosophy requires that members of a community must be willing to take the role of both the reader and contributor as contribution is the means by which a community can remain "viable, ongoing and self-sustaining" in the long run (Burnett 2000).

Non-interactive, passive, members, or "lurkers", limit their participation to the act of reading, rather than writing and contributing (Burnett 2000). The lurkers within a community derive value and benefits from the community yet do not actively contribute anything to the community as a collective. Opposite to lurkers, active participants sustain a community's existence by enthusiastically taking part in various brand activities (Burnett 2000). These activities vary based on the structure of the on-line brand community but can include:

- Posting messages.
- Sharing information.
- Generating ideas.
- Replying to queries.
- Assisting other members.
- Responding to emails/requests/surveys from the host brand.
- Participating in brand-hosted/community-hosted events.

Although there is little statistical work done on the exact ratio of active participants to passive participants, it has been speculated that the ratio could be as high as 100:1 (Nonnecke et al., 2006).

Furthering the concept of typologies within an on-line brand community, Kozinets' (1999) classification system identifies members as being newbys or tourists, minglers, devotees or insiders. It is argued that members of on-line communities go through stages of progression, from initially just browsing information to full assimilation into the community (Walther 1992, 1995). As relational activity begins, members develop strong ties to the community and an increased "self-centrality of consumption activity" (Kozinets 1999) (Figure 2). Kozinets (1999) goes on to denote insiders as representing "the most important targets for marketing". The reason for this belief can be found in a theory commonly used within consumer marketing, the 'Pareto' rule of 80-20. In most product/service categories, approximately 80% of all goods are consumed by 20% of the consumer base (Kozinets 1999), making that 20% an attractive and lucrative group for marketers to pay attention to. Within Jeppesen and Frederiksen's (2006) exploration of virtual community participation, it was found that active participants are an important subset to study as they significantly enhance the value of the community.

Li et al. (2008) developed a slightly different classification system for on-line participation, ranging from 'inactives' to 'spectators', 'joiners', 'collectors', 'critics' and 'creators'. With this scale the 'inactives' do not participate and the 'spectators' read but do not contribute, whereas further up the scale people actively join in by making postings, writing articles and expressing opinions.

Figure 2: Member Typology (Kozinets 1999)

Tourist

High Self-Centrality
of Consumption
Activity ←——————————————→ Mingler

Devotee   Insider

Strong Social Ties
to Community
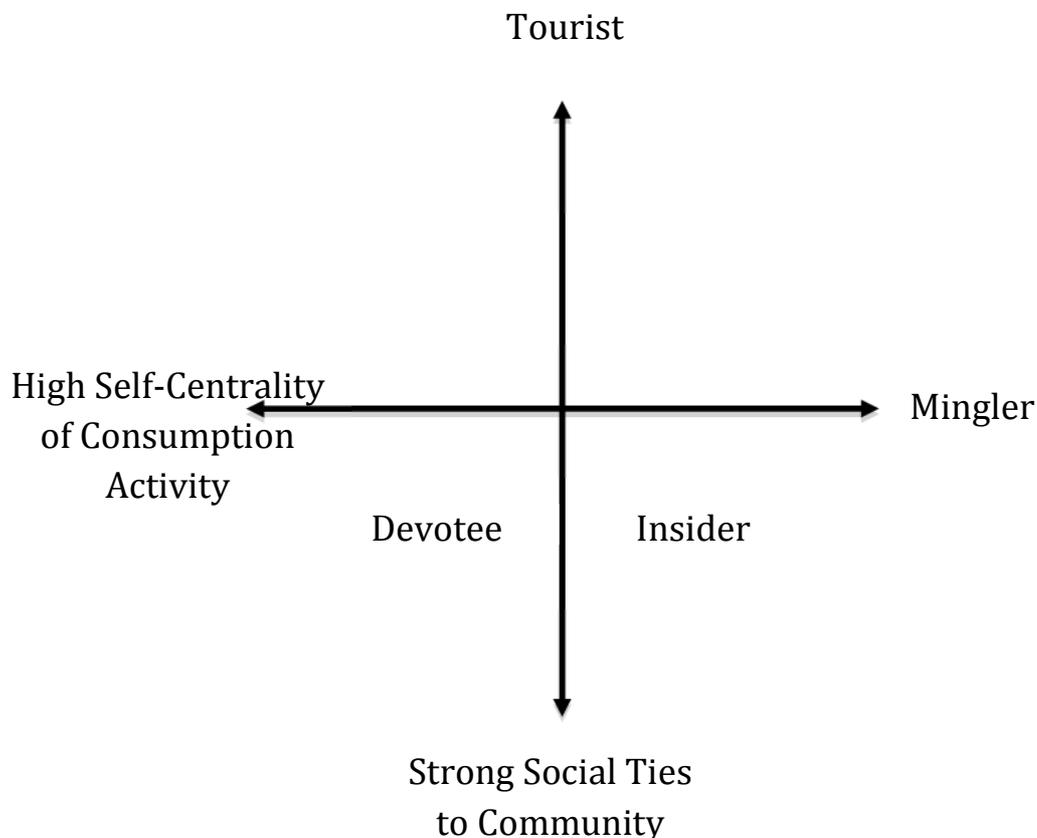
In summary, consumers are now developing their own views about companies and brands and these views can often be in conflict with the image that companies wish to convey about themselves (Christodoulides et al., 2009). This new marketing reality is driving the need for organisations to have a social media strategy that is fully aligned with the overall vision for the company and integrated with its supporting business and marketing strategies. However, in order to do this, companies need to understand why people are motivated to participate in on-line social media. As we have already discussed, the reasons for participation are many and varied and are often driven by psychological motivations that need to be understood by business managers and marketers. Practitioners also need to be able to understand the roles and participation levels of their on-line audiences so that they can learn how to segment and reach them more effectively. It is only by developing this insight and understanding that companies can discover how to engage, innovate and collaborate with on-line communities in any meaningful way.

3.3.   Measuring the Effectiveness of Social Media

There is a great temptation for marketers to adopt traditional metrics to fit social media regardless of their effectiveness. According to Fisher (2009) this inability to establish effective measures is identified by executives as one of the most significant barriers to the adoption of social media marketing in business. Despite this, much has been written in the practitioner press about the importance of finding a way forward in terms of effectiveness measurement. Whilst some marketers and executives pursue the holy grail of return on investment (ROI) of social media there are many other successful marketers who are not that concerned with ROI at all. They would prefer to invest in social media because they believe that the intangible benefits of customer engagement, market awareness, continuous feedback and professional development are good for any company, regardless of the financial impact. Whilst these marketers measure a whole range of activities they rarely translate the benefits into financial returns. There is no doubt that many executives have a conflict over whether to try to measure the ROI of social media. Many believe that sound business decisions should only be made with hard facts and analysis and that ROI will lead to better decisions. On the other hand many believe that these arguments are used to avoid decisions regarding social media for fear of losing control and opening the flood gates to customers' opinions and comments. Of course many companies make decisions about all sorts of things without applying hard ROI criteria, like major international employee conferences, beautiful offices with extensive leisure facilities for staff etc. However, for those who really do need to put together a business case for Social Media, understanding the ROI approach is important. ROI can be defined as the "ratio of money gained or lost (whether realised or unrealised) on an investment relative to the amount of money invested" (Wikipedia). There are, however, many other metrics that can be taken into account when assessing social media. In his Inside the Marketers Studio blog (www.marketerstudio.com/2009/11/100-ways-to-measure-socail-media-.html) David Berkowitz outlines 100 ways to measure social media. He covers everything from the amount of buzz based on the number of impressions, to competitive buzz, to number of interactions to the number of tags added. In putting this in context, Jim Sterne, however, goes on to outline nine stages to follow in getting to grips with social media metrics.

1. Identify goals – be clear about your goals. He says the big three goals are the only ones that matter in the long-term:
   a) Increased revenue.
   b) Lowered costs.
   c) Improved customer satisfaction.
2. Getting attention – reaching your audience. Sterne (2010) says that getting attention is similar to measures in classic advertising, i.e. awareness, reach and frequency to determine if your message is getting out there. However, the key difference is, is your message sufficiently compelling that people would like to comment on it and pass it on to their friends? This is effectively measuring word of mouth.
3. Getting respect – identifying influence. The message multiplier looks at how many people thoughts your message was worthy of repeating, how quickly the message spread and the scope of its dissemination. Sterne (2010) says that these are the essential measures for determining whether or not you are resonating with your target

audience and identifying who within the company is best able to be the face of the firm in the social media spheres.

4. Getting emotional – recognising the sentiment. This is about determining opinion and understanding of how people feel about your products and services. Tracking sentiment over time provides invaluable insight and gives companies the opportunity to respond effectively to consumers in meaningful and relevant ways.

5. Getting response – Triggering action. Sterne (2010) argues that if people "read it, repeat it and like it a lot, you're only part of the way home". It is taking action as a result of that is what really matters. For example. Do people click through to your web site based on their social media interaction? Do they have more profitable and sustainable relationships with you?

6. Getting the message – hearing the conversation. Social media is a great source of market research data. Using social media you can find out what your consumers are thinking and feeling and that knowledge can be used in developing marketing propositions for your target market.

7. Getting results – driving business outcomes. This is about being very clear about what exactly you want from social media. Whilst the three big goals as outlined above are essential to success there are inevitably other indicators that may be vital for your business. It is worthwhile reassessing key performance indicators (KPIs) within the light of social media initiatives.

8. Getting buy-in – convincing your colleagues. Sterne (2010) argues that individuals need to take steps to convince colleagues about the benefits of social media, the fact that it is a vital part of the marketing mix and that it is a pathway to profits and as a result deserves appropriate resources.

9. Getting ahead – Seeing the future. This is about being clear about where you see your company in the future and then measuring your efforts against your goals.

As well as hard metrics it is worth pointing out that there are also many intangibles that are worth considering and which are often used as justification for social media initiatives. These include factors such as customer satisfaction, customer loyalty, customer engagement, brand reputation and leadership. In many companies these intangible factors are never measured in quantitative terms but in fact all of them can be. The following table lists examples of various ways in which these factors can be measured.

Item	Measurement
Customer satisfaction	Net Promoter Score, customer surveys, retention rates, testimonials, feedback
Customer loyalty	Customer retention analytics, cross-sell and up-sell rates, Net promoter Score, testimonials, feedback
Customer engagement	On-line community activity, social media citations, event attendance, feedback, response rates
Brand reputation	Media research, social media citations, stakeholder research
Leadership	Market share analysis, media citations, speaking invitations, competitor activity, stakeholder research

Table 1: Possible key performance indicators for measurement in order to determine social media efficacy

These factors do, however, need to be translated into financial returns and it is only possible to do that if historical data is available for comparison. For example, if previous research has already determined customer retention rates then the revenue from different customer segments can be estimated in order to decide which segments are going to be the most profitable and therefore deserve the greatest attention. The social media strategy can then be directed at these targeted segments and improvement in customer retention rates and bottom line profits tracked.

All analysis that companies need to undertake in terms of social media is going to require accurate historical data. So if data regarding who your customers are, how they are segmented, how profitable/attractive they are, how retained they are or whether or not you can cross-sell or up-sell to them is not available then the whole social media justification process is going to be much more difficult. For companies in this position it may be possible to use industry averages and/or competitors results as a starting point while a historical data set is being built up.

Social media activities need to be measured in direct relation to the available and allocated resources to understand if there is a direct impact on the bottom line of the business from all the investment in blogs, communities, Facebook and Twitter. Social media activity should be plotted against sales revenues, transactions, new customers, loyalty data and market research. Unless this data is compared it is impossible to tell whether or not marketing activities that include social media channels are actually helping to increase sales, revenue and most importantly profits. While the measurement may be more complex, the results have to be quantifiable in order to justify the time and effort that engaging with social media demands. How does the amount of time spent on fostering and forming a relationship with a prospective customer on LindkedIn or Facebook compare to time traditionally spent at networking events, and how do the results compare? Without measurement it is impossible to tell whether social media is really delivering the competitive advantage and benefits that companies crave.

4. Methodology

For the purposes of this report in social media we have used three sources of data to provide insight into the best practices for developing a social media strategy and for exploring the methods and metrics used to assess social media effectiveness.

1. Secondary data sources, including extensive practitioner and academic literature, books and white papers.
2. In-depth interviews with best practice organisation in business-to-business (B2B) and business-to-consumer (B2C) industries.
3. On-line web based survey by 120 managerial respondents in B2B and B2C companies in the United States and Europe.

4.1. Interview approach and selection

4.1.1. Study 1: In-depth interviews

Twelve companies participated in the study and these were clustered into the following industries:

- Technology services sector.
- Telco industry sector.
- Finance and retail sector.

The selected companies have all developed social media strategies and had achieved various levels of sophistication in terms of measuring social media effectiveness. No public sector companies were interviewed as part of the research process.

4.1.2. Study 2: Web based survey

An on-line web based survey was conducted with 120 managerial respondents who were all involved in developing social media strategies in B2B and B2C companies across the United States and Europe. The survey mostly comprised free-form open-ended questions to allow the respondents as much openness as possible in their response. This was considered the most appropriate methodology given the embryonic nature of the study.

4.2. Interview schedule

There were two main purposes to the in-depth interviews conducted with best practice organisations. Firstly, to gain an understanding of how these companies develop social media strategies and specifically, understand the marketing practices adopted by these organisations. Secondly, to explore the methods and metrics used to assess social media effectiveness.

Semi-structured interviews were conducted between August and October 2010 and lasted approximately 60 minutes. To ensure the quality of the interview outputs, all interview comments were captured and transcribed so they could be easily analysed. The data gathered was treated anonymously and the respondents reassured of their privacy.

The initial, introductory questions asked interviewees to describe their organisation and the stage of development of their social media strategy. They were specifically asked to outline the challenges that they had encountered in developing their strategy and to ensure consistency and limit bias, the following interview framework was used as a guideline.

1	**Outline the Research Objectives**
2	**General Discussion about the organisation** Brief summary of your business: what do you specialise in? Describe your role? What challenges have you encountered in developing a social media strategy? How are you addressing these challenges?
3	**What stages of development has your company gone through in developing your social media strategy?** When did you start the journey? What were the milestones? How did you get buy in from senior management? Did you have to justify investing in social media and if so how did you do it? How do you monitor social media? How do you engage in social media? Do you proactively manage social media? Do you integrate social media with the rest of the marketing mix? Do you integrate social media with the business strategy? How do you generate content to supply social media channels? Where does social media sit within the organisation?
4	**Measuring the effectiveness of social media** What do you think are the main benefits to the business of social media? How do you measure the effectiveness of social media? How do you allocate resources to social media?
5	**And Finally...** In your opinion, what are the three things that make a social media strategy work really well?

Table 2. Qualitative interview guide

A similar semi-structured interview schedule was used for the web based survey in order to gain consistency across both approaches.

4.3. Interview Analysis

The analysis for this research study follows the strategy adopted by Miles and Huberman (1994). Figure 3 shows the components of data analysis starting with data collection and then moving among and between three concurrent flows of activity: data reduction, data display plus conclusion drawing and verification.

Figure 3: Components of data analysis: Interactive model
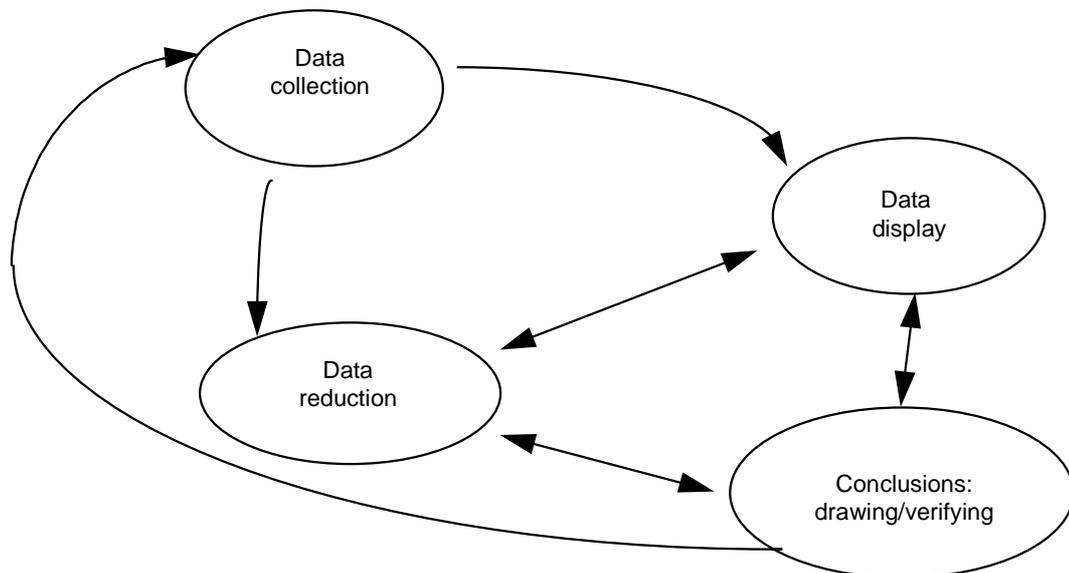
Source: Miles and Huberman, 1994

Each of these three streams of subsequent activity are summarised as follows:

1. Data reduction

    Data reduction refers to the process of selecting, abstracting and condensing the data that appears in the transcripts that were produced from the in-depth interviews.

2. Data display

    The most common form of data display used for qualitative analysis is the extended text. However, for the purposes of this report other forms of data display such as graphs and charts are also used.

    NOTE: The tactic of 'counting' can be used as an important part of data displays and a number of qualitative researchers routinely use frequency counts in their research (Denzin 1978, Smith 1983). Miles and Huberman (1994) argue that a lot of counting goes on in qualitative research when judgements are being made. When a particular theme or pattern emerges in the analysis, it is recognised that it is occurring a number of times and that it is consistently occurring in a particular way. There are clear advantages to using counting in qualitative research. Firstly, it is more economical than words and enables the researcher to process large batches of data and present the results in the form of data displays. Secondly, it can be used to verify a hypothesis and thirdly, it can help to protect against bias. Gherardi and Turner (1987), however, caution that in qualitative research the 'units' involved cannot be treated as reasonably standardised, that there are no rules for ignoring non-standardised information and that it is not possible to declare that the variety in quality between units to be unimportant.

Data displays are therefore an important step before moving onto the third stream of analysis, conclusion drawing and verification.

3. Conclusion drawing and verification

Conclusion drawing and verification is the final element and consists of looking at what things mean and noting regularities, explanations and causal flows in the data.

5. Findings

5.1. The Six Stage Social Media Framework

Many attempts have been made to define the "best" framework to depict how to plan, run and improve the use of social media as a part of the marketing strategy. In this report, we have rationalised these models to create a simple but effective framework that covers most situations and can be deployed in most companies, be they B2C or B2B. Our six stage social media framework is depicted below:

Figure 4: The six stage social media model
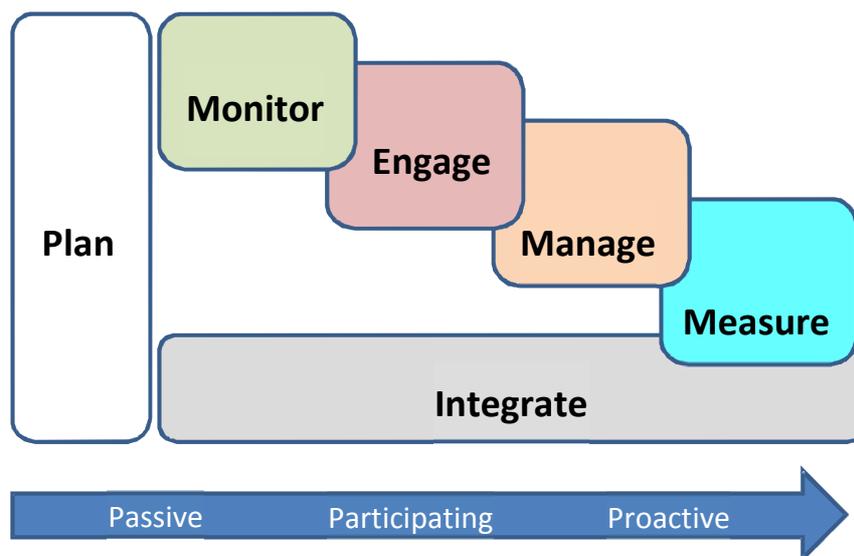
The six stages are described below and will be considered in more detail in the subsequent sections.

1. **Plan**. Identify what you want to achieve and how should you approach social media?
2. **Monitor**. Listen to the social media conversations taking place about your organisation and brand, while gaining insight into your customers perceptions (Google alerts, monitoring tools etc).
3. **Engage**. Establish your organisations' presence in the social media world, if you don't start the social media conversations then someone else will. (Blogs, LinkedIn, Facebook, Twitter etc).
4. **Manage**. Use social media to build and manage relationships that support the objectives of your business strategy; announcements, issue resolution, new product launch, campaigns, innovation, recruitment etc. (Blogs, Facebook activity, responses to others).
5. **Measure**. Understand the impact of your social media strategy and continually adapt it to improve outcomes.
6. **Integrate**. Integrate your social media activities with your other on-line and off-line activities. Remember social media is just another channel in the marketing mix.

5.2.   Plan

There is plenty of anecdotal evidence of social media initiatives following the "just do it" approach but, as the understanding of social media increases, most organisations are applying traditional business criteria to approve, assess and review these initiatives. Clearly companies recognise that it is very easy to get started with social media but it is still important to be clear about:

Plan

- What are the objectives for the phase, and how will these change over time and are they financially driven?
- Who is responsible for what?
- Is there a policy on social media? If not is one needed now?
- Are there any intellectual property issues or legal constraints?

Social Media Objectives

This research has identified a range of objectives defined by companies investing in social media initiatives and these are covered below. However, it should be noted that none of these objectives are new to marketing departments or specific to social media. Essentially, the issues companies want to understand are whether social media activities can provide better insight to their customers, improve customer perceptions, build customer loyalty and ultimately increase sales while demonstrating an improved return on marketing investment. This is why prudent companies will manage expectations by defining realistic and achievable objectives at the outset and only expanding these as the social media initiative realises its predicted achievements.

Figure 5: Altimeter Group Research: Top External (or Customer-Facing) Social Strategy Objectives in 2011

(Respondents allowed to choose three priorities.)

Objective	%
Website Integration	47%
Developing Ongoing Dialogue with Customers	43%
Listening/Learning about Customers	38%
Fostering Word of Mouth	37%
Formalizing an Advocacy Program	25%
Social Commerce	22%
Mobile/Location	21%
Collaborating with Customers	20%
Providing Direct Customer Support	16%
Enabling Peer-to-Peer Support	14%

The most common objectives identified in this research study are:

- **Provide insight into customer perceptions**. Employing social media to help understand what customers think about the company overall and its specific products and services. Identifying any gaps in current insight that can be filled by utilising social media.

- **Increase customer loyalty**. Using social media to build a sustainable and mutually rewarding relationship with customers rather than a transactional relationship.

- **Support new product launches**. Identifying new and innovative social media based tactics to increase the success of new product launches. (Marmite example).

Harnessing the power of social media to support new product launch – the Marmite Story

Marmite XO is an 'extra mature, extra strong' version of Marmite. Marmite is known for its 'Love it or Hate it' brand positioning and this makes it a good social media subject as no-one is ambivalent. Marmite's marketing manager ran a social media campaign to help launch XO, starting by gaining access to and then building relationships with their most devoted and vocal fans.

A small group of devoted fans and bloggers dubbed the 'First Circle' was initially recruited and then expanded to include about 200 'Marmarati' or superfans. People were asked to prove their love of Marmite by uploading content such as a film or poem to a dedicated web site and the best entries were voted on by the general public.

The winners joined the 'Second Circle' and the Marmarati were all asked to test the prototype new spread after being given two jars of XO – one to taste and a second handmade wax-sealed commemorative collectors' jar to keep.

Members were instructed to recite the Marmarati Oath and to record and upload videos of the tasting. Providers of the best contributions receive a lifetime supply of Marmite and a trip to the Marmarati Inner Sanctum, accompanied by Marmarati leaders.

- **Generate customer leads**. Identifying prospective customers through their interest in product or service areas through discussion topics and social media applications.

- **Reduce the cost of customer acquisition, market research and support**. Lowering the cost of customer management by tapping into the Web 2.0 user generated content aspect of social media applications including peer-to-peer recommendations, interactive feedback and using self-service for product benefits/features as well as support.

- **Innovation and customer feedback**. Using social media at various stages of innovation. Working with existing or prospective customers and key influences on idea testing and new product development. Using quick but effective social media tools to increase the speed and accuracy of feedback.

- **Improve customer education and product support**. Help customers learn about, and use, products and services in the best manner. Establishing peer-to-peer support networks for low cost but effective and trusted support. (GifGaff example).

> **giffgaff™**
> The mobile network run by you
>
> Mobile Phone Company GiffGaff make these promises on their Web Site:
>
> - "We do things differently from the big mobile networks. We're run by our members."
> - "Our members get rewarded for running parts of our business like answering questions in the community, getting new members or helping make us famous. This means we keep our costs low and pass the savings back to our members."
> - "We believe in the power of the community. When the community succeeds, we succeed - and vice versa."

- **Complaint management.** Reduce the costs and increase the effectiveness of complaint handling.
- **Recruitment.** Establish the company as a great place to work with great people. Lower recruitment costs and staff turnover by attracting prospective employees. (LinkedIn example).

> **Linked in**
>
> LinkedIn has become the most popular site for recruiting and being recruited.
>
> Drinks Company SABMiller, for example, saved £1.2m over the course of one year using LinkedIn compared with the cost of using recruitment agencies. Technology giant EMC no longer uses recruitment agencies.

Social Media Governance

Many companies report that their social media initiatives have started organically, often in communications and sometimes within marketing or IT departments. In the free thinking, fast moving world of social media and social networks there is a perception, in some companies, that governance runs contrary to its ethos. Eventually, companies have to be subject to some form of governance in order to demonstrate a consistent approach across the company and to ensure that investment decisions can be made effectively. The marketing department is an important user of social media but certainly not the only one as there are

potential applications for HR, R&D, sales, customer services, product development and technology.

There typically needs to be guidance on some simple but important topics:

- Who is the "owner" of the social media initiatives within the company and how are these initiatives co-ordinated across the company? While 80% of companies researched saw the need for a social media council for social media governance and best practice sharing, only 33% had implemented a formal social media council.

- What technology platform(s) will the company support? Although IBM recognised that the organic growth of social media activities, including blogs and micro-sites, was a good thing, it also recognised the inefficiencies of this approach. Taking an enlightened view, IBM established technology standards and physical platforms as an integral part of their social media strategy and then explained to its staff the benefits of following company guidelines and utilising standardised company provided technology.

- Who can respond to social media conversations and what latitude do they have? For example:
  - Which roles and functions will have primary responsibility for customer engagement?
  - Should wider employee groups be empowered to use social media on the company's behalf, and if so how?
  - Will social media become a formalised way of delivering services to customers, such as a helpline with specified service level agreements, or remain an informal communications channel served on a "best endeavours" basis? (Best Buy example).

"Best Buy runs its communities for a reason, we believe strongly that customers deserve the best service and advice we can give them."

Gina Debogovich, Community Manager, Best Buy

Best Buy has established "Twelpforce", an informal team of customer service staff who monitor Twitter both in and outside the office. Their belief is that, by using Twitter, Best Buy can provide timely support with lots of opinions, so customers can make a decision after weighing all the input.

"The Twelpforce initiative really helps users connect with Best Buy, and they know that if they ask anything to @Twelpforce, they are going to get assistance," said Debogovich. "Having the Twelpforce tweets exposed directly into the community allows us to continue the conversation with people, helping more than just the person who originally asked the question. It also means that we can start to manage our social channels from a common location, the community."

5.3. Monitor

The fundamental question for companies to address when considering their social media strategy is: "How well do you know what is being said about you?"

<div style="float:right">

Monitor

</div>

An enormous amount of information can be gleaned, at a very modest cost, by monitoring or "listening" to on-line discussions about the industry, company, product type and other specific areas of interest. This research (see table below) has identified that 80% of companies contacted are already monitoring conversations related to their company and almost 70% are also monitoring their target audience and its influencers.

Monitoring Activities %	No	Plan	Start	<1yr	1yr+
Conversations about our company on the Internet and in social media channels such as blogs, on-line communities, and social networking sites	8	12	27	27	26
What the target audience is reading, saying, and discussing on the Internet and in social media channels	15	16	26	27	16
What the target audience's influencers are saying and discussing on the Internet and in social media channels	15	15	27	24	19

<div align="center">**Table 3. Monitoring Activities: Who's doing what?**</div>

How to identify and address influencers

Not all people are equal in social media circles, or at least their opinions are not equal. In traditional media it was easy to identify the key influencers for an industry by their publications, magazine title or TV show. In this medium people are professional reviewers, paid to research and assess products and provide consumers with independent opinion and guidance. While they remain key influencers today, they have also been joined by a new and more subtle set of reviewers and consumer champions who have unofficial positions and are often referred to as "social" influencers. We may not know who they are but there is a tendency to believe people in the social media world who establish credibility by sharing views and opinions but who do not have an axe to grind. Their influence can be explained by the finding that a significant number of people (61%) are highly influenced by "a person like you" and this is in turn defined as someone with shared interests (9th Endelman Trust Barometer).

There is no single method of finding the key influencers for a particular industry sector or product. The general approach adopted by the leading companies is to use monitoring tools over a period of time to identify the most prolific sites, blogs, forums etc. A metric can soon be developed classifying the amount of activity, such as the number of postings, and the quality and depth of the discussions. By focusing on the most promising sites the key individuals will then become apparent over time. A good example of how Unilever addressed and courted its key influencers is shown in the Marmite example.

The impact of these "social" influencers is high, therefore despite the difficulties, it is important for companies to engage with these people in an attempt to harness their potential.

Research by Gupta, Lyengar & Han, (2009), mapped how social network members are influenced by social pressure; this is presented in the table below.

Group Status	Proportion of membership	Influenced
Low	48%	Low
Mid	40%	High
High	12%	Negative

Table 4. How are Social Network members influenced by social pressure?

What this research demonstrates is that:

- Almost half of members (48%) of a social network are fairly inactive (low status) and are not influenced by others in the network.

- The 40% who are mid status members are highly influenced by others, in particular the high status members.

- The high status members are not influenced by other members, and any attempt to influence them will result in a negative reaction. This 12% regard themselves as the "experts" or "gurus" and are proud of their status and jealously guard their independence. They believe they are the influencers and would not value the opinions of lower status group members.

The sophistication of the monitoring undertaken by the companies interviewed varies from simple Google alerts through to significant IT applications based around specialised commercial tools. These specialised tools are designed to analyse large volumes of comments from consumers posted on all manner of internet based media. Measurement will be considered in a later section but it is worth noting that both hard metrics (how many, where, increase, decreases etc) and soft metrics (sentiment analysis) will guide the way companies look to utilise and deploy social media.

Monitoring Tools

There are a large number monitoring tools that have sprung up over the last few years and these range from free-to-use alerts on Google through to sophisticated commercial analytical products such as Radian 6 (recently acquired by Salesforce.com). Research conducted by ITSMA in March 2010 found that 59% of companies use free search tools for Facebook or Twitter and 57% of companies use free blog search tools. About 50% of companies use free services such as Google Analytics and Google Alerts. The use of paid commercial tools (such as Radian6, Omniture and Techrigy) has been increasing and now 27% of companies are using these. In addition, 20% of companies have developed bespoke tools and a similar number have service relationships with agencies who have invested in monitoring tools.

Having listened and monitored the social media conversations already taking place and gained a feel for the sentiment expressed, companies are then well placed to develop the strategy required to move from being a passive listener into a participator. This next stage is called "Engage".

5.4. Engage

This phase is about how a company gets more actively involved with social media and moves from a passive state to being a participant. "Engaging" can be defined as commenting, responding or participating in conversations and sharing content with the target audience and influencers. The debate about whether to engage has largely been resolved as 90% of companies, in a recent survey, are reported as being active on public on-line social networks such as

Engage

LinkedIn, Twitter or Facebook. There is much advice on how a company should engage in social media conversations and detailed advice has to be specific to a company, its objectives and its target audience. However, there are some activities that are important for all companies to get right.
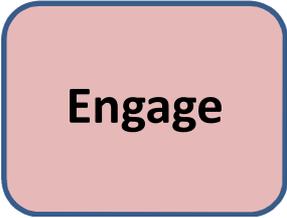
- **Detailed social media model definition**. Using the information gained from the listening exercise, a company can then put in place the social media model required to achieve the objectives identified in the "Plan" phase. For example, if an objective is to identify leads and increase sales, the focus will be on recognising ways of interacting with the target audience and the key influencers. If an objective is to reduce the costs of customer service, then the focus will be on establishing social media based peer-to-peer community service capabilities.

- **Physical infrastructure and tools**. The IBM example already discussed showed how to rationalise and co-ordinate investment in the physical infrastructure required within a company. Examples of these are:
  - o Establish standard blog hosting facilities.
  - o Use social media monitoring tools.
  - o Create links to company websites to bring together social media feeds from blogs, Twitter, Facebook, LinkedIn etc and RSS type delivery services for users to easily access new information.

- **Organisational responsibilities**. Companies who are deemed to have successfully deployed social media models establish clear guidelines for the roles and responsibilities within the company. This often starts with the social media governance already discussed but a co-ordinated and detailed definition of the responsibilities is needed for each situation:
  - o Monitoring and sentiment analysis.
  - o Engaging in general discussion.
  - o Marketing campaigns.
  - o Service queries.
  - o PR Issue resolution.
  - o Community support and management.
  - o Content provision.

- **Functional/Departmental roles and external agencies.** The most common model seen in companies where the use of social media has grown organically has been where the communications function takes the lead. This is also why communications agencies have also been eager to provide support to the communications department and often

provide outsourced social media monitoring services akin to their press clipping services. Now that the uses of social media are much broader, many other functions and departments have a stake in the company social media activities. As with many areas of social media, the most experienced companies prefer to speak of "co-ordination and collaboration" rather than "control" of social media, looking to benefit from the flexible and interactive capabilities of social media within an overall company framework.

Engaging: Tips from the experts!

Our findings identified practitioner advice from companies on the lessons learnt from their experience in engaging with their audiences. The most significant recommendation is to accept that it is no longer possible to retain control over the brand and brand values. Much of the content relating to a company's products or services is user generated and now outside of the company control. While some organisations may perceive this as a threat it can equally be seen as an opportunity; the key is the approach companies take to engagement as user perceptions are not so easily managed through PR and advertising. If the product is broken then fix the product not the PR! These practitioner tips have been collated into two areas:

- **Openness to new approaches**, companies should embrace:
  - o User generated content: it is important to know what people really think and what they are saying about your company. This is good feedback and provides a company with the ability to build on successes and understand where improvements can be made.
  - o Word of mouth: encourage discussions on your products and services and ask questions of your target audience to generate word of mouth comments.
  - o Viral campaigns: how can you get the word spread through your customers? In the earlier Marmite example, Unilever estimated that their "Marmariti" influenced three to four million other people with a positive message about Marmite XO in the four months following the launch.

- **Social media personality**, companies do not blog or tweet, people do, and people have personalities. Taking a "corporate" approach to communications in a social media channel does not work (remember Nestle KitKat's initial response to the Greenpeace video?) so companies need to consider how to establish their guidance for individuals to engage in social media on behalf of the company.

  The single most common recommendation is to allow staff to show some personality and communicate as an individual acting within the company. Customers have a clear preference to deal with a name and a real person rather than a position (customer services), and relationships can only be established between people. Other tips from practitioners are to be:
  - o **Organic:** let customers see that the company is made up of real people not corporate rules.
  - o **Transparent:** if a company is found to be economical with the truth, this will be quickly exposed and published. If a company claims to be environmentally responsible, it must be seen to act this way. The companies who excel at using social media also tend to be newer companies with less history such as Zappos.com, and those who believe in being open about their activities and really demonstrate

transparency. There is a premium for being transparent and honest; however, this is essential to building trust, which is a key component for success in the social media environment.

- o **Authentic**: there remains a lot of concern that social media is easy to abuse and can be manipulated by companies. However, there is little evidence that this is the case as such manipulation tends to be easily spotted as it does not align with the majority of customers' own experiences.

- o **Trustworthy**: trust is hard to gain but really easy to lose and the transparency that social media affords customers means that any breach of trust can be quickly exposed.

- o **Community focussed**: this is a shift of thinking to seek out and embrace the social media communities most relevant for a company's products or services, rather than build your own community and wait for participants to arrive. Companies that contribute more to these established on-line communities tend to gain more in return.

Engaging in Blogging

Research conducted by HubSpot for both B2C and B2B relationships found a correlation between the amount of blogging a company undertakes and its lead generation. This is shown in the figure below.

Figure 6: Impact of Blogging on Median Monthly Leads: B2B vs. B2C
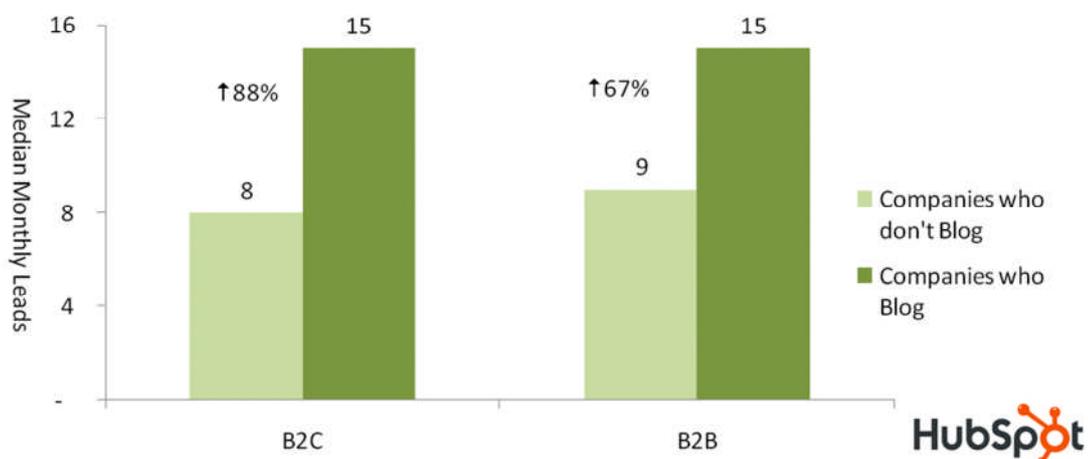
Source: State of Inbound Marketing Lead Generation Report   http://bit.ly/cVMpkn

The HubSpot research identified that those companies that blog the most also have the greatest impact on their lead generation. From the chart below it can be seen that companies publishing between one and two blog articles per day increased lead generation by 30% but those publishing more than two blog articles per day showed a 77% increase. The causality between blogs and leads has not been proven in the research but the findings

that the greatest impact on lead generation comes from those companies who blog the most are worth considering.

Figure 7: Impact of Blog Size on Monthly Leads
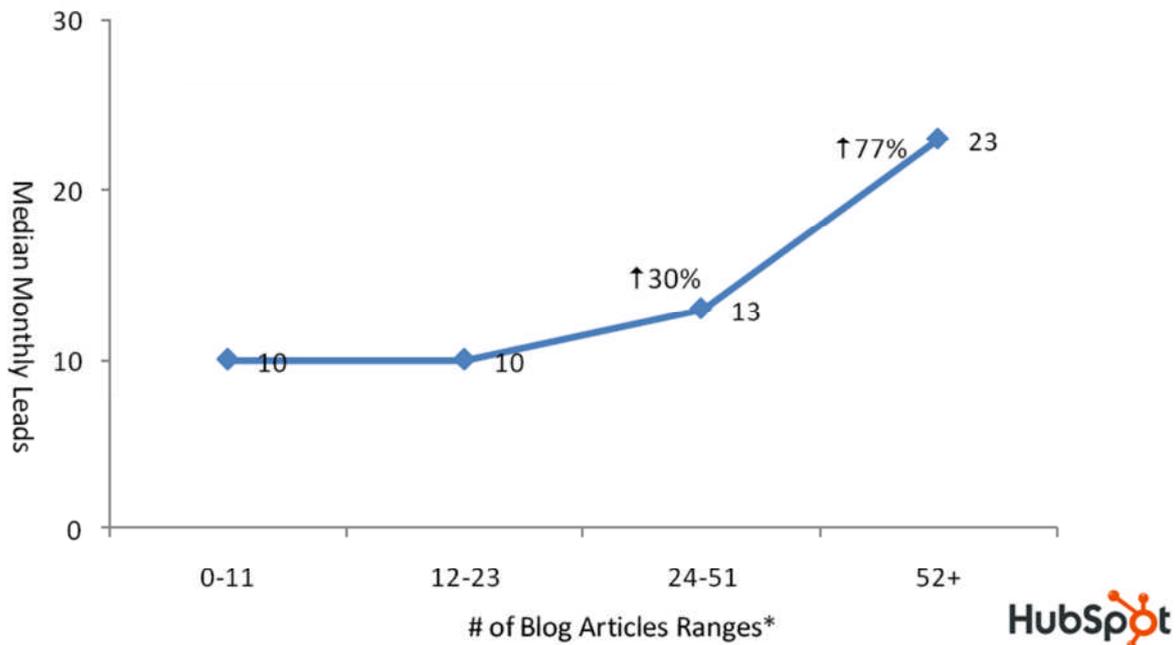
Brand Engagement

When discussing social media we tend to refer to what a company should do and how it should do it. But the real interaction with customers and prospects tends to be with the brand rather than the company. The Altimeter Group has created the ENGAGEMENTdb where they ranked the top 100 global brands according to their engagement with their target audience. From this research they identified five recommendations for brands to successfully engage with their customers:

- **What's in it for me or why is it important?** Altimeter identified a correlation between the depth of engagement and revenue/profitability. The findings stressed the importance of the engagement, actually entering into conversations where customers feel the brand is offering them something.

- **Quality not quantity.** Although frequency is an important factor, engagement should be focussed on objectives and responsive to the on-line community's needs. Interaction, which is not perceived to be of value will do more harm than good.

- **Scale engagement.** The scale and relevance required to achieve the recommended level of engagement needs a model where many people do a bit rather than a few doing a lot and stresses the importance of organisation across all staff. The quality point remains pertinent as targeting the key influencers is more important than taking a shotgun approach where everybody gets a little bit.

- **Doing it all may not be for you.** But you must do something! Start by looking at what your industry and customers expect and then become engaged with.

- **Find your sweet spot.** Be selective, choose social media channels carefully (based on the "Listen" findings) and then engage fully. All companies have resource constraints so

recognise this and focus on the social media strategy that will support the current business objectives.

Altimeter Group research has categorised company social media activities into Novice, Intermediate and Advanced. (To assess maturity within the social media environment Altimeter have a simple questionnaire at: http://www.slideshare.net/jeremiah_owyang/how-mature-is-your-company-social-business-maturity-quiz.) The conclusions from the research are:

- Corporations are likely to fail to take advantage of the social graph – the global mapping of everybody and how they are related – and continue to rely on traditional advertising and marketing tactics. While spending in advertising and marketing on social networks is high, many of these resources will be wasted unless they change their normal behaviour. That is because many brands will continue to broadcast one-way messages as they have done in the past, while struggling to develop a two-way dialogue with their customers. In Altimeter's recent report on Facebook page marketing, they found that brands missed opportunities to engage in customer conversations or foster word of mouth through the social graph. A few brands will find the right formula — for example, P&G's Pampers activates its Facebook fans through support discussions, Q&A, and direct engagement from community moderators and Unilever's Marmite Facebook has now achieved over 600,000 fans by using similar approaches to engagement.

- Brands would be remiss to ignore customer voices on the social web. Nearly all buyers will invest in brand monitoring, but do not expect the ROI problem to be solved. More corporations will adopt brand monitoring, increasing their investment by 56% over last year (2010). In 2011, 82% of corporations will have a brand monitoring solution in place and it will be the most heavily adopted social business category across all companies. Spending will average $98,000, or 56% more than last year, while companies in the Advanced category will invest $150,000 on brand monitoring.

- Despite a treasure trove of data, companies will continue to struggle with measuring ROI. While brand monitoring serves up mentions, sentiment, and engagement metrics, 48% of social strategists said that their primary internal focus is to develop ROI measurements. Yet even the best brand monitoring tools are useless unless social strategists take the time to understand how social business drives value in the corporation. Monitoring reports, which focus on engagement data, are woefully immature — and must evolve to actionable analytics in order to have a meaningful impact on ROI. Savvy companies will build in the appropriate workflows and processes, tying analytics to business metrics, such as revenue generation or reduced costs.

- Community platforms will become a mainstay of marketing and support. Corporations will increase spending on community platforms, making use of their most active contributors to support the entire customer base. Many corporations have already seen the benefits of on-line customer communities — for example, in reducing call centre costs and increasing customer satisfaction. In 2011, 59% of social business programs will invest in community platforms, increasing their spending from an average of $92,000 in 2010 to $129,000 in 2011. Across all maturity levels, community platforms will be one of the top four social business spending categories yet community platforms will be most heavily adopted by companies in the Advanced category. Community platforms require significant upfront costs, continuous management, and resource investment to sustain

efforts. As a result, only 42% of Novice and 58% of Intermediate category companies will invest in community platforms, while 78% of Advanced category ones will do so.

5.5.   Manage

It's all about the content.

In the future, a key role of marketing will be to create or manage the creation of content. Marketers have to find new and more imaginative ways of winning customers while at the same time recognising the shift in the balance of power that social media is bringing. The challenge for marketers is therefore twofold:

Manage

1. To use the full range of marketing tools, including social media channels to proactively target and win customers.

2. To make content available in the right format and across all marketing channels so that it is readily available when the customer or prospective customer wants to use it.

Therefore, in addition to a schedule of specifically targeted campaigns, our research indicates that marketers must think about the production and publication of content on a continual basis. To be able to deliver regular and appropriate content the business needs to be organised around the overall marketing strategy and ensure there are easy to use production facilities available to support:

*   Blogs – ensure these cover the right categories for the organisation and are well managed to guarantee frequency and quality.

*   Video production facilities – these give the target audience a flavour of the products in an easy to assimilate form and may include:

*   Podcasts for instructional and self-help materials.

*   YouTube channel for the company or brand.

*   Thought leadership articles – demonstrate the expertise available within the company while helping to build trusted relationships.

*   Executive viewpoints – share the views of the management with your customers, staff and stakeholders, encourage feedback and comment to generate two way dialogues.

*   News, lots of news on industry, customer issues, products, services etc – positioning the company at the forefront of the debate is an important strategy for success.

*   Opinions, opinions, opinions – engage with your audience, the key influencers like to hear, discuss and respond to views and opinions.

*   All engagements with the customers must complement the existing and future marketing communications and collateral – customers expect a consistent level of communications and service regardless of the channel(s) they choose for when dealing with a company.

To succeed with social media, marketers need to fuel the conversations. The process followed by the more mature users of social media in a business context is depicted graphically below. The creation of content follows the definition of the marketing strategy and planning. The content creation, production and distribution are then designed to support the specific sales and marketing requirements. To achieve this, the concept of a "content engine" has been introduced. This is a facility for managing the content throughout its lifecycle, ensuring creation is rapid and consistent across all channels, that deployment is quick and easy enabling publication through any medium, from on-line to hardcopy.

Figure 8: The "Content Engine" as a part of the marketing process

Marketing Planning, Strategy, Intelligence

Content engine
- Creation
- Production
- Distribution

- Marketing
- Sales
- Product mgt
- Product devt

Customers Partners Influencers

Automate, Measure, Analyze, and Report
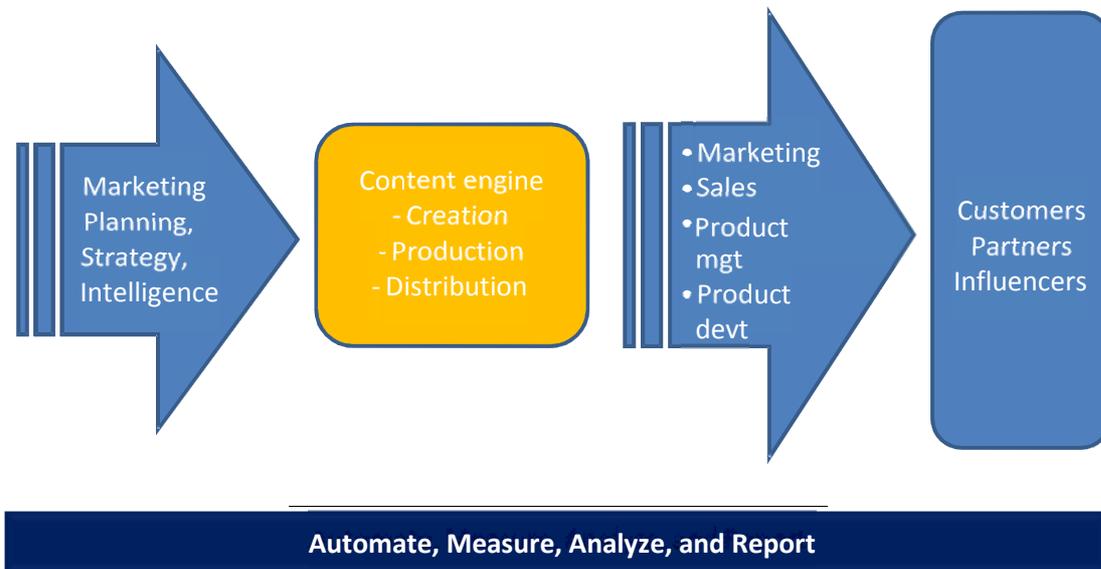
The study *B2B Content Marketing: 2010 Benchmarks, Budgets and Trends* reported the results of a comprehensive survey about content marketing in the business-to-business (B2B) space. Of the organisations surveyed, nine out of ten market their products and services with content, with marketers using eight content tactics on average, — see the figure below on Content Marketing Usage by tactic. The most popular tactics are social media (excluding blogs) (79%), articles (78%), in-person events (62%) and eNewsletters (61%). Currently, B2B marketers allocate approximately 26% of their total marketing budgets to content marketing initiatives. However, the research also found that 51% of B2B marketers plan to increase their spend in the areas of content marketing over the next 12 months.

While content marketing has become mainstream, marketers are still unsure of how effective various tactics are. For many tactics, there is a large "confidence gap" in which marketers use strategies without fully understanding the benefits they deliver. For instance, of the 79% of B2B marketers who employ social media, only 31% of users think they use this tactic effectively.

Figure 9: B2B Content Marketing Tactics

CONTENT MARKETING USAGE (BY TACTIC)

n=985

Tactic	%
Social Media (excluding blogs)	79%
Article Posting	78%
In-Person Events	62%
eNewsletters	61%
Case Studies	55%
Blogs	51%
White Papers	43%
Webinars/Webcasts	42%
Print Magazines	42%
Videos	41%
Promoting Content in Traditional Media	31%
Microsites	30%
Print Newsletters	25%
Research Reports	23%
Data-Driven Content Marketing	21%
Podcasts	16%
Digital Magazines	15%
Mobile	11%
Virtual Conferences	11%
eBooks	9%

The confidence gap demonstrates that whilst there is considerable belief in the value of social media initiatives, evidence of its efficacy remains elusive.

Figure 10: B2B Content Marketing Confidence Gap
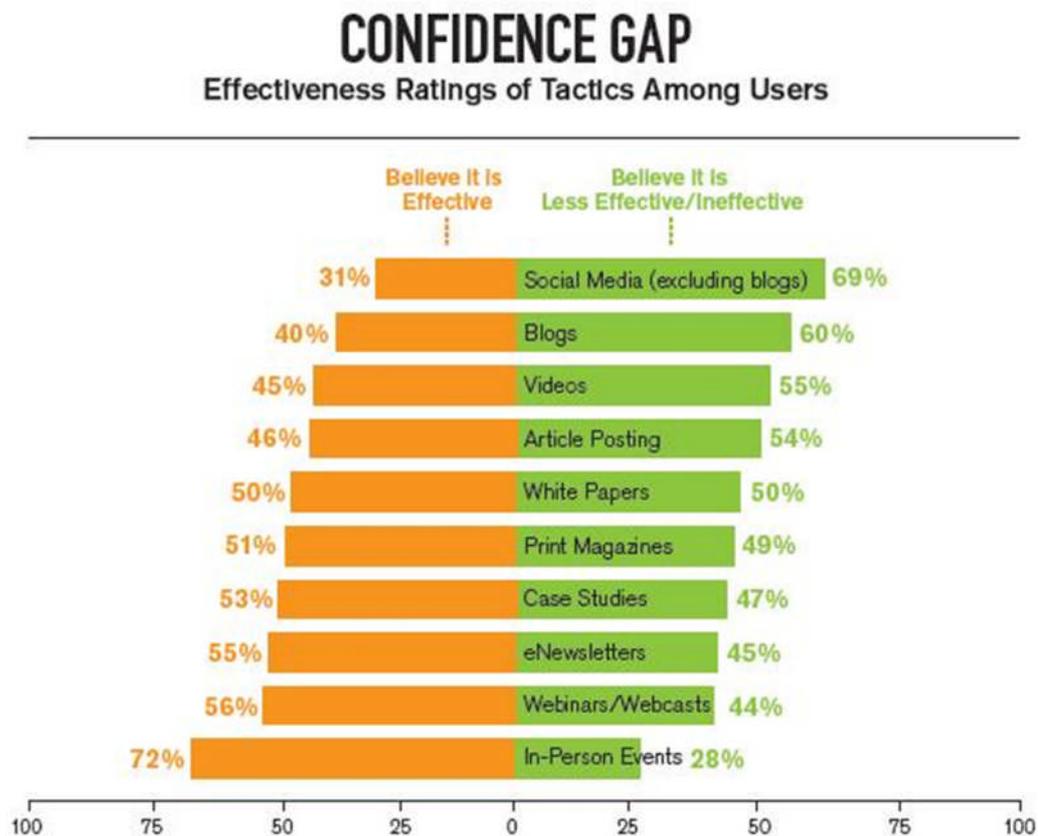
5.6. Measure

Social media is a mix of psychology, sociology and technology and as such does not conform to the establish business rules of measurement. The questions raised by our research regarding measurement fall into four categories:

- Whether we need to measure?

- What can be measured?

- Which metrics matter?

- How to demonstrate value?

Is measurement needed?

The complexity of social media and its intangible collaborative elements do not lend themselves easily to exclusive financial analysis and attempts to do so would be misleading. The research suggested that unquantifiable issues, such as organisational culture, play a large part in justifying projects. However, the literature does not provide much in the way of practical guidance in measurement terms. Many companies are relying on the intuitive feeling that participating in social media is a good thing, so let us just get on and do it in order to see what happens, and hopefully the results will speak for themselves. This approach allows measurement metrics, if required, to be formulated after the event and with the benefit of hindsight.

A variety of social media monitoring tools are already commercially available to observe conversations relevant to brands and companies and these often include built-in components that allow for the ease of engagement in relevant conversations. While these tools allow the tracking and measuring of conversations that are being participated in, they are limited in depth and scope, rendering their usefulness questionable.

What can be measured?

Brand Exposure

As with any technology, there are measurements that can be recorded. One of the easiest is to look at is the number of times users have been exposed to the brand through your social media channels and will include page view statistics for blogs, Facebook, YouTube videos and the amount of traffic being driven to the web site.

Audience Connections

The next stage in the relationship is when users express an interest in the brand, company or products and then take an action in establishing a connection which could allow a conversation to take place. These connections can be measured in terms of blog subscribers, Facebook fans, Twitter followers, YouTube subscribers and LinkedIn group members.

Audience Engagement

Once connected a percentage of the audience will begin to engage with the brand or company. These are measureable through blog comments, Twitter retweets, FaceBook

interactions, YouTube interactions and general brand mentions in social media environments.

Audience Conversations and Referrals

One of the fundamental goals of most social media campaigns is to drive visitors to the point where they can be engaged in conversation. In order to measure social media referrals and conversations more advanced web analytic tools are required. These will be able to measure referrals and conversations that arise as a direct result of corporate social media activities as well as those that are not directly attributable to a company's efforts.

Which Metrics Matter?

Measuring the success of social media can be done in a variety of different ways – through the quantity and growth of friends, followers and fans, the volume of online conversations about a product launch or the increase in sales. Many social media measurements fall into the trap of placing great emphasis on fans and followers and in doing so may unwittingly fall into the trap of vanity metrics, because friends, fans and followers are a poor indication of potential audience size and have little to do with actual audience interaction, engagement and influence. Measuring value, influence and engagement may offer better returns in assessing the true worth of social media in business terms. Therefore in order to do that successfully it is important that organisations understand which metrics matter most for their business and that organisations adopt a measurement philosophy that is simple, yet comprehensive and completely supported by its internal stakeholders. The challenge for organisations is in determining a measurement philosophy that provides the correct business value for the company.

Demonstrating Value

Simply delivering those easily obtainable metrics about connections and audience engagement probably will not bring value to any organisation. They are measurements taken in isolation without a relevant context. However, demonstrating how these metrics translate into conversations that are of value to the company will deliver benefit and confirm the impact that social media efforts are having both internally and externally.

There is evidence that senior managers "get it", but middle managers can feel threatened by the loss of control due to the viral and organic nature of social media and social media communities. Best Buy, PepsiCo and Kodak are all leaders in social media and they are all consistent in that they do not try to measure direct return on investment (ROI) from their social media activities. However, they do see consistent value in their efforts and will measure specific components such as the intensity of engagement, rather than the numbers viewing, or customer satisfaction levels as a driver of retention. Once executives start to recognise the value of social media activities, ROI becomes a less important concern, although specific social media marketing activities should still be measured for impact in the same way that other marketing channel activities would be. A recent Forrester study, see table below, found that, despite the financial climate, spend on social tools would increase.

HENLEY
UNIVERSITY OF READING

"Assuming that the economy is in a recession in the next six months, how would you change your investment in the following marketing channels?"

■ Increase ■ Stay the same ■ Decrease

Social networking	N=119
Blogging	N=118
User-generated content	N=105
Mobile marketing	N=79
Search marketing	N=135
Online video	N=119
Widgets	N=74
Podcasting	N=92
Email marketing	N=129
RSS	N=102
Game marketing	N=37
Display ads	N=116

Base: global interactive marketers at companies with 250 employees or more who use each channel
Source: Q4 2008 Global Social Media Planning Online Survey

47665   Source: Forrester Research, Inc.

Organisations that are generally regarded as having successfully exploited social media channels tend to have taken a similar approach to measuring and quantifying its effectiveness. Our research found that they:

- Use a blend of qualitative and quantitative metrics of which there are many.
- Accept the challenge of causality.
- Are continually developing and refining systems of measurement.
- Are not losing sight of the 'social' in social media versus targeting direct sales.
- Recognise that the lens of old media is not appropriate in the social media context.

Justifying Social Media

Although companies are attempting to qualify in financial terminology the benefits attributable to the investment they are making in social media, these range widely in terms of their sophistication. The reality is that no two companies are the same and how one organisation will justify the investment will differ from another. While tangible factors are taken into account the reality is that these are usually little more than intelligent estimates of the likely increase in leads, sales or improved brand awareness. It is probable that the existence of a scientifically rigorous process for valuing social media investment is a myth, not existing in practice and perhaps impossible to determine in theory. Often factors derived from the strategic context in which the organisation finds itself are used to justify investment. Typically, they correspond to increased competitive pressures arising from maturing markets and decreased differentiation in the core products. The strategic environment provides reasons to support investment, usually in terms of supporting growth or more realistically preventing decline. In situations where strategic factors are important, they tend to underpin the managerial consensus, relegating financial justification to the status of a 'sanity check'

rather than a deciding factor. Often it is the social pressure of 'having to do it before we get left behind' that becomes part of the strategic planning.

A third set of factors that are important in the overall decision to invest in social media are linked decisions. These involve near simultaneous investments in related areas or significant changes in existing resource allocation patterns. For example: a technology refresh that would allow the integration of social media and collaborative applications for little extra effort or money. These linked decisions affect both the timing and viability of social media investments. Where they are of prime importance, the need to prove the financial viability of the social media investment is reduced further.

In justifying the investment in social media all three sets of factors are used to a greater or lesser extent. Any attempt to justify social media investment without considering all three factors is unlikely to generate the control, buy-in and effective resource allocation that is the aim of the justification process.

While the research uncovered the complexity of the social media investment decisions it also pointed the way to how best to carry out this complex process in an organisation. Using the metaphor of a key, each of the three factors – tangible, strategic and linked decisions – is equivalent to a ward, or bump, on the key. (see figure XX Justification Key for Social Media). The social media justification key for each organisation is going to be unique, with each component developed to fit the on-going needs of the organisation.

The emphasis on each element cannot be generally recommended, as it needs to be culturally specific to the organisation. The financial justification ward will have input and output components, address organisational need for control while contributing in a minor way to organisational buy-in and resource allocation comparisons. For those organisations whose culture places a high value on control, this key ward will be very prominent. Strategic factors address organisational need in order to respond to increased competitive pressure whilst contributing strongly to management consensus. The strategic key ward will be conspicuous for those companies who believe they are in the context of a greatly increased competitive threat. Organisations undergoing a complex period of change will experience a more prominent linked decision ward as they will need to understand the relationships, and decide the priorities, between several, potentially competing, resource allocation decisions. These companies will need to both control allocation of resources as well as develop a management consensus.

As each organisation is unique, so will be the profile of their justification key for social media. In addition, over time the key may need to altered to fit the changing business environment, whether from internal focus, external market forces or simply in response to the changing face of social media use and emerging technologies.

Figure 12: Justification Key for Social Media
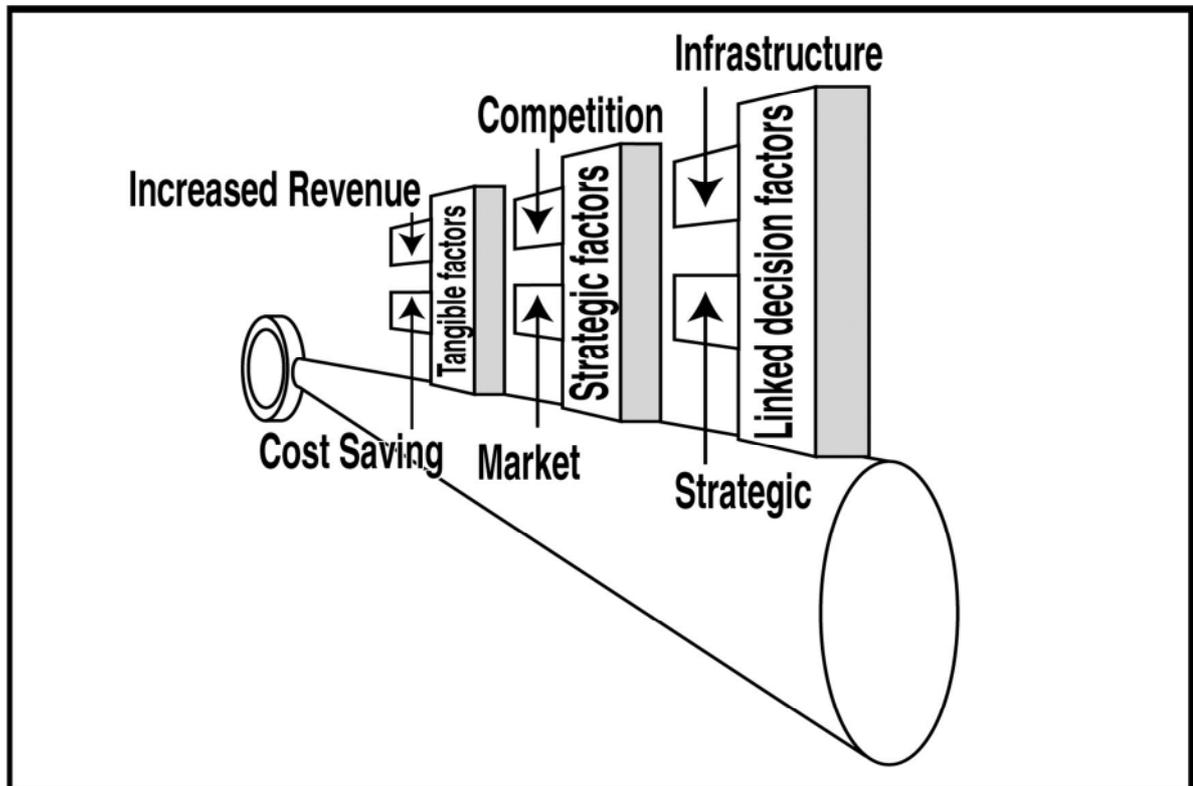
5.7. Integrate

Most companies agree that social media should not have a separate strategy but be an integrated element of either the marketing strategy, or strategies for communications, customer service or product development. Messages conveyed via social media channels have to be consistent with the broader company or brand message. In order to achieve this consistency, companies are trying to integrate social media with existing customer facing channels. The priorities are:

Integrate

- Integration: social media needs to become an integral part of marketing across all channels.

- Consistency: when the organisation is viewed through different channels, the view is the same.

- Speed: social media offers more and quicker ways to distribute content to customers, but it needs to be integrated.

- Relevance: what information is suited to each channel?
  - o Websites tends to be better for the delivery of more static information.
  - o Broadcast information and the dissemination of time-dependent material is better delivered directly to each target group through Twitter, LinkedIn, Facebook etc.
  - o Channels and stakeholders should be organised to complement each other.

From our survey:

- Two-thirds of respondents have integration in their top three social media marketing priorities.

- Half have already integrated social media with other marketing channels.

- The majority (about two-thirds) are dissatisfied with their current level of integration.

- 34% say they have no plans to integrate social media into their marketing strategy.

- 40% of respondents do not have a process for tracking social media opportunities in their current CRM (customer relationship management) system.

- 30% of respondents are thinking about how to track social media opportunities in their CRM system.

- 18% are part way through implementing the tracking of social media opportunities in their CRM system.

- 12% are able to track social media opportunities within their CRM system.

While there is a lot of talk about integrating social media into the marketing strategy, the statistics do not corroborate this. The reality is that integration is frequently discussed but rarely implemented, possibly due to the complexity and uncertainty about how to go about it and the lack of suitable technology systems.

Integrating social media into the overall marketing strategy is made more difficult if it is not considered from the outset. Having corporate governance and standards in place will make the process easier, allowing greater benefits to be realised from a marketing strategy that includes the use of social media. There remains a lot of debate around where and how to integrate social media activities into the business and while some companies are already

experimenting with and capitalising on the advantages of an integrated social media strategy, many others are still talking about making a start. The reality is that social media activities should not be carried out in isolation and in the short term it probably does not matter where it is integrated into the business.

Reviewing the Social Media Strategy

The final stage respondents reported is to review and adapt the social media strategy according to the latest priorities of the company, the outcomes of the existing initiatives and the availability of new technology. The figure below illustrates a possible approach to the review process.

Figure 13: Refining the Social Media strategy
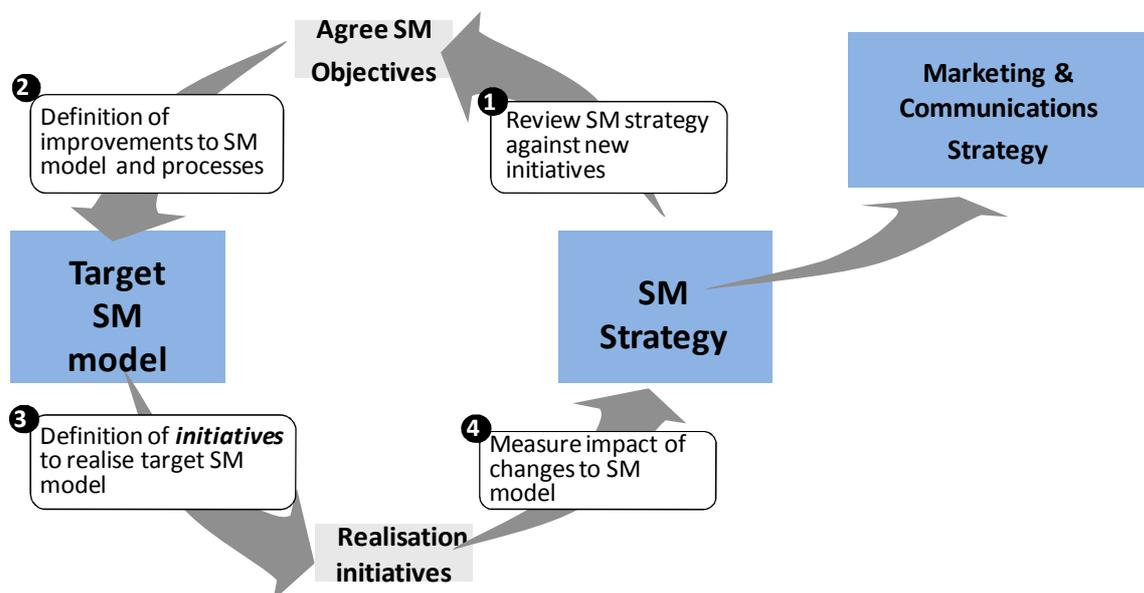
6. Implications for Management

- Social media activities cannot exist in isolation, social media is another marketing channel and needs to be integrated into the marketing strategy that underpins the company vision and goals.

- Any measurement of social media activities has to demonstrate value therefore careful choice of metrics pertaining to the business has to be made.

- It is important to recognise the impending challenge concerning the management of content creation.

- Taking a corporate approach to social media doesn't work – social needs the personal touch.

- Manage the rules of engagement within social media to deliver business benefits eg blogging increases sales leads.

- You neeed to consider all six of the stages of the social media framework to meet the needs of your company.

- Think about how you will meet the challenge of gaining trust in the social media space.

- Develop a clear understanding of the new rules of engagement within the social media environment.

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The Henley Centre for Customer Management

The Primary Objective of the Henley Centre for Customer Management is to promote Customer Focus and Service Excellence best practice through observing practice in leading companies and synthesising this into useful knowledge that helps members to improve their own Customer Management and Customer Service plans and implementations.

Members

Each year, the Centre aims to attract a membership of between 10 and 20 organisations, each a leader in their sector.

Members in 2010 were:-

Vertex (Main Sponsor)

Bausch & Lomb

Carphone Warehouse

Cisco

Cognizant Technology Solutions

Ecclesiastical Insurance Group

GSK

HSBC

Kelly Services

Microsoft

NCFE

NHS Blood and Transplant Services

Oracle

The Henley Centre for Customer Management

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The Henley Centre for Customer Management is supported by members representing a diverse range of organisations.

Vertex, an international business process outsourcer specialising in customer management, was our main sponsor for the 2010 programme.

Maximising Value through Relationships