



The Value of Having Conversations:
Using Social Media to Deepen
Your Customer Relationships

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Face it: Your business is not what you say it is—it's what your customers say it is. Social media challenges the conventional business wisdom that says the conversation starts with the company. In the old world, companies would ask customers what they want, analyze their needs, and then formulate their strategic decisions. Today, the dialog starts with customers, who themselves provide the data, resources and insights necessary to help transition your business using networks as capital and human resources.

But there's so much data out there, more than ever before. In this Web 2.0 world, companies need to filter through the noise and figure out what's valuable and what's not, and it starts by engaging with customers in an open, trustworthy way. Those once perfectly formulated and broad-based marketing messages have become much more individualized: It's no longer shouting at customers, but talking with them one to one, asking questions and using their responses to cultivate even more relevant dialog and marketing messages tomorrow.

"In the history of our business, our partners have never had so much data on their customers," says Tony Compton, director of CRM product marketing for Infor. "And because of that, companies are in a position to make decisions based on what they know versus what they think they know. But there is so much data available both from internal/transactional sources and external/social sources. How do you know what is important and what is not?"

This white paper will help you build a strategy. We'll explore how to leverage the data obtained in social media networks to meet or exceed the needs of your customers, to understand their value and what they want. We'll discuss how to build relationships with them, so that those relationships are leveraged with their network, and you'll begin to understand where and how CRM and social media intersect. Ultimately, you will learn how to incorporate a valuable social media component into your marketing and CRM initiatives, including a step-by-step methodology for finding, gathering, and measuring data effectively.



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In Brief

Overview:

Written for the marketing executive, this paper provides a useful framework to begin to assess how an organization can engage in social media to build deeper relationships with its customers.

Sidebar Focus:

Social media is all about 1to1 communications and therefore the strategy doesn't offer a one-size fits all solution. Sidebars in the paper focus on the common pitfalls in a social media program and special considerations for a B2B enterprise.

Getting Started Now:

With more than 74% of the U.S. population engaged in using social media, companies are beginning to wake up to the fact that they need to understand this phenomenon and get into the conversation. Look for the "Getting Started Now" boxes for ideas, resources and tools to help an enterprise get started today.

What is Social Media?

Social media is often defined by the power of its technologies, a set of tools—blogs, wikis, podcasts, social networking sites, etc.—that people use to have conversations with one another. But the converse is perhaps a truer and more significant definition: It's the conversations and relationships themselves, formed by the use of current technologies, which has created a rich set of new tools to generate business. Your goal in this new realm should be to use social media to engage enthusiasts and existing customers in an interactive community in order to drive more traffic and sales. This creates a highly involved audience that recognizes and interacts with your brand clearly and thoughtfully.

A new report released by Universal McCann, "When Did We Start Trusting Strangers," surveyed 17,000 web users around the world and describes a "new influencer landscape" characterized by three significant trends: the rise in social media, the importance of digital friends and the proliferation of influencer channels.¹ What this means for brands is that they need to participate in an influence economy by providing the tools and spaces for facilitating the creation experiences consumers want to have.

"People think of social media as being scary and unmanageable," says Becky Carroll, senior consultant, Peppers & Rogers Group. "But have we ever been able to really manage a customer's relationship or a customer's experience? No. The customer is their own person, and they are going to make their decisions based on their own criteria, based on their emotions, based on whatever other people are telling them. Well, social media isn't really very different than that, except that now all of those conversations and activities are online and visible for all the world to see."

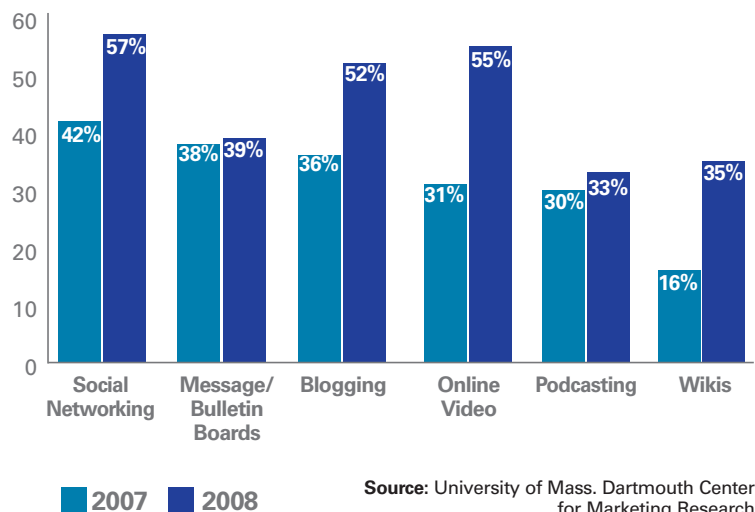
And that visibility has yielded greater power to customers who are more organized and interactive than ever before. There are plenty of well-documented stories of companies that paid the

price for not addressing the bad experience of one disgruntled customer, since a single rant on a blog or social networking site can now reach thousands—and even millions—of others. A few years back, Dell took a beating because of social media bloggers, and to this day if you do a Google Search on the term "Dell Support," bloggers not happy with Dell support still come up on the first page of results.²

Why is social media so powerful? Now the conversations and activities are online and visible for the world to see.

How Familiar Are You With the Following Social Media?

Various forms of social media are experiencing different levels of adoption. The only constant is that they are all growing.



Indeed, the key to understanding social media is to understand how it enables and ties together social relationships, and to do that, you need to be a part of them. By joining social communities and getting involved in customer conversations and, ultimately, generating new ones, you can create a new voice for your company, one that stems directly from customer feedback. The following five-step methodology provides a basic outline for how to tap into the new social media landscape.

1. Listen

What are customers saying about you? Companies certainly are eager to dispel the erroneous information out there that pertains to their brands or to mitigate bad customer experiences. However, before you jump into any conversation, Carroll says, it's important to spend a lot of time monitoring the who, where, and what of your customers. "Find out who is saying it and where they are saying it," she says. "On blogs? Social networking sites? Are there certain customers who are more influential than others? What types of things are being said? Are there a lot of brand advocates, or do you have a lot of people who are upset with you? These are the things you need to know."

Many companies have already created social media teams who listen in on what is being said about their brands on social networking sites and blogs. For example, Comcast took a hit when a single disgruntled user took action, posting a video onto YouTube showing a technician who fell asleep at his house while on hold with Comcast customer service. Although such individual complaints represent a tiny portion

of the cable operators' customers, in the latest ratings by the American Customer Satisfaction Index, Comcast scored an all-time low.³

In response, Comcast has set up teams of employees who are encouraged to click around social networks or online forums. So has Southwest Airlines, whose social media team includes a chief Twitter officer who tracks Twitter comments and monitors a Facebook group, an online representative who fact checks and interacts with bloggers, and another who takes charge of the company's presence on sites such as YouTube, Flickr, and LinkedIn.⁴

Before you jump into the conversation, it is important to spend a lot of time monitoring the who, where and what of your customers.

> Get Started Now: Take a half hour or more each morning to explore the hot topics in your business category in the blogosphere. Find out what the people who have tagged your products on del.icio.us are saying. Search sites such as technorati.com, icerocket.com or digg.com to see what your customers and prospects are saying about your company and your competition. These free resources will put you right in the center of what people are talking about.

Why Social Media Initiatives Fail

Not engaging in social media strategy has become business suicide as customers continue to migrate away from traditional communications tools toward social media models. But having a social media strategy just for the sake of having one can cause more harm than good. Here are four reasons why social media strategies fail.

1. There's no strategy: Being involved in social media is more than having a LinkedIn profile. Listen and engage with customers to find out their wants and desires, and find out where they use social media tools and communities or else you'll be wasting time and resources.

2. It's the same old, same old: Just throwing out press releases or glorified ads can be damaging to your brand in the social media community. Social media marketing is no longer about blanket messages; it's about turning those messages into one-to-one conversations.

3. You're not honest: If relevance is the key to email marketing, honesty is the key to marketing in social media. "If we can't trust you to be honest, it will have a detrimental effect on the brand," says Becky Carroll of Peppers & Rogers Group.

4. You're not relatable: Speak your customers' language. "Social media is about engaging customers in conversation and building communities around whatever tool you're using," says Carroll. "It's about bringing marketing back to people."

2. Consider

Once you know where your customers are engaging in conversation about your company, products and services, the next step is to embark on a fact-finding mission by simply “hanging out” where they are.

At this stage, it’s imperative to know why you are interested in social media, says Carroll: “Are you doing it so you can have an opportunity to have conversations with customers? Do you want to spread your word of mouth and energize customers to become brand evangelists? Do you want to use social media for support, as a problem solver, to reduce your customer service calls?”

Additionally, understanding where or how you join customers’ conversations is just as important as understanding why. For example, a recently reported story in *The Boston Globe* tells of an unhappy Comcast customer typing a quick complaint into Twitter, getting a response minutes later from a user named “ComcastCares” and within 24 hours, a Comcast technician

arriving at his house to fix the problem.

On the other hand, there are many who consider social networks as “me spaces”—places to go to talk to friends—and any interruption can be difficult for brands. Carroll tells of another Twitter experience, where a well-intentioned company executive read a conversation involving a problem with his company, joined the conversation in an effort to help and caused the conversation to immediately shut down. “They were freaked out,” says Carroll. “It was very Big Brother for them.” So while every social media tool has its own little set of unspoken rules, so do your customers. Therefore, it’s important to learn how they want to engage.

Be careful. Every social media tool has its own little set of unspoken rules. So do your customers.

➤ Get Started Now: Put together a group of company executives from different parts of your organization to discuss social media strategy. Have each individual bring a list of five possible goals for using social media as it pertains to his or her department.

Social Media: B2B versus B2C

People think of social media as a B2C endeavor, but it has grown significantly as a B2B tool. Email services provider Constant Contact created its “ConnectUp!” community in 2005; the community now has 13,000 people, about ten percent of Constant Contact’s customers—who do things like share common problems and brag about their successes.⁵ The most popular and widely known professional social network is LinkedIn, whose audience has more than doubled in the past year, and among the most prominent business niche social networks is ITtoolbox, a 1.3-million-member community of information technology professionals.

Still, it’s important to understand that B2B communities are defined by unique criteria. Dan Morrison, the co-founder and CEO of ITtoolbox, describes B2C communities as “communities of interest” and B2B communities as “communities of practice.” A community of interest is an online community where the primary value is based on the personal or social interests of its members, whereas a community of practice is an online community where the primary value is based on professional interests.⁶

Target audiences for B2B companies are narrower, specialized slices of the social media pie and can be more difficult to track and attract. Therefore, companies have to work harder to create communities around their brand or product. One of the best ways to do this is to join a professional network, such as LinkedIn, where content is aligned with a professional function and can be easy to match with the desires of a B2B marketer.⁶ Once established, create groups around your product categories to attract your customer—supplement your profile with targeted display ads or sponsor one of LinkedIn’s “Answers” categories.

The good news is that advertising in “communities of practice” can be approached at increasing levels of sophistication, with the chances for achieving superior results increasing.⁶ Interactive webinars, blogs, podcasting and online videos establish credibility, deliver proof points and offer valuable Q&A opportunities, enabling your customers to develop or deepen their relationship with your company while helping your sales departments get smarter about their prospects.

3. Participate

As of October 2008, Accenture had nine corporate blogs; Cisco twelve; Absolut Vodka posted online videos, and Coca-Cola ran the “Virtual Thirst” contest to design a vending machine in Second Life. The Home Depot utilized microblogging, online video, ratings and reviews, and tagging/social bookmarking, while Pfizer had a “frame your horse” widget on Yahoo.⁷ And Hewlett-Packard had nearly 50 executive blogs on topics from storage to small businesses.

Once you know how and where your customers are interacting, it’s time to engage, and there are a number of ways to do it, such as writing blog posts or responding to posts about products or service issues. “If you go where customers are, the conversation is already taking place in some community, some area, and you can go and learn a lot,” says Carroll. “You can even try to introduce yourself over time, and not just come out with your sales and marketing message, but talk as a person and get involved. You can learn a lot.”

Carroll says that knowing how it makes

sense for your company to join the fray begins with asking your customers themselves how they like to be contacted. Since many companies already have some kind of conversation with customers, they can use one of the communications channels in which they already operate, such as a newsletter, to do that. Or perhaps when customers interact with your contact center, your reps might ask, “In the future, how would you like our company to interact with you?” Keep in mind that any queries directed to your customers should be context-based, not random, and relevant to their environment.

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➤ Get Started Now: Type a list of all the things your customers would be interested in hearing from you **OTHER THAN** your products. What are they asking your competitors? What problems can you solve for them? How can you position yourself as a partner? Think about how those things can create value for your customer: Does it save them time? Money? Give them status? Make them smarter?

Social Networking Growth by Worldwide Region

Social media usage is growing exponentially all over the world with varying degrees of adoption by region.

	June 2007	June 2008	% Change
Worldwide	464,437	580,510	25%
Asia Pacific	162,738	200,555	23%
Europe	122,527	165,256	35%
North America	120,848	131,255	9%
Latin America	40,098	53,248	33%
Middle East-Africa	18,226	30,197	66%

June 2008 vs. June 2007 Total Worldwide Audience, Age 15+—Home and Work Locations

Source: comScore World Metrix

4. Create

As you continue to engage in conversations with customers that address *their* needs, you must begin to create a campaign or social media plan that also helps achieve *your* goals. Based on what you have learned in the first three steps, now you are ready to create content, such as a blog; run a user-generated ideas contest; or, as in the case of Fiskars and Proctor & Gamble below, work with brand advocates or start your own social community.

Fiskars, a company that makes crafting tools, identified community members who were using its products in the scrapbooking community, and created the Fiskateers, a group of brand advocates who are paid to run a website and blog for the company. The key part of the movement was to find passionate people and give them the tools and opportunities to talk to one another and then get out of the way. In other words, the company was willing to gain more power by giving it away. It was a risky proposition that paid off; now these passionate advocates are creating their own marketing tools and are stepping up and taking ownership in an international brand.⁸

It is also reported that branded mentions of Fiskars products have been up more than 400 percent on a per-week basis since the program began. The program, which now has more than 1,200 members, has successfully de-commoditized Fiskars tools and made crafters value them beyond price.⁹

Proctor & Gamble In an effort to market tampons to girls age 12 to 15, the company created an informational and interactive site in which this demographic would be interested rather than one that was designed to sell product. The result was beinggirl.com, which provides girls a forum to discuss all things relevant to their lives, with subtle tampon branding on the side. The strategy was reportedly so successful that it is

estimated “even a 1 percent conversion rate of beinggirl.com’s traffic is three times higher than that break-even point.”¹⁰

Methods for gathering customer insights have evolved and improved as technology and communications have become more advanced and community focused. For companies that engage in social media strategies where the interactions take place somewhere else, the process is more time consuming and tedious, like piecing together millions of tiny puzzles at the same time, although the conversations themselves provide valuable data that you can bring back to your enterprise.

Yet, those companies that create their own social networking communities, such as Fiskars and Proctor & Gamble, bring the action onto their own turf, making it easier to monitor customer dialogs and feedback and to apply this knowledge internally. The richest customer insights can be obtained when companies bring social networks and communication platforms to their own sites for real-time information that centers directly on their products and brand.

You must engage in conversations that address the customer’s needs but also helps you achieve your business goals.

> Get Started Now: Think of places where your customers already gather or could gather and work with brand loyalists to establish a new environment to create conversation. Determine the niche focus of this new social network and the range of content creation tools you will hand over to your members, such as video sharing and discussion forums.



5. Measure

Depending on what your initial goal was for wanting to use social media, you can *make those goals a reality* by bringing in feedback to product teams and updating marketing or branding strategy.

What's the value of a visit, comment, link, referral or friend? Social media allows you to transform your company into a knowledge base of customer insight and creates value through several criteria:

Increased revenues: Forming new sales leads or generating additional income from existing customers using customer-generated content.

Engaged customers: Giving customers the opportunity to network around a brand or a product reinforces the consumers' connection to it and solidifies their loyalty.

Buzz builder: If your social media strategy goes beyond talking and is trying to proactively build word of mouth, your customers can become evangelists for you, and the value becomes how many people have been referred to your company over a certain period of time.

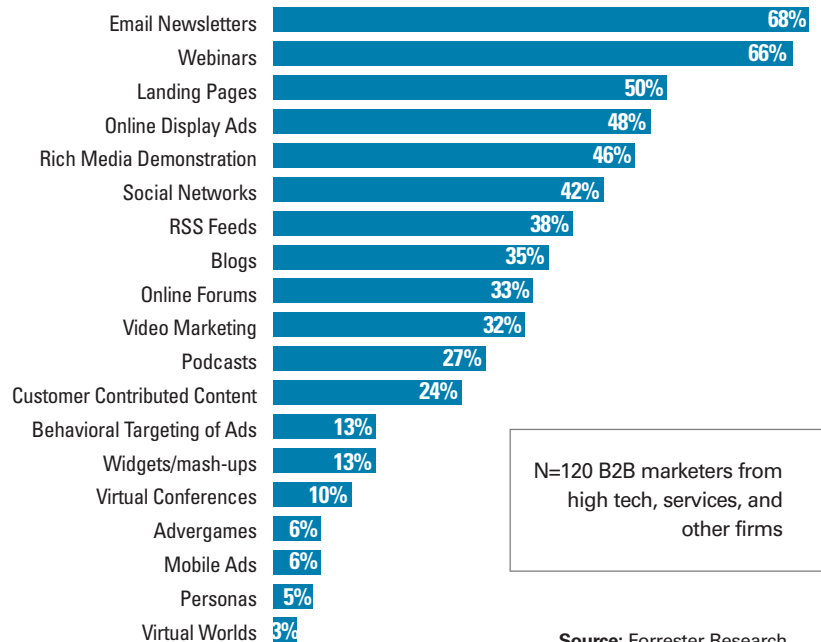
Competitive market insight: Social media allows companies to be privy to conversations once only open to friends or family around dinner tables or on private telephone calls. You can get in on market trends as they germinate and track what your customers are saying about your competition.

Additionally, if you're using social media for service and support, there are value opportunities there as well, as in the reduction of customer service calls and in making your support more effective and efficient. What's more, social media enables your customers to support one another, and there is huge value in that: In one example, a Constant Contact customer lodged a complaint on the Constant Contact forum, which was answered by a happy Constant Contact customer.¹¹ All the company did was give its customers a community in which conversations could take place, and its customers did the rest.

The costs of enabling this kind of interaction are far lower than historical data-collecting methods.

Webinar Survey Respondent's Marketing Mix

"Which of the following digital, social media tactics do you use currently?"



Source: Forrester Research

But keep in mind that while traditional costs have been reduced, there are soft costs associated with social media projects, including the time and attention investments. "People think that social media is a really cheap way to do things," says Carroll. "In one sense, it is: you write a blog or use a free blog space and pay someone to write the template for you, so it's unique for your company. But the real cost is in the time and resources involved on the back-end to keep it going and to monitor what's going on out there."

What is the value of a visit, a comment, link, referral or a friend? It all depends on your objectives.

➤ Get Started Now: Go back to the original reasons you established for implementing a social media program. Then figure out what kinds of activities you need to measure in order to know if you are meeting those goals.

Something Old, Something New

Social media has created a level of brand loyalty and advocacy that was once thought unimaginable. By appealing to the individual's desires, dreams, and behavioral markers, companies can fully integrate their brand into customers' lifestyles, daily routines, and conversations. Then they can create a roadmap based on these criteria and coordinate and execute social media campaigns as a key component of their overall sales and marketing plan.

"Traditional marketing efforts—putting numerous pieces of mail in the postal stream, having telemarketers call people and even email campaigns—have become less effective in recent years," says Infor's Compton. "People are on the go and will be compelled to do business with companies that allow them to customize their experience."

Still, this doesn't mean that you should forget

about the methods of data collection that you already have, says Compton. "It's compelling to have a social platform where the customer can engage with companies and can contribute to how a company is perceived," he says. "But all channels are still in play. Social media is the new breed of access, but consistency across all channels needs to be valuable no matter how customers come into contact with your company."

Indeed, view every customer interaction as an opportunity to learn more about your customers, make them a relevant offer, improve retention, increase revenue, build loyalty, or strengthen your brand. In the end, the secret ingredient in this new marketing landscape is not social media itself, but having a multi-channel approach across all media, including social media. ■

The secret ingredient in this new marketing landscape is not social media itself, but having a multi-channel approach across all media—not just social media.

Footnotes

¹http://www.universalmccann.com/Assets/strangers_reportLR_20080924101433.pdf

²<http://www.web-strategist.com/blog/2007/02/25/social-media-saga-continues-as-company-advances-towards-dell-swell/>

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⁵Li, Charlene and Josh Bernoff. *Groundswell: Winning in a world transformed by social technologies*. Harvard Business Press. Boston: 2008. (142)

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¹¹Li, Charlene and Josh Bernoff. *Groundswell: Winning in a world transformed by social technologies*. Harvard Business Press. Boston: 2008. (143)

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