

Social Media in Business

Are Facebook, Twitter, YouTube and other social media platforms relevant to business?

One of the latest trends in the intersection of technology and traditional business is "Social Media", once the domain of Gen Y with MySpace, Facebook and other consumer focused social networks. As we move from "Web 1.0" (the early days of the web with static pages and basic e-commerce) to "Web 2.0" (collaboration, networking, hosted services, wikis, blogs and more), the team at Sandfield has been thinking and debating about the relevance and potential use of social media not only within our business but how it might apply to our customers' businesses.

Social Media Landscape



To provide some context, let's look at some statistics: Facebook has 276m users worldwide, a new member joins the business network site, LinkedIn, every second, while Twitter use is growing at over 1000% per month. Along with this momentum and growth, there is significant evidence that the social media phenomenon is impacting business from both a negative and positive approach, illustrated by the following examples:

1. A recent YouTube posting from some errant Domino's Pizza employees: <http://www.ebaumsworld.com/video/watch/80607889/> and Domino's corporate response: <http://www.youtube.com/watch?v=7I6AJ49xNSQ>
2. LinkedIn <http://www.linkedin.com> has over 50m members over 200 countries. Its core premise is that relationships and referrals are powerful elements of business success. As one specific example, a person I know has 260 direct connections which give him access to

2.8m people across the globe. How does this benefit him? His business has an international aspect to it, and from time to time he calls on that enormous network for introductions and referrals.

One of challenges with the adoption of social media within a business is one of control – in Web 1.0 the company controlled the content of their website. The Web 2.0 environment breaks the shackles, allowing individual contribution based on their thoughts and opinions. Some organisations are struggling to adapt to this shift, and continue to operate Web 1.0 principles in a Web 2.0 environment. Typically they are embracing social media tools but utilising traditional marketing techniques and approaches, for example using a blog (a website maintained by an individual to express opinions, commentary, update news events, maintain an online diary) to “push” product marketing messages. Not the done thing in Web 2.0!

So how does a business adapt to this new order, and harness the opportunity that Web 2.0 and social media provide?

Using Social Media in Business

It seems at its most basic that at our fingertips are a number of such social media "tools". The challenge begins with answering the question "How can the use of these tools help our business?". There are plenty of websites, whitepapers and blogs which espouse the necessity to join the trend. One of the better ones is here, which provides the top 10 reasons: <http://www.radian6.com/wp-content/uploads/2009/09/Top10Reasons.pdf>.

It seems one of the main drivers is “brand monitoring” to identify and track what is being said about their brands/products/services within the social media world. There are a number of tools available which monitor all forms of social media in real-time, capturing every brand-related news article, comment, blog post, Tweet, YouTube video, and forum post.

(Assuming the marketing people at Qantas use such tools, they would have quickly picked up on a recent “tweet” by musician John Mayer to his 2.5m followers on Twitter which complained about a Qantas Airbus flight from Sydney to Los Angeles.)

However, whilst brand monitoring certainly makes sense, this seems to be a fairly passive and possibly reactive way to participate in this new online order. Beyond brand monitoring, many organisations are participating and engaging in a more proactive way such as creating discussion forums for ideas, product reviews, research and customer support. Companies such as Microsoft encourage their employees to create their own blogs, to actively build small communities interested in their area of speciality.

The impact on Business

Another example on how social media can impact business is the launch of the movie *Bruno*. In the United States, the movie opened to big numbers, earning US\$14.4 million on the day, with studio executives predicting the opening weekend would top US\$50 million. However immediately after the premier, viewers send “Tweets” from Twitter with negative reviews and ratings. As a consequence, the next day the takings dropped to US\$8.8 million and the weekend total struggled to pass the \$30 million mark.

In short, social media has created a world of word-of-mouth on steroids.

The nature of this medium, being ubiquitous, anonymous (optional) and indirect, means that negative commentary can potentially achieve massive reach and impact in an instant. How does a business respond to this? The rebalancing of power back into the consumer's hands in terms of market influence means that a business needs to have an ability to react quickly. On the other hand, such market reach and influence at very low cost can potentially be harnessed for more positive means.

See the following article about some Fortune 500 companies using social media in various ways: <http://blogs.zdnet.com/feeds/?p=1761&tag=col1;post-1761> . (This ZDNet blog is also a good source generally on social media from a business perspective).

Also have a look at the Dell Computer community site and its social media pages, where they have embraced a number of social media tools <http://en.community.dell.com/>

For a local example see Air NZ's Grab A Seat promotional activity through Twitter http://twitter.com/AirNZ_Deals

The above examples demonstrate how some businesses have adopted them mostly from a "B2C" perspective, which is a natural evolution.

More challenging, perhaps, is the "B2B" environment. LinkedIn, a truly business-focused platform, has morphed from simply being a "web-based rolodex". You can now participate in group based discussions, drive recruitment, post a blog and post business related questions into the network. Channel Enablers (<http://www.channelenablers.com>), a global technology consulting firm, is building an industry community within LinkedIn aimed at channel managers, generating discussion and knowledge-sharing.

To explore how you might kick off a social media initiative in your business, see Mashable.com for a 4 step "How to Use Social Media for Enterprise Business" guide: <http://mashable.com/2009/06/30/social-media-enterprise/>

The Future

Commentators believe we will see more companies building communities, so that they will be able to effectively communicate (both in terms of speed and interactivity) in a proactive manner and also in times of crisis. Dominos' experience highlights the fact that when it comes to social media, it can't just be switched on, like you can a traditional marketing tool.

There is a danger that, as businesses adopts social media marketing strategies, this space will become cluttered with traditional marketing messages and consumers will tune out. Hence smart businesses will treat the social media space as an opportunity to create a deeper relationship with its customers, rather than a vehicle for a traditional marketing approach.

It's important that organisations invest the time to build a strong following which looks to provide something meaningful to its community. "Meaningful Marketing" can be built around providing solutions, valuable information, incentives, services; it can be a connector, creating experiences that individuals can share; and it can be a way to enhance an individual's world, perhaps in terms of knowledge or skill enhancement.

The Nike Plus initiative illustrates this concept - it is aimed at enhancing the individual experience as well as the development of a community, where runners of all shapes and sizes can band together,

compete against each other, and motivate each other in their individual or combined fitness quests. As a result, it has created a heck of a lot of brand loyalty.
http://nikerunning.nike.com/nikeos/p/nikeplus/en_NZ/plus/#//dashboard/

Summary

Social media is here to stay, and is evolving in many ways. Businesses can run but can't hide from the inevitable impact. Embracing the opportunity is the only option, but it's a matter of determining at what level, which tools to use, which approach to take. Obviously this must be addressed at a strategic level. Courses of action might be around the creation of communities, finding the centres of energy within your organisation and giving them direction but setting them free to explore and create. "Meaningful Marketing" can be embraced as a framework or guideline for your people. This can become a compass for them to find new ways to market and create brand and customer loyalty.