WHITEPAPER SURVEY

The Coming Change in Social Media Business Applications

Separating the Biz from the Buzz

by Josh Gordon

socialmediatoday
The Web's Best Thinkers on Social Media and Web 2.0

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Introduction

A SHIFT IS COMING IN HOW ORGANIZATIONS USE SOCIAL MEDIA

Companies have been using social media primarily as a general communications tool—mostly for public relations and marketing. That's about to change, as businesses discover its value as an essential tool for customer engagement—providing lead generation, immediate customer contact, and customer interaction.

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METHODOLOGY:
Social Media Today is an online social community focused on issues in the social media world. This survey was conducted of its members and visitors who are actively involved professionally in social media. The results shown here are based on a sample of 632 survey respondents, collected between March 13, 2009, and April 4, 2009.

Four factors are driving this trend. First, due to the rapid rise in the popularity of social media, the number of potential customers engaged on social media sites was previously underestimated by many organizations. Second, in the current economic downturn, where there are fewer customers in general, finding them and engaging them are much higher priorities. Third, there is now a "Main Street" acceptance of social media as a powerful persuasive tool. Regardless of political affiliation, managers everywhere recently noticed that the largest and most successful social media campaign in history helped elect Barack Obama President of the United States. Finally, there has been a breakdown in traditional lead-generation programs. With more customer contact moving online, it is easier than ever for a client to ignore messages from potential suppliers. Social media can help break the ice.

Why this study?

Social media is getting a lot of media coverage, but all the attention does not necessarily make it easier to understand which functions are actually useful in business. This study was designed to provide managers with guidance in that area by measuring which social media tools are being used right now, and by whom. A look at what other businesses are doing can offer perspective, as well as a benchmark for managers to compare their own organizations' progress and opportunities.

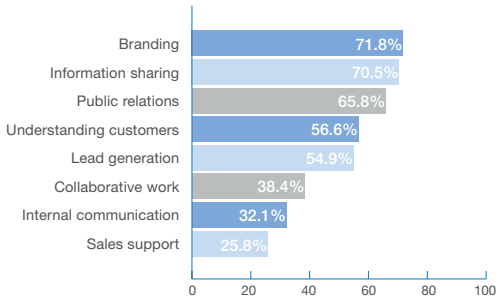
In order for a benchmark to be useful, it must be specific and detailed. To that end, I have divided this survey into three parts. Part I is an overview of both current and future intended business use of social media. Part II focuses on the business use of Twitter, and Part III examines the business use of social networks like Facebook and LinkedIn, with a separate focus on the four general business functions that social media serves: sales, marketing, public relations, and internal communications.

Part I: Overview

MARKETING AND PR ARE CURRENTLY THE LEADING BUSINESS USES OF SOCIAL MEDIA; SALES AND COLLABORATIVE WORK LAG BEHIND.

Social media is being used in business most often as a marketing and public relations tool, while uses in sales support and collaborative work lag behind. Almost three quarters of respondents said their organizations use social media for branding, and two thirds use it for public relations. Only 38% are using it to support collaborative work, and only about one in four use it to support sales efforts.

At your organization, which of the following business functions do you use social media to improve?

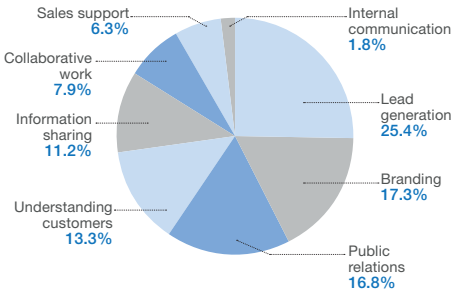


LOOKING TO THE FUTURE, "LEAD GENERATION" IS THE TOP BUSINESS FUNCTION FOR WHICH ORGANIZATIONS MOST WANT TO USE SOCIAL MEDIA.

Organizations have shifted priority. With the economic downturn, "lead generation" has moved to the top spot as the business function organizations are "most considering" for the future. The two currently most frequently used functions, branding and public relations, follow behind. This is a highly significant shift, and is reinforced by other findings in this survey.

"The smaller the company, the more frequently social media is used to improve external communications."

On the same list as above, pick the one business function for which your organization is most considering using social media.



WHEN COMPETING FOR CUSTOMERS, SMALLER ORGANIZATIONS USE SOCIAL MEDIA MORE FREQUENTLY

The smaller the company, the more frequently social media is used to improve external communications. As we compare social media usage at smaller companies with 1 to 10 employees to organizations with over 1,000, there is a steady decrease in the percentage of usage. Companies with 10 or fewer employees are about 30% more likely to use social media for public relations, branding, and understanding customers than companies with over 1,000 employees, and twice as likely to use it for lead generation.

Where larger organizations have more resources to touch their customers, such as corporate advertising, social media may not be as big a priority. However, with less money for outreach programs, smaller companies can make big inroads by focusing more on social media.

	One to 10 employees	11–100 employees	101–1,000 employees	Over 1,000 employees
Public relations	70.6%	69.6%	59.1%	51.9%
Branding	76.5%	73.0%	67.7%	59.3%
Lead generation	66.1%	58.3%	45.2%	29.6%
Sales support	27.1%	25.2%	29.0%	17.3%
Understanding customers	63.8%	57.4%	55.9%	49.4%

LARGER ORGANIZATIONS USE SOCIAL MEDIA MORE FREQUENTLY FOR INTERNAL COMMUNICATIONS.

Organizations with over 1,000 employees are twice as likely to use social media for internal communications as companies with 1 to 10 employees, and roughly 18% more likely to use social media for collaborative work. Larger organizations have more complex and geographically dispersed communications challenges. In addition, they often have more sophisticated IT support. They need the communications services more, and they have the technical support to take advantage of them.

	One to 10 employees	11–100 employees	101–1,000 employees	Over 1,000 employees
Internal communication	23.1%	34.8%	34.4%	50.6%
Collaborative work	38.9%	33.0%	38.7%	45.7%

MORE ORGANIZATIONS ENCOURAGE THE USE OF SOCIAL MEDIA THAN DISCOURAGE IT.

It was not long ago that many organizations discouraged employees from visiting social media sites, with many of them blocking access to sites outright. But today, 41.2% of businesses have employees whose job function includes spending time on social media sites, while only 9% report blocking internal access for employees.

Whereas 41.9% of organizations report that they have no corporate policy of any kind regarding social media, 21.8% report having a formal policy for employees who want to blog.

Finally, about one in four organizations sponsors a group on a social network for personal announcements and social events.

> "Some consider blogging 'old' social media, but it has proven itself an effective communication tool. The ability to reach a mass audience with a personal point of view and invite comments is very powerful."

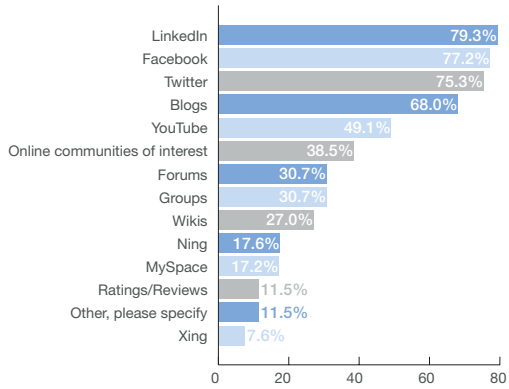
Which of the following is true at your organization?

We require some employees to spend time on social networks to maintain our company presence.	41.2%
We block access to social networks for some employees.	9.0%
We have a formal policy for employees who blog or want to blog.	21.8%
We have no corporate policy regarding social media of any kind.	41.9%
We have a group on a social network for personal announcements and social events.	25.6%

LINKEDIN, FACEBOOK, TWITTER, AND BLOGGING LEAD SOCIAL MEDIA SERVICES AND ACTIVITIES FOR BUSINESS

Four services dominate the use of social media networks and tools: LinkedIn (79.3% of respondents now using), Facebook (77.2% now using), Twitter (75.3% now using). Use of blogs follows closely behind, with 68% of businesses currently using them. Only 17.2% of organizations use MySpace for business.

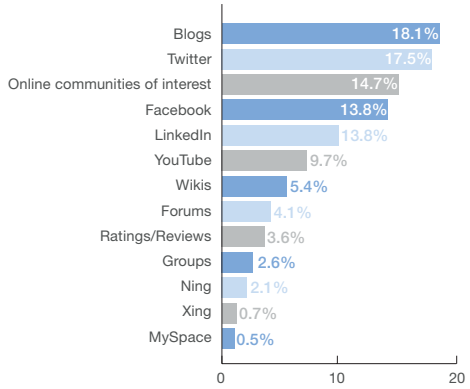
Which of the following networks or tools is your organization currently using?



AS ORGANIZATIONS LOOK TO THE FUTURE, THE SOCIAL MEDIA FORM THEY ARE "MOST CONSIDERING" USING IS BLOGS.

While Twitter and Facebook get the headlines, the social media form organizations are turning to most as they look to the future is blogging. Some consider blogging "old" social media, but it has proven itself an effective communication tool. The ability to reach a mass audience with a personal point of view and invite comments is very powerful.

On the same list as above, which one social media network or tool is your organization most considering using social media for in the future?

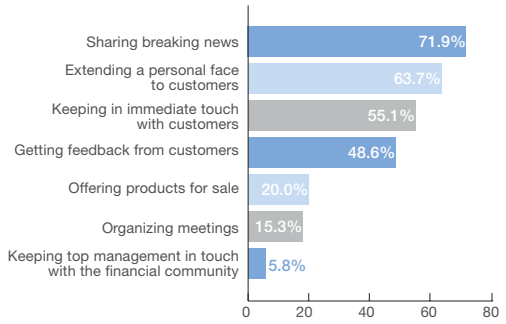


Part II: Business Applications for Twitter

EXTERNAL USE OF TWITTER COULD SHIFT SHARPLY TOWARD AN EMPHASIS ON CUSTOMER INVOLVEMENT.

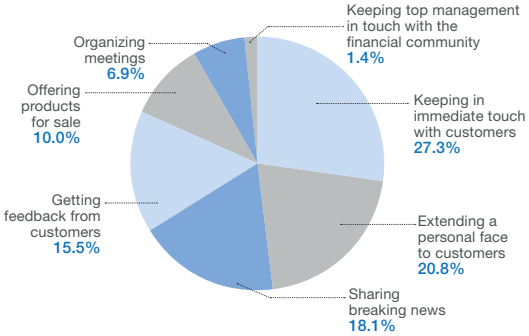
For external communications, the business use of Twitter shows the same shift as seen in Part I on the general findings for all social media forms. That shift is away from general communications, toward a focus on connecting with the organization's customers. Right now, the most commonly used external Twitter function is "Sharing breaking news," followed by "Extending a personal face to customers."

Please check all of the external functions offered by Twitter that your organization now uses.



But as organizations look to the future, they are shifting their expectations. Looking ahead, their top pick is "Keeping in immediate touch with customers," followed by "Extending a personal face to customers," then followed by "Sharing breaking news." The future use of Twitter could shift toward greater involvement in customer contact (see following fig.).

On the same list as above, check off the one external function your organization is most considering using in the future.



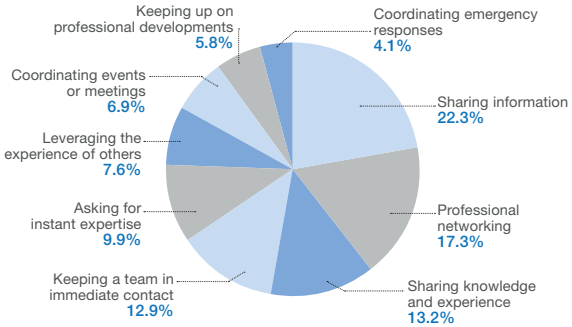
INTERNAL USE OF TWITTER FOCUSES ON INFORMATION SHARING.

Fewer organizations are using Twitter for internal communications. The top two measured options are about 20% lower than the top two external uses of Twitter. The internal focus is on sharing information, knowledge, and resources, as well as networking.

Please check all of the internal functions offered by Twitter that your organization now uses.

Looking to the future, the internal uses of Twitter that organizations plan to use are almost identical to those of the present (see fig. on next page).

On the same list as above, check off the one internal function your organization is most considering using in the future.



"As organizations look to the future, the same trend emerges as seen in the general social media and Twitter responses: a shift toward more customer communications and, in particular, toward prospecting."

PUT THIS INFORMATION TO WORK:

I initially signed on to Twitter because I once had to sell a high-level Silicon Valley executive who could not be reached any other way. After countless failed attempts to contact him through more traditional channels, his assistant told me, "Josh, forget the phone, he never answers it. And he won't answer e-mail either, because he thinks it's ancient technology that wastes time. He thinks of himself as a member of the digital elite and says that the only people who count are all on Twitter." I quickly signed on to Twitter and got right through to him.

Twitter delivers the ability to communicate minimally but immediately. As a customer contact tool, where speed counts, it has great potential. But, that potential is only realized if your customers are on Twitter. As of now, Twitter's market penetration is still uneven.

In many B2B markets, Twitter is not effective as a customer contact tool. According to a just-released study from ES Research Group, "The New Social Media: Do They Enable B2B Selling?," only 4% of sales respondents said that Twitter had ever directly helped them win a B2B sale. However, there are also many markets where Twitter is extremely influential.

You can estimate how many of your clients might be using Twitter from a finding in a recent study by the Pew Internet & American Life Project. This study found Twitter users to be highly involved with other social media. According to Amanda Lenhart, senior research specialist at Pew, "Both blogging and social network use increase the likelihood that an individual also uses Twitter." The study found that 23% of social network users used Twitter or a similar service, while only 4% who do not use social networks have ever Tweeted. Chances are, if your customer base is engaged in social media, many will be reachable by Twitter.

Survey respondents also wrote in "other" uses of Twitter, including: "mindsharing" with industry peers; providing thought leadership; educating others; recruiting talent; providing tech support; notifying constituents of upcoming events; monitoring for issues regarding products or reputation; keeping in touch with bloggers; extending communities of interest; and customer service.

To read examples of how Twitter is being used to connect with customers, click on the following links: Salesforce.com and Bank of America.

Twitter is also a great way to connect with media outlets. For a long list of media outlets that you can connect to via Twitter, click here.

Part III: Business Applications of Social Networks

There are four general functions that social networks are used for: sales, marketing, public relations, and internal communications. Each are measured separately. Here are the findings:

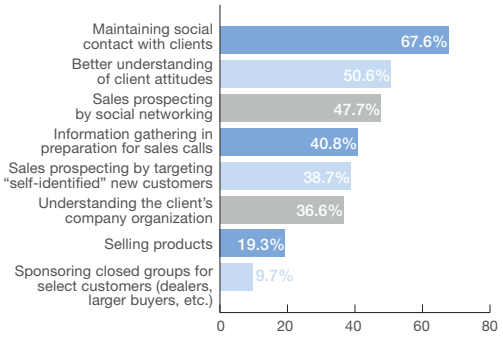
1. Sales use of social networks

TOP USES OF SOCIAL NETWORKS FOR SALES ARE TO MAINTAIN AND BUILD RELATIONSHIPS.

The most common use of social media networks, such as Facebook or LinkedIn, is "Maintaining social contact with clients" (67.6%). After that, about half of businesses surveyed use social media to achieve a "Better understanding of client attitudes" (50.6%).

"Marketing is part of the shift toward using social media as a way to connect and acquire customers."

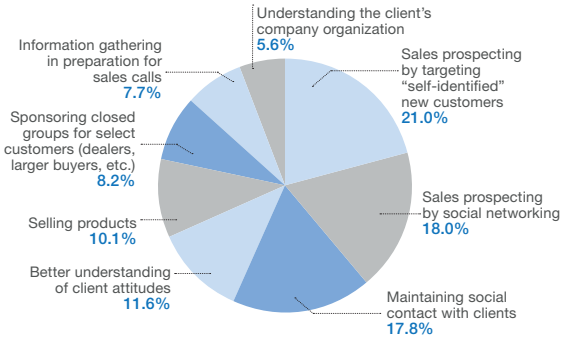
Please check all the ways your organization uses social networks—including Facebook, LinkedIn, and MySpace—for sales.



SALES USE OF SOCIAL MEDIA NETWORKS COULD SHIFT SHARPLY TOWARD AN EMPHASIS ON CUSTOMER PROSPECTING.

As organizations look to the future, the same trend emerges as seen in the general social media and Twitter responses: a shift toward more customer communications and, in particular, toward prospecting. The two sales prospecting options rise dramatically to become the top goals for social network usage. "Sales prospecting by targeting 'self-identified' new customers" moves up to the top choice, from No. 5 currently, and "Sales prospecting by social networking" moves up as well, from third place to second. Moving forward, it seems clear that social networks will be a top lead generation tool.

On the same list as above, pick the one sales function your organization is most considering using in the future.



PUT THIS INFORMATION TO WORK:

According to Brian Solis, principal at FutureWorks, "Human interaction is still human interaction, and what it takes to be successful with it has not changed. What has changed is the places where it happens." Says Solis: "Social media tools help you find conversations that can give you insight into what individuals in your market are saying about your product. This can give you an opportunity to engage people on their terms, not as a salesperson, but as a resource, and then get the sale because of it."

I use social networks to find out who my clients really are. We all vary our modes of conversation when we speak to different types of people: an intimidating boss, a pesky child, a policeman giving a speeding ticket, or…a salesperson. Often, when I "see" two of my clients "talking" to each other on a social network, their conversation with each other is very different from my conversations

with either of them, as someone trying to sell them. But when I see clients "talking" to their peers, I learn what is truly important to them, and it is rarely about me or my product. I look for what they are passionate enough to write about, how they react to each other, what they are afraid of, and who their heroes and villains are. Understanding a person's values and passions is a first step to understanding them, and a prerequisite to any sale.

Shel Holtz, principal of Holtz Communication + Technology, warns about being too "salesy" when you engage potential clients in a social media environment: "I see it as a place to build relationships, but it's not for direct selling. That's not what people want to receive on Facebook. People are there to socialize, and if you can offer value though conversation, you can build relationships with those customers. If you pitch them, they will ignore you, or worse.

"Understanding a person's values and passions is a first step to understanding them, and a prerequisite to any sale."

Dan McCarthy, chairman and CEO of Network Communications Inc., shares that he becomes better at reaching out to new clients as they get to know him though his personal profile and postings on social media sites. Years ago, McCarthy realized that the people with whom he had the best business relationships were also those who knew the most about his personal side. Says McCarthy, "If you connect the way you live to the way you make a living, you create an incredible degree of authenticity, which is what today's digital generation is looking for in the people they work with. My professional identity and my personal identity are very connected."

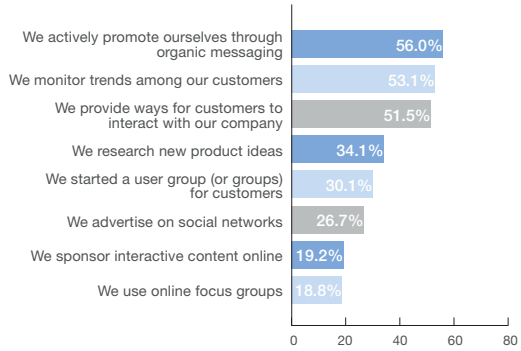
Survey respondents also wrote in "other" uses of social media for sales, including: project opportunity identification; posting discount codes on Facebook and Twitter; promoting educational collateral and events; listing salespeople in LinkedIn profiles; and highlighting case studies.

2. Marketing use of social networks

TOP USES FOR MARKETING FUNCTIONS ARE PROMOTING ORGANIC MESSAGES AND MONITORING CUSTOMER TRENDS.

About half of the organizations surveyed actively promote themselves through organic messaging (56%), monitor trends among their customers (53.1%), and provide ways for customers to interact with their company (51.5%). About a third use social networks to research new product ideas (34.1%), while about one in four advertises on social networks (26.7%).

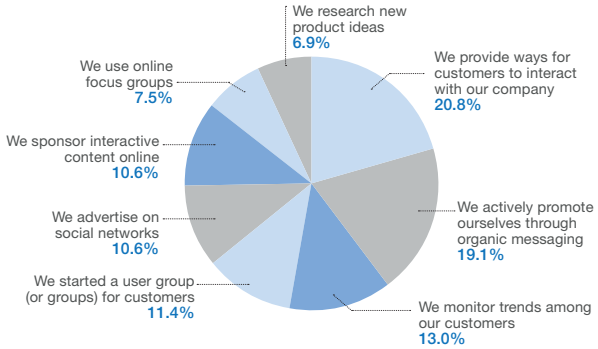
Please check all of the marketing functions offered by social networks—like Facebook, LinkedIn, and MySpace—that your organization now uses.



TOP MARKETING USE OF SOCIAL NETWORKS SHIFTS TOWARD PROVIDING WAYS TO INTERACT WITH CUSTOMERS.

Looking ahead, we see the same trend repeated as organizations refocus their social media toward customer-focused programs. The top choice moving forward is "We provide ways for customers to interact with our company," which is only the third most-used marketing function at present. Marketing is part of the shift toward using social media as a way to connect and acquire customers.

On the same list as above, pick the one marketing function your organization is most considering using in the future.



PUT THIS INFORMATION TO WORK:

According to Dan Schawbel, social media specialist at EMC Corporation, and author of the book, *Me 2.0*: "Social media tools are popular marketing tools because they are free, people are already using them, and there's an opportunity cost for not getting involved today. Depending on your line of business, certain social networks will work better for you than others. It's all about aligning business strategy to the use of each tool. Otherwise, you're wasting time and not reaching the right audience with the right message on the right network."

Brian Solis indicates that there could be more going on in social networks than you realize. He poses the question, "If a conversation takes place online and you're not there to hear or see it, did it actually happen?" In fact, there might even be dangers in not participating. Says Solis, "Conversations are taking place, with or without you. If you're not part of the conversation, then you're leaving it to others to answer questions and provide information, whether it's accurate or incorrect. Or, even worse, you may be leaving it up to your competition to jump in to become the resource for the community." Monitoring and reacting to customer behavior is key. Ari Herzog, principal of Ari Herzog and Associates, learned that firsthand when a new pizza restaurant opened in his town. Herzog tried it, liked it, and wrote a positive review of it on the social media review site, Yelp. A few months later, when he revisited the restaurant with his mother and sister, he was surprised when a waiter came by with a free order of chips and salsa as a thank you for the review. What kind of impression did that make? Herzog shared the story with me when I interviewed him, and now you are among thousands reading about it here. Now that's good marketing!

Herzog's enthusiasm is typical of what social media can do for any brand. Says Dan McCarthy: "The Holy Grail for a marketer is positive word of mouth. If you can capture this, it is the highest means of converting prospects to sales, and at the least expense. Social media is a way to supercharge word of mouth."

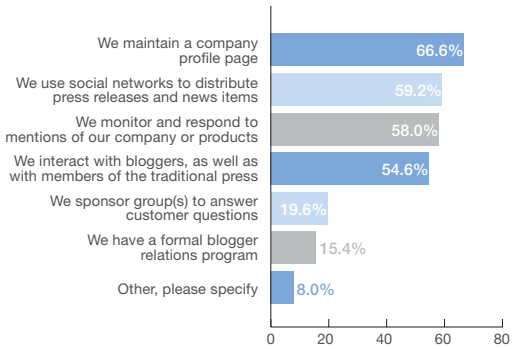
Survey respondents also wrote in "other" uses of social media for marketing, including: showcasing case studies, running a professional group on LinkedIn, and communicating with media outlets. Link to an extensive list of social media marketing examples on Peter Kim's blog, "Being Peter Kim."

3. Public relations use of social networks

SOCIAL NETWORKS SERVE A VARIETY OF PUBLIC RELATIONS FUNCTIONS.

The four most common public relations functions using social media are: maintaining a company profile page (66.6%); using social networks to distribute press releases and news items (59.3%); monitoring and responding to mentions of the company and its products (58%); and interacting with bloggers and members of the traditional press (54.6%).

Please check all the public relations functions offered by social networks—like Facebook, LinkedIn, and MySpace—that your organization now uses.



Looking to the future, organizations plan no changes in how they use social networks to support their public relations efforts, with future uses being identical in sequence and proportion to current use.

> "Some of the most successful public profiles are those that create a genuine dialogue with their fans."

PUT THIS INFORMATION TO WORK:

Public relations professionals would do well to monitor social networks for activity about their organization and products. Shel Holtz, calls this essential: "If you are monitoring, you can be part of the conversation. Social media is becoming the communication channel for breaking news. Remember that the first reports of the US Airways flight that water-landed in the Hudson River were first reported on Twitter by someone with a cell phone on a nearby ferry. If your company gets in the news, you may find out about it first by monitoring social networks."

The other PR function unique to social media is the ability to post a company profile page. Some companies take this free service more seriously than others. Annie Ta, from Facebook's corporate communications team, says: "We encourage businesses to really engage with consumers on their profiles. For example, businesses should update their status, post videos and photos, and start discussion threads with their consumers. Public profiles provide a way for businesses to talk to consumers and understand them. Some of the most successful public profiles are those that create a genuine dialogue with their fans."

Link to two great examples of company profile pages: Dell and Visa.

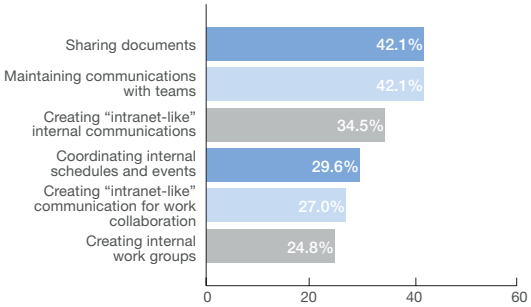
Survey respondents also wrote in "other" uses of social media for public relations, including: updating fans and customers on company news; promoting company events; registration for events; maintaining an alumni group for past employees; and promoting a fundraising program.

4. Use of social networks for internal communications

ORGANIZATIONS CAN SAVE EXPENSE BY USING EXISTING SOCIAL NETWORKS TO CREATE WORK GROUPS WHERE DOCUMENTS, SCHEDULES, AND COMMUNICATION ARE SHARED COLLABORATIVELY, FROM ANYWHERE ON EARTH.

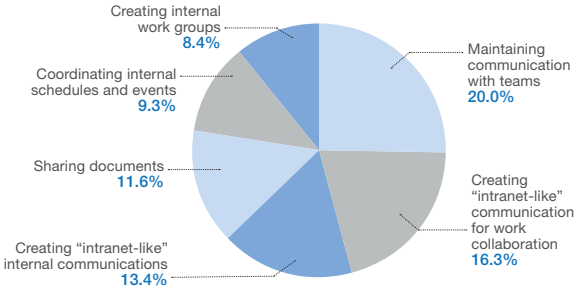
While there are security concerns with posting potentially sensitive internal communications on a third party's network, the irresistible "free" cost for simple groups is motivation for many. Currently, the top uses of these services are "Sharing documents" and "Maintaining communication with teams."

Please check all the internal workflow functions offered by social networks—like Facebook, LinkedIn, and MySpace—that your organization now uses.



Looking ahead, the use of social networks to help internal workflow will remain similar to usage today with one difference: Fewer organizations will use social networks for file sharing. Among current uses, "file sharing" is tied with "maintaining communication with teams" for the top use. For the future, it drops to fourth place, near the bottom.

On the same list as above, pick the one internal workflow function your organization is considering using in the future.



PUT THIS INFORMATION TO WORK:
The results speak for themselves here, and since not much is changing, there is little to add.

Survey respondents also wrote in "other" uses of social media for internal workflow, including: training, building bonds with remote teams, and general social use with no professional communications.

In Conclusion

This study is the first to document the coming shift in the use of social media—from a helpful tool for a variety of communication needs, to an essential tool for customer engagement.

As organizations invest in social media programs, incorporating this shift into the plans should be considered a high priority.

Skeptics might say that a more customer-centric approach is natural in a recession when business is scarce. But a recession is not just a time of slow sales. More significantly, it is also a time when the pace of change accelerates, and the competitive landscape of industries is reshaped.

A research study done by Bain & Co. in the aftermath of the 2001 recession discovered that competitive change during the recession occurred at about twice the normal rate. In addition, companies that changed competitive positions against one another during the recession *remained in their new rankings* long after it had passed.

In 1929, rival cereal makers Kellogg's and Post were in a close race to win the emerging cold breakfast cereal market. Through the Great Depression that followed, Kellogg's maintained an aggressive marketing posture, while Post slashed its ad budgets. When the slow time ended, Kellogg's had a market advantage over its rival that it maintains to this day—almost 70 years later. (More on that story here)

It would be a mistake to assume that this shift toward customer-centric usage of social media is temporary. In fact, the shift toward customer engagement, and away from general communications, shows a more important role for social media use at organizations. As Peter Drucker, known as the father of modern management, said, "The purpose of a business is to create a customer."

ABOUT THE AUTHOR: Josh Gordon is president of Selling 2.0, where he works to improve the performance of organizations and sales teams with research-based training and consulting services. An internationally recognized expert on selling, he has written four books on the subject. For more information, visit www.Selling2.com.