



Acting on Customer Intelligence from Social Media

The new edge for building customer loyalty and your brand

Insights from a webinar in the AMA Marketing Effectiveness Online Seminar Series, presented in association with the American Marketing Association and SAS

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Although relatively new on the scene, social media has become a powerful force – growing fast in scope, audience and influence. There are the classic social networking sites, such as [Facebook](#), [Twitter](#), [MySpace](#) and [Bebo](#). There are product/service review sites, such as [Yahoo! Travel](#), [HotelShark.com](#), [CNET.com](#) and others. There are media sharing sites, such as [YouTube](#), [Flickr](#) and [Picasa](#). And sites that publish consumer-generated content, such as [HotelChatter](#), [Review Centre](#), *Los Angeles Times* online ([latimes.com](#)), *The New York Times* online ([nytimes.com](#)) and many others.

“Experian Hitwise data on U.S. market share of visits presents a stunning picture of just how important social networking, especially Facebook, has become in the course of the past year,” wrote LeeAnn Prescott of Research-Write in *Social Networking by the Numbers* (February 2010). “ComScore reported 112 million unique U.S. visitors for Facebook in December 2009, and 57 million for MySpace.” Twitter processed more than a *billion* tweets in December 2009 and averages almost 40 million tweets per day.

According to Prescott’s analysis, social networking now accounts for 11 percent of all time spent online in the US. Between December 2008 and December 2009, total visits to the top 10 social networking sites increased 63 percent. Nearly one in 10 Internet visits ends up at a social network; nearly one in four page views is on a social networking site.

The people are there, but are they useful?

A surprising number of marketers would still say, “No.” In a survey of marketing professionals published by eMarketer.com, two-thirds of respondents said they don’t believe social media has an influence on revenues or profit (source: R2Integrated data provided to eMarketer, April 2010). Among these skeptics, one in five shuns social media on the grounds that it is not relevant for their particular organization. One in four say they can’t get buy-in from their senior executives for social media programs.

“These numbers are surprising,” said Bastone. “This belief that social media is irrelevant is, frankly, a fallacy across most industries.” Bastone presented six compelling reasons why organizations should take note of social media, learn from it, and incorporate those insights into action.

1. The way people use social media is changing.

Not only are the numbers on social networking sites growing, but so is the degree to which they are engaged with the channel. Bastone presented research that stratifies users according to how actively they use social media, and tracks evolution of these user segments over time (source: North American Technographics Interactive Marketing Online Survey, 2007, 2008 and 2009).

- At the top of the food chain are the **Creators**. These users publish a blog or a Web page; upload audio/music and video of their own creation; and post articles or stories they have written.
- **Critics** post ratings and reviews of products or services and comment on others’ blogs.
- **Joiners** participate in online forums and contribute to or edit articles in a wiki.
- **Collectors** use RSS feeds, vote in online contests and websites, add tags to Web pages or photos, click to “like” Facebook entries, and so on.
- **Spectators** read blogs, listen to podcasts, watch video from other users, read online forums and read customer ratings/reviews.
- At the most passive level are the **Inactives**, who do none of the above.

According to the survey, the online user community has been steadily migrating upwards on this hierarchy. The most notable change is among Inactives. Forty-four percent of the online population fell into this category. Two years later, more than half of those Inactives had jumped into social media in some form or another. “Now roughly 82 percent of the adult population online is in one of the upper categories,” said Bastone. “Social media has truly reached a state of mass adoption.”

2. Social media can deliver new intelligence.

“Being public domain, social media conversations represent a resource-rich source of customer information,” said Bastone. “This is also a really good source of competitive information. Companies are starting to ask whether or not they could be doing a better job understanding what the competition is up to, what their strengths and weaknesses are, and how this information can be used.”

3. The conversations are gaining credibility.

As social media gains ground, it is taking some mind share away from traditional editorial sources, Bastone said. “The role of traditional media, in terms of its influence and clout relative to specific industries and topics, is becoming smaller as respected bloggers and people who specialize in different areas of expertise become more influential in the conversation. Knowing who those people are will shape your engagement strategy. With the right strategies, you can magnify the effect of advocacy in the conversations.”

4. Social media is proving to be a serious sales channel.

Dell did \$6 million in Twitter direct sales last year. A national humane society raised \$650,000 from an online contest that only cost them \$1,000 to set up on Flickr. A major food service company improved personnel recruitment efforts so much by using Twitter that they eliminated their entire \$300,000 Monster ad budget. An independent hotel in New York doubled its event business by delving into Facebook and Twitter, thanks to a staffer who took a personal interest in social media and put the hotel out there.

Some customers prefer to use social media channels to engage with you, Bastone said. “Some will still rely on traditional channels, such as direct mail, to get information about your product or service. But there are others who are on Twitter or Facebook all the time, and that’s where they want to get their information. Facebook is supplanting Web pages for some, particularly for the younger generation. So to overlook Facebook as a channel within your multichannel strategy is to ignore the preference of a certain percentage of your customer base.”

5. The impacts of social media are felt across the organization.

“Social media as a channel tends to be most strongly aligned with marketing or marketing communications,” said Bastone, “but its impact is reverberating across the enterprise. Many different groups have a vested interest.”

The most obvious business functions that can benefit from social media tracking include:

- **Online media analysis.** Where are consumers talking about you? How is volume trending? Who are the most influential sources? Which sites are more positive? Negative?
- **Brand and market tracking.** What do consumers say about your brand, your products and your competition? What is the impact of these discussions? Who are the influencers?
- **Public relations and reputation tracking.** What are online journalists and bloggers saying about your organization? What is the threat to your reputation? Where are the opportunities to build advocacy?
- **Customer feedback management.** How does the market perception, as it appears on social media, compare to your direct customer feedback from chat logs, call center logs, e-mail transcripts and so on? Are there issues that require response, correction or resolution?

The key is to create business processes whereby information from social media is translated into action. Customer complaints should be funneled to a customer care center. An identified need can be routed to a sales contact. An influential blogger can be referred to the public relations department as a potential new media contact.

6. You can prove the value.

In the eMarketing survey cited earlier, most of the respondents who had not embraced social media pointed to the lack of quantifiable evidence that they should be embracing it. There’s not enough data or analytics to develop a business case, they said.

“This speaks to the fact that there’s still not a level of awareness around what is available in the marketplace to help companies tackle this obstacle,” said Bastone. There are technology solutions that sift through huge volumes of online conversations, parse textual data to discern sentiment and share of conversation, map sentiment to business issues and track click-through paths to your website. “These tools are enabling progressive companies to do a very good job in showing the ROI.”

If you think social media is just a playground for egocentric banter, it’s time to take another look. Chances are, your brand and your market are out there, for better or for worse. You are being talked about. You might as well know what is being said, help shape the conversation and benefit from it.

■ “There are tools that correlate the chatter to clicks – that can look at the impact of online conversations on Web traffic, revenue, stock price and other quantitative measures.”

John Bastone, Global Product Marketing Manager, Customer Intelligence Solutions, SAS

How can you start using social media for greatest effect?

As a media analytics specialist and hard-core blogger/social media consultant, respectively, Bastone and Brogan brought diverse perspectives to the discussion, but they agreed on some best practices for starting on the path with social media.

Find your audience.

The demographics of social media users are changing, so you might be surprised to find where your customers have a presence. You could ask them, or you could track what they do with the e-mails you send them, but there are also online services such as Flowtown and Rampleaf, which start with an e-mail address to build a profile for a user, including the social networks that person is on.

Look beyond Twitter and Facebook, said Bastone. There are also open discussion forums – formerly known as newsgroups – which have been around since the dawn of the Internet. “There are online services that specialize in aggregating, indexing and organizing the content found in those global conversations – a wealth of information that you can mine for insight. There are also entry-level listening platforms that provide an understanding of where conversations are happening around specific keywords. If you’re doing nothing related to social media monitoring, starting there is a pretty low-risk opportunity.”

Think beyond specific social media tools.

Don’t get fixated on a certain channel; think more in terms of a user community, said Brogan. “One of the biggest questions you hear is, ‘Well, Twitter is big right now, but what’s next?’ Or, ‘FourSquare is hot; should we be investing heavily in it?’ And the answer is no, not exactly. People are nomadic. They don’t necessarily sit on just one platform. They’re on the move. If you have made serious investments in a specific social media platform, you’re not making investments in the people.”

■ “It might be that your company is not being mentioned on social media at all, and if so, congratulations, because you’ve just found an opportunity. If you can’t find information on the social Web about your company, go in there and make some.”

**Chris Brogan, President,
New Marketing Labs LLC**

Build your social media strategy around three types of activity.

Listen, connect and publish, said Brogan.

- **Listen**, using social media scanning tools to find out what people are saying. Listen for public relations opportunities, marketing opportunities and customer service needs. Track the sentiments in conversations. Align all of this to internal metrics. For example, how many customer service complaints are you finding via the Web?
- **Connect** by commenting on blogs and participating in conversations – and not just to hawk your product or service. Be visible, be where the community is, answer questions, reply to e-mails, offer help, funnel complaints into the customer service workflow, and build relationships with bloggers.

This last aspect brings up a pet peeve for Brogan. “Public relations firms and departments are reaching out to bloggers to see if they’ll cover certain stories, but they are not building the right kinds of relationships first.” Instead of a cold call, read and comment on a blog long before you need that blogger’s influence.

- **Publish** useful, informational and responsive content via blogs, online newsletters, photos, slide decks and videos.

Focus on these activities in balanced measure.

“If I only had two hours a day to do social media, I would spend 30 minutes listening, 60 minutes connecting and 30 minutes of publishing,” Brogan said. “Some people faint at the idea of spending two hours a day doing this. I spend a lot more time than that, but my case is a little unique, because social media is my bailiwick. No one really has two hours to spare, but if you want results, you have to put some effort into it. And don’t expect immediate results. You have to get your feet wet, test and adapt, and start seeing results in 30 to 60 days.”

Make it a two-way conversation.

Marketers are having to make an adjustment to account for the fact that the “social” part of social media demands a give and take. Instead of programming a scheduled barrage of outgoing communications, you have to engage in a mutually agreeable conversation.

“In the last three years, a lot of companies have begun in earnest to engage and experiment and do things in the social media space, but it has been largely one-directional dialogue,” said Bastone. “It is important to have a feedback loop to listen to what people are saying.”

“If you’re using social media tools, but you’re using old-fashioned broadcast marketing methods, you can beat people to death with it,” said Brogan. “They will not like you, and they will opt out of following you. If you are participating on a Twitter or a Facebook channel, and it’s a one-way thing – you’re just blurting out your story – you are not using these tools to the best advantage, and you’re not going to get the best effect out of them. You have to build relationships and convert people in some way.”

Publish with quality.

Choose the right voices. Determine the collective personality you want the company to present, and pick bloggers who will represent that image well. Some employees will be natural bloggers. They write with verve and wit. They are good ambassadors for your organization. These ideal bloggers might not be in the most visible positions in the company, and they should represent different levels and areas of the organization.

Provide useful content. “Revisit how you’re doing your online newsletter,” Brogan advised. “Most online newsletters are mostly tidy, shiny HTMLs that pitch product. ‘Here’s my thing, more things, please buy them.’ We send them with any frequency we can.” Is it any surprise then that most e-mail campaigns have a low open rate, and that people quickly unsubscribe or remove themselves from the list? “One of the opportunities you have is to send not just sales messages but useful and informative content in the same ecosystem as your product.”

Consider the power of visuals. Photos and video are particularly powerful, and surprisingly underutilized, said Brogan. “Video blogging is ridiculously effective. So, pretty much all companies have to become media companies.”

Connect your social media presence with your website.

“Build outposts on social media channels and link them to your home base site,” said Brogan, but be careful where you send them. “Pay attention to where that connection point is. If I’m having a warm conversation with you on Twitter, and then I click on the link in your bio, will it send me to somewhere I can start a relationship, or does it just send me to a billboard with a bunch of your products, which I’ll just fall off of?”

“While the intent of a lot of organizations will be to present their offerings or professional reviews of their products and services, there is a very robust community of people who use these forums to talk about these products and services. As online conversations about your business are happening, you need to not just talk about yourself, but engage people in a two-way conversation.”

John Bastone, Global Product Marketing Manager, Customer Intelligence Solutions, SAS

Use analytics to gain real insight out of text conversations.

There is valuable intelligence contained in all the user-generated content on social media sites. But how do you dig it out of dozens of review sites, thousands of blogs, millions of Facebook posts and billions of tweets?

Organizations can take advantage of tools that use three types of analytical approaches:

- **Descriptive statistics** clarify activity and trends, such as how many followers you have, how many reviews were generated on Facebook, and which channels are being used most often.
- **Social network analysis** follows the links between friends, fans and followers to identify connections of influence as well as the biggest sources of influence.
- **Text analytics** examines the *content* in online conversations to identify themes, sentiments and connections that would not be revealed by casual surveillance.

Tie your social media strategy to core metrics, not social metrics.

Social media metrics aren't meaningful if they don't align with your organization's goals, said Brogan. "Who cares how many Facebook friends you have? Who cares how many Twitter followers you have? Did somebody actually click on a link and do something? You may have a million views on YouTube, but did it actually ring the cash register? If the answer is no, then there's really not a lot of value in that. You've done what I call the Shiny Store Syndrome. You've created a beautiful shiny store that lots of people came to, but nobody bought anything."

Can you prove a social media presence is more than a shiny store? Yes. As a hybrid between public relations and sales, social media can be subject to the same types of measurement as traditional PR and sales efforts. Thanks to new search and analysis tools created for social media, you can connect click-throughs that lead to sales. You can track changes in sentiment in discussions about your organization. You can correlate sales to social media channels and campaigns. You can show the ROI.

Closing Thoughts

Who has the time to fritter on Twitter? On Facebook or blogs? The real question is: Who would want to ignore the opportunities?

There are more than 400 million users on Facebook and millions on Twitter and LinkedIn, just for starters. Some of them just might be in your target audience. You can engage with them on social media to heighten brand awareness, spread your message, drive traffic to your website, and boost search engine rankings, awareness and affinity. You can deepen the relationship with customers and their social connections on many levels and over time – at remarkably little cost.

“True, it does take more time to participate on social media than to hit people over the head with your e-mail blasts,” said Brogan. “But if your e-mail open rate is about the average – in the single digits – social media will buy you a whole lot more.”

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