



High performance. Delivered.

This article originally appeared
in the 2011, No. 1, issue of

Outlook

The journal of
high-performance business

Marketing

Harnessing the power of social media

By Caroline Firstbrook and Robert Wollan

The impact of social media is embryonic today but could ultimately surpass the predictions of the industry's most daring visionaries. Companies that actively experiment with embedding a social media mindset and capabilities in their business processes will transform their relationships with customers and create value in unforeseen ways.

• Consulting • Technology • Outsourcing

Facebook, Twitter, YouTube: To some executives, these and other user-generated-content sites resemble little more than social networking soufflés—fluffy, youth-focused concoctions with more empty calories than real content. Known collectively as social media, you may not associate it with sweeping business change.

Think again.

Social media is a genuine game changer for business. Companies that invested early to harness the power of social media claim returns as high as 20 to 1, with even greater gains predicted to be on the way. Meanwhile, those on the wrong side of this customer-driven uprising have already learned the hard way how quickly brands and reputations can be built—or destroyed—by this phenomenon.

Many companies have recognized the potential of social media as a new communications channel. But the reality is that its impact will be felt along the entire length of the value chain. Companies will be forced to reexamine outdated business practices and create opportunities to leverage these new capabilities in powerful ways.

The repercussions will be felt throughout the organization.

Marketing

The business function most commonly charged with engaging customers through social media has been the marketing department. However, the growing prevalence of online communities that allow consumers to exchange information about products or services, and to compare prices among competitors, has also meant that marketers have lost control over how and where their products are presented to potential customers.

Some of the more sophisticated online retailers have used this trend to their advantage, employing recommendation algorithms, user reviews and unique customer-generated content to build trust and increase a consumer's propensity to purchase. A variety of online players, including Amazon.com, Netflix and Internet radio site Pandora, are recognized for having state-of-the-art recommendation systems that effectively match customers with the products, movies and music they love.

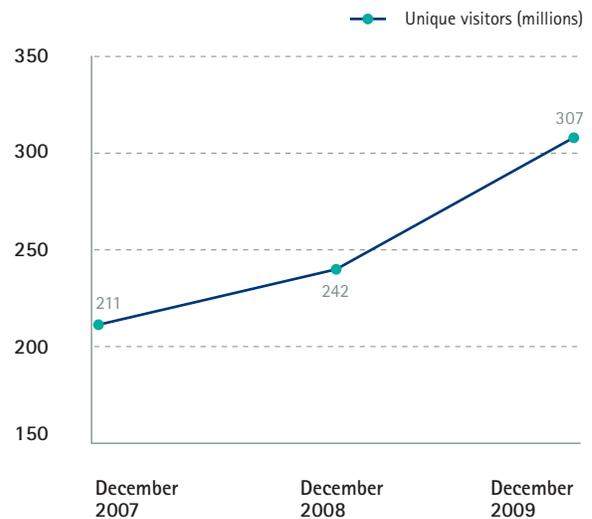
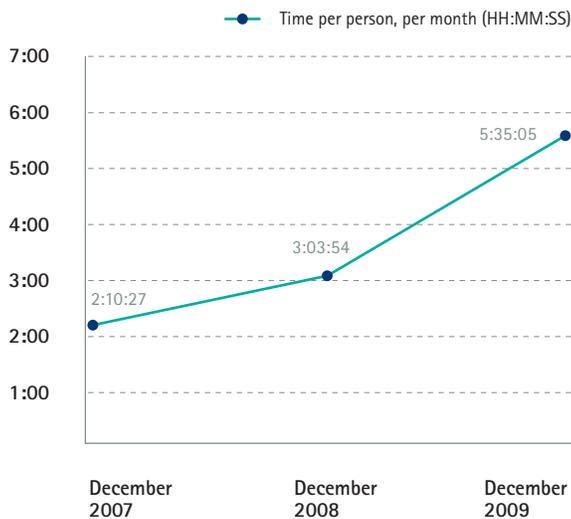
Social networking also provides an effective channel for introducing new products and services to customers while gathering real-time feedback. Ford Motor Co. broke with tradition by launching its 2011 Explorer crossover vehicle on Facebook, achieving higher levels of customer interest than an ultra-expensive Super Bowl commercial (which ran to nearly \$3 million for a 30-second spot in 2010) for significantly less money.

Even minor brands can benefit from viral marketing campaigns that capitalize on user willingness to pass on relevant or entertaining content. One example from Europe: Tipp-Ex, a brand of correction fluid. In "A hunter shoots a bear," the company's interactive "tippexperience" video, the hunter in the clip applies Tipp-Ex to the word *shoots* in the title and then asks viewers to type in a happier alternative, such as *hugs* or *dances with*. Each change generates a different ending to the video, giving it an appeal that resulted in more than 10 million hits in the first six weeks after being posted on YouTube.

Other campaigns take advantage of the immediacy of social media to create a sense of urgency regarding limited-time offers. Airlines including JetBlue and United have begun using Twitter to promote fixed availability or last-minute flight deals—tasks ideally suited to the dynamic envi-

The rising tide

The traffic to social networking sites and the time spent on these sites have grown steadily since 2007.



Source: The Nielson Company

ronment of social media. Online store and community Woot, which focuses on selling “cool stuff cheap,” has built a strong following on the basis of selling one and only one item per day at a discount.

Customer insight

Social media creates opportunities for companies to supplement traditional sources of customer insight with a wealth of information gathered by listening in to community sites such as Facebook, LinkedIn and Twitter, as well as customer forums and product review services. Social media monitoring gives companies unique access to unfiltered feedback from customers—and at a scale unavailable via other means such as focus groups and surveys.

Technical challenges abound, however, such as the need to understand the context in which comments are being made and to distill key themes and sentiments from unstructured text. To help companies take advantage of this growing data source,

new players have emerged, offering technologies and services such as web crawling, web scraping (or extracting data from websites), text mining and sentiment analysis. Companies that want to experiment with monitoring the Web can out-source the entire process to third parties, or build the capabilities internally. However, the technologies are evolving rapidly, so firms need to choose carefully and avoid locking themselves into a solution that constrains their future capabilities.

Social media also opens ways to conduct market research more quickly and cheaply than ever before, and to engage in a real-time dialogue with a wide range of customers, replicating the insights traditionally provided from direct customer feedback or expensive and time-consuming focus groups. Electronics retailer Best Buy, for instance, engages in about 5,000 customer dialogues per week through online forums, and has more than 1.3 million followers on Facebook, with whom it interacts regularly. This direct interaction can also help

Social media has an increasingly important role to play in helping companies identify and address unmet customer needs.

companies benchmark themselves against the competition and gather valuable input on what shoppers like about them—and what they don't.

Sales

The once clear-cut boundary between marketing and sales continues to blur as online advertising and links to third-party comparison sites allow companies to drive traffic to their retail websites. As a result, firms can rapidly convert shoppers into buyers, and those buyers into salespeople.

Computer maker Dell has experimented with Dell Swarm, an application that invited customers in Singapore and Canada to enjoy volume discounts by joining group purchases. The results of these pilots have led to plans to roll out similar apps on the company's website in 2011. Mobile apps such as Find Starbucks also allow customers to locate physical outlets quickly, while others such as Dunkin' Donuts' Dunkin' Run make it possible to compile orders from friends or colleagues that can be picked up by one person in the group.

Customer expectations regarding the online purchase experience continue to climb, as leading retailers such as Amazon.com continue to raise the bar by customizing recommendations, providing intuitive, straightforward online navigation and minimizing the number of clicks needed to complete a purchase.

Innovation

Social media has an increasingly important role to play in helping companies identify and address unmet customer needs. Firms can engage employees, customers, suppliers and other third parties as active participants in the innovation process, expanding the range of ideas and gathering real-time

feedback on their potential take-up. For example, Nokia operates an online lab that allows users around the world to download beta applications and provide feedback to its product development teams. This provides an early opportunity to identify potential problems and alerts the developers to customer differences across geographic markets that need to be addressed.

Companies can also tap customers directly for new product and service ideas. Austrian crystal and jewelry firm Swarovski has developed a software tool that customers can use to design and then create their own jewelry by stringing together crystal beads, pearls, stones or pendants ordered from Swarovski Elements. Energy Brands (also known as Glacéau), a US enhanced water manufacturer, introduced a new black-cherry-and-lime-flavored drink developed and named ("Connect") by Facebook users—and awarded \$5,000 to the grand prize winner and each of the four finalists for playing key roles in the process.

Customer service and problem resolution

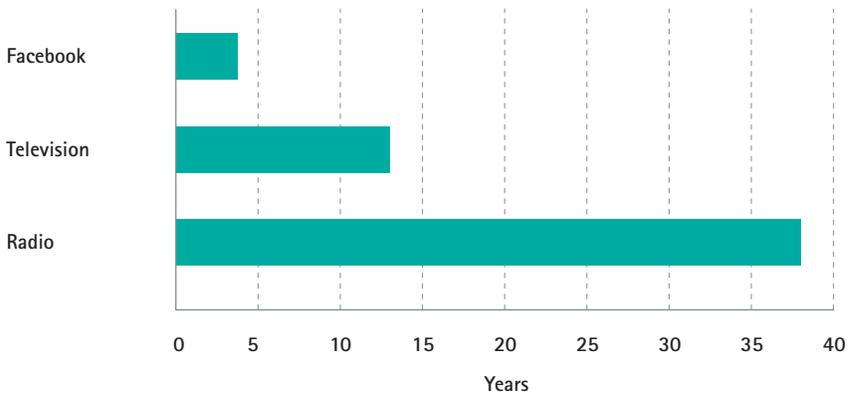
Social media isn't all upside, however, and its potential to dramatically publicize poor performance has been well documented. Blog posts and YouTube rants can attract wide readership and cause significant damage to brand reputations. Musician Dave Carroll's YouTube video "United Breaks Guitars" received more than 9.4 million views and secured what nine months' fruitless correspondence via phone, email and fax with customer service could not—an offer from the airline to repair damages to his guitar, as well as flight vouchers worth \$1,200.

At the same time, one of the largest opportunities to tap the potential of social media is in customer service. Innovative companies are using social media to be more proactive

Overnight sensation

The rate of adoption of social media has been breathtaking. It took 38 years for radio to have 50 million users, but it took Facebook less than four years.

Time to achieve 50 million users



Source: Accenture analysis

in seeking customer feedback and engaging customers to diagnose and resolve problems.

From Microsoft to Dell and from Best Buy to Comcast, companies are using social media to enable customers to get answers directly from other customers or specially trained employees—empowering their most knowledgeable customers to serve as an informal ecosystem of answer centers. Other innovations include cloud monitoring services such as those offered by RightNow and Salesforce.com, which provide the ability to track and respond to Twitter-borne and other online complaints customers make.

Information technology

The need to integrate information from a wide range of immature and rapidly evolving sources creates new challenges for often poorly prepared IT departments. For example, combining unstructured customer data from social media sites with the structured information gathered through billing and CRM systems

can be a daunting challenge, one that requires IT managers to become expert in the use of rapidly evolving technology.

That's a very different task from installing and supporting mature, stable systems. As a result, IT must learn to cope with an unstable and complex environment, one in which new technologies and applications sometimes emerge and then disappear within a few months as strategies change, and where data volumes continue to grow exponentially.

Human resources

In the rapid-fire, real-time world of social media, company representatives and other employees need concrete guidance regarding how and when to react—and when not to. At the extreme, companies could discover overzealous employees revealing the organization's most closely held secrets in online forums. Concern about the potential for industrial espionage is one reason that one European car-maker is blocking employee access to social media like Facebook and Xing.

Players in a number of information-sensitive industries may decide that they need to restrict their participation in social media.

Organizations thus need new policies to govern the use of social media that outline what employees can and can't say on public websites, and their authority to respond to customer comments and queries, all the while ensuring that data privacy laws are upheld. Employers likewise will be compelled to recalibrate their own responses to the online musings of employees. In the United States, for example, the National Labor Relations Board has accused an emergency medical response company of illegally terminating a medical technician for critical comments she made on Facebook concerning a supervisor.

Social media also offers new avenues for recruiting, allowing companies to spread a much wider net and to differentiate themselves to younger generations. One company seeking a marketing director with a strong background in social media used Twitter to identify and ultimately hire the ideal candidate.

Driving cultural change

Integrating social media will compel companies to make dramatic cultural changes, shifts that will ultimately become essential for any organization hoping to thrive in this new interactive environment.

Companies need to adopt new attitudes and behaviors, and to unlearn many of the lessons of the past 20 years. Take customer service interactions. In pursuit of efficiency, companies have made them increasingly structured and scripted, allowing relatively low-skilled, low-cost personnel to perform these roles. Agents follow strict escalation rules, and the resolution of problems can take days, weeks or even months.

While this was perhaps acceptable in a world where customer support was the first, last and only place to get help, today's customers will instead

bypass the official systems, connect with one another and take their problems public in a flash. This high-speed environment clearly requires a much faster, more flexible response from companies that want to avoid disaster. Southwest Airlines Co., hoping to ground any social media problems before they gain altitude, rigorously monitors its Twitter and Facebook pages, enabling the company to respond promptly to customer complaints. With more than a million Twitter fans and close to the same number of Facebook followers, the company actively uses social media to interact with customers, drive sales and build brand loyalty.

Furthermore, companies no longer have a monopoly on information. Customers are much better informed than in the past—and in many cases, better informed than even companies and their agents. Conversations and situations that once took place in private, with the company in full control of information, can now take place in the public eye, with highly damaging consequences if the company gets it wrong. One passenger, trapped aboard a grounded airliner at John F. Kennedy International Airport, decided to record the saga of his flight from London to New York, which took 16 hours rather than eight, and post it on YouTube. After viewing the excruciating documentary, the company's CEO personally called the passenger to apologize, and then refunded every passenger's money for the flight and gave each \$100 off their next one.

Social media provides the information companies can use to segment customer groups more finely than in the past, along with the tools to tailor products, services and communication campaigns to suit the needs and expectations of individual segments. This spells the end for standard responses and one-size-fits-all offerings. Customers increasingly

(Continued on page 8)

Pipeline to collaboration: An energy industry perspective

By James Arnott, Craig Heiser and Brian A. Miller

Most of the news about business uses for online collaboration has been about consumer products and services companies (see story). But can wikis, blogs and social networks play a significant role in a heavy industry like oil and gas?

The potential at first glance seems enormous. Like any global industry, oil and gas is driven by the need to unite far-flung workforces, attract the best talent, create partnerships across organizations and seek resolutions to problems in real time.

To better understand this issue, Accenture and Microsoft jointly undertook a two-part study on the use of collaboration tools in the oil and gas industry. The global study, which covers the views of engineers, geoscientists, executives and project managers from a range of companies, attempts to quantify the industry's perceptions regarding the business value of social media and the readiness of oil and gas professionals to use it—both overall and geographically. The research reveals an industry that broadly recognizes the business value of collaboration technologies but is split along regional lines regarding their use.

Nearly three-quarters of respondents see the business value of collaborating via social media, and almost 40 percent say its use has improved productivity by 10 percent to 25 percent. Just about half indicate that social media tools have enabled them to reduce travel expenses by anywhere from 10 percent to 50 percent, while fully 95 percent assert the technology drives greater work flexibility.

While collaboration plays an integral part in the daily work lives of many oil and gas industry professionals, corporate endorsement of collaborative technologies is less than enthusiastic, with just over 10 percent of social media adoption being driven by the executive suite. The main concern behind this hesitancy is security—nearly 40 percent of those surveyed were apprehensive about the ability to control or secure collaborative

environments, even though nearly 75 percent already had security policies in place.

Respondents from the Asia Pacific region lead the others by a wide margin in using social media to do business. When it comes to instant messaging, videoconferencing, social networking sites, mobile phone text messaging, video sharing and blogging, Asia Pacific professionals sometimes surpassed other regions by 10 to 1. In fact, 37 percent of Asia Pacific respondents say social media is “very valuable” for work collaboration.

Nearly 70 percent of respondents, including many frontline work groups and oil and gas asset management teams, view the use of these tools as an effective way to boost work performance. In fact, almost 80 percent of respondents spend up to four hours of their workday collaborating, while more than 30 percent indicate they collaborated more this year than last. The study shows that collaboration is already an integral part of an oil and gas professional's daily work environment and will only grow in importance going forward.

The survey shows that social media tools enable oil and gas players to work smarter and more effectively across companies and continents alike. Survey respondents value them because of their ability to improve productivity and work performance compared with more traditional collaboration methods. In other words, social media gives workers the flexibility to work the way they want to work.

For further reading

The Social Media Management Handbook: Everything You Need to Know to Get Social Media Working in Your Business, by Robert Wollan and Nick Smith (Wiley 2011)

"Melding marketing and IT: Are you ready for the digital revolution?" *Outlook* 2011, No. 1

"Oil & Gas Collaboration Survey 2010," Microsoft and Accenture 2010

(Continued from page 6)

demand to be treated as individuals—and will give their business to suppliers that provide either unique experiences or superior value.

To leverage social media to its fullest, organizations need to become more nimble and entrepreneurial. Social media creates the opportunity for much greater collaboration between departments, engendering more experimentation, faster decision making and more precisely tuned responses.

Some years ago, telecom giant BT asked employees to begin using a variety of social media applications such as social networks, blogs, project-focused wikis and podcasts to collaborate better across different time zones and locations. Today, the organization routinely shares knowledge via BT's Blog Central, for example, and provides tools that enable employees to search all of the intranet's content from one place. As a result, its people have boosted their innovation productivity, developing products and getting them to market faster. The company claims that every £1 it spends on its intranet provides a £20 return.

While opportunities for experimentation and collaboration abound, risk-averse cultures will benefit far less, as will firms that engage in lengthy and bureaucratic decision making or that have overly siloed organization structures. The newness of many of the social media technologies and the speed with which fresh ones are emerging will require a highly agile response from companies that interact with them.

The IT function in particular must alter how it interacts with other parts of the organization, and adapt its working style to incorporate a higher degree of experimentation

and iteration instead of rigidly adhering to tightly controlled build and release processes.

Ultimately, players in a number of information-sensitive industries may decide that they need to restrict their participation in social media. Already, a majority of the blue chip firms on Germany's DAX financial index have banned the workplace use of Facebook and Twitter, with many companies from other regions undoubtedly ready to follow suit.

Broader reach, greater connectivity and the emergence of special interest communities with ever more powerful online viral word of mouth will allow customers to quickly and easily find products that meet their needs. As a result, genuinely successful innovations will rapidly find the customers who value them the most.

Companies can use social media to tap into the power and wisdom of virtual crowds, enlisting them in support of other users and empowering employees to act as agents for the company. Doing so can generate a huge customer service multiplier effect, allowing organizations to more rapidly identify, diagnose and resolve problems while simultaneously delivering exceptional value.

Netflix, the online movie purveyor, literally took concerns about improving its film recommendation algorithm to the online "street," offering a prize of \$1 million to anyone who could boost the system's effectiveness by at least 10 percent. In true social media fashion, the winning entry (announced in 2009) cracked the problem through crowd-sourcing—the unorganized, informal joining together of a variety of different teams, none of which had the whole answer alone but came up with it by working together.

The impact of social media on business remains embryonic today, but it could ultimately surpass the musings of the industry's most daring visionaries. Despite such uncertainty, companies can safely make several informed bets. First, the impact will be bigger, not smaller, than that currently anticipated. Second, companies that actively experiment with embedding a social media mindset and capabilities in their business processes will transform their relationships with customers and create value in unforeseen ways. And third, organizations stuck in wait-and-see mode will face bruising competitive challenges when they do finally attempt to catch up.

About the authors

Caroline Firstbrook is the managing director of Accenture Strategy in Europe, the Middle East, Africa and Latin America. Ms. Firstbrook has extensive experience in M&A strategy and target evaluation, merger negotiation, positioning for privatization and new market entry strategies across a wide range of industries. In addition to her consulting experience, she spent five years as an entrepreneur, setting up and later selling Easychem, an Internet retailer of crop inputs to farmers, and partnering with life sciences company Syngenta to explore biotech venturing opportunities. Ms. Firstbrook is based in London.

caroline.firstbrook@accenture.com

Robert Wollan is the global managing director of the Accenture Customer Relationship Management service line. With more than 20 years of experience, he leads a global team of specialists in customer-centric marketing; sales, service and customer operations; advanced segmentation; digital transformation/social CRM; multichannel customer contact; and enterprise service delivery across the 19 industries Accenture serves globally. He is based in Minneapolis, Minnesota.

robert.e.wollan@accenture.com

James Arnott is the global lead for the Accenture Talent & Organization Performance/Resources group. Now based in Perth, Australia, Mr. Arnott previously headed Accenture Energy in Spain, Portugal and South Africa.

james.arnott@accenture.com

Based in Houston, Texas, **Craig Heiser** is the North America lead for the Accenture Talent & Organization Performance/Energy group. He has more than 20 years' experience working with oil and gas clients on change programs.

craig.heiser@accenture.com

Brian A. Miller is a senior executive in Accenture Energy in North America, responsible for the group's technology growth platform and its Avanade alliance. Mr. Miller is based in Houston, Texas.

brian.a.miller@accenture.com

Outlook is published by Accenture.
© 2011 Accenture.
All rights reserved.

The views and opinions in this article should not be viewed as professional advice with respect to your business.

Accenture, its logo, and High Performance Delivered are trademarks of Accenture.

The use herein of trademarks that may be owned by others is not an assertion of ownership of such trademarks by Accenture nor intended to imply an association between Accenture and the lawful owners of such trademarks.

For more information about Accenture, please visit www.accenture.com