Social media strategy, policy and governance
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By now, everyone knows that technology changes rapidly; generally speaking, companies are braced for it. Social media technology, however, is qualitatively different. First, it has become a force for businesses to reckon with at breathtaking speed. Second, its effects are reaching across the entire spectrum of business activity, from product development to marketing and sales to customer support. And third, organizations don’t always have a choice about engaging in social media if their customers are already doing so.

This leads to a conundrum: most organizations require a strategy to engage in social media, but the change social media has wrought is happening so fast and at such large scale that the “why” and “how” of that strategy – and the risks involved – are not yet fully understood.

Social media’s rapid rise

We don’t often use words like “breathtaking,” but there is a strong case for its use in this context. Viewing Facebook, Inc., as a proxy for the social media industry, we see that this seven-year-old company recently surpassed 800 million users worldwide.1 And as of the third quarter of 2011, US online users spent 16% of their time online at Facebook’s site – up from 2% just three years ago.2 That is more than any other site, with the next closest coming in at 11%. In just those few short years, “social media emerged to rewire the way people find, consume and share information.”3

“Businesses have been talking for many years about how customers are empowered by information. Well, more and more, customers are seeking that information via social media, and it is being filtered by their peers,” says Catherine Zhou, Principal – Customer Insight & Analytics practice, Ernst & Young LLP.

Given the explosion of social media, many companies should assess their own social media temperature. It’s important to determine what kind of impact social media is having on your brand; whether you are capitalizing on social media to acquire new customers; and whether you are leveraging social media to inspire loyalty and grow customer relationships.

A spectrum of business impact

Social media’s most obvious impact is on sales and marketing – for both B2B and B2C companies – because it enables “word-of-mouth marketing at scale.”4 As customers express themselves in social networks, they become de facto sales and marketing agents. And because of their relationships, they have a powerful ability to sway friends, relatives and colleagues within their social network toward or away from certain products or services.

“Because customers expect to interact with companies via social media for so many different purposes – from product development to customer support – a holistic, enterprise-wide social media strategy is often called for.”

Catherine Zhou
Principal
Customer Insight & Analytics practice
Ernst & Young LLP
As a result, “Many marketers are responding by shifting their spending away from traditional media, such as newspaper and television ads, and investing instead in interactive vehicles, believing that their money will be better spent that way,” explains Catherine. They may be right: according to research that assessed the social media activity of the top 100 most valuable global brands, those that were most socially active saw an 18% increase in revenue during the previous year, while the least active experienced a 6% revenue decrease. Similarly, the report also depicted a 15% improvement in gross margin for the most active social networking brands and a 9% decline for the least active.

However, the business impact of social media extends beyond sales and marketing. “Social media platforms also enable new approaches to customer service and empower customers to participate in product development and design, as well,” Catherine explains. As a result, leading companies are developing strategies to engage enterprise-wide business processes in social media.

The need for speed
As with any new technology, first movers can gain competitive advantage by embracing social media quickly and effectively. “The rewards for good social media strategy can be very high – as are the risks for social media missteps,” explains Ferdinand Kobelt, Leader of the Social Media Competence Center for Europe, the Middle East, India and Africa (EMEIA), Ernst & Young. “Unfortunately, we’ve already seen examples of both.”

Social media strategy development
For many companies, creating rigorous social media strategies is necessary to ensure consistent customer experiences, reliable content creation, data governance and regulatory compliance. Social media strategy will be different for different companies. It can vary depending on whether they are B2B or B2C, the industry they’re in (e.g., heavily versus lightly regulated) and a variety of corporate culture factors (e.g., risk-averse versus risk-taking).

Still, there are some basic steps in social media strategy development that tend to be universal:

- Identify business areas that can benefit from social media, such as sales, marketing, support, customer relationship management (CRM), HR and R&D
- Involve stakeholders from the affected areas
- Investigate how social media can support the goals of each business area identified
- Determine what processes each area should use to engage in social media
- Identify metrics for success and how they will be measured
- Continually optimize your engagement processes based on the measurements – i.e., social media “listening”

Figure 1: Social media snapshot

Source: Ernst & Young analysis.
The spectrum of social media business risk

As urgent as the need is to establish a social media strategy, businesses must do so with full awareness of the potential risks. Social networks allow digital consumers to be in control as they post information – both factual material as well as their opinions – and their sphere of influence can reach far and wide. Social media comes with several specific risks, including:

- The potential for employees involved in social media to inadvertently leak sensitive company information
- Criminal hackers’ ability to “re-engineer” confidential information – log-ins and passwords, for example – based on information obtained from employee posts
- Employee misuse of social applications while at work
- Damage to a brand or company reputation from negative employee or customer posts – or even from well-intentioned posts with unintended consequences
- Loss of customers, revenue or market share from any of the above

Assessing social media risks

Because the impact of social media is so new, most organizations are only now considering risk assessments to outline the pros and cons of social media. When they realize the potential for the risks described above, many have a “knee-jerk” reaction and simply block access to social media sites.

Leading companies, however, have recognized the potential value they can derive from social media, not just the risks of being present there. They are creating and communicating social media strategy, objectives and measurement plans; developing enterprise-wide social media policies to guide employee usage; and educating and training their staff to operate safely and effectively in social media.

Perhaps the most important early step into social media is the development of strategic listening programs. Effective listening involves more than simply monitoring mentions of a company, brand or product name online. Rather, strategic listening programs use real-time analytics tools to tap into social media knowledge and tease out key conversations taking place about your brand, or about topics that are critical to your brand. In addition, companies are able to track not only what customers say, but what they do through analytics focused on transactions, website behavior and call center information.

“Social media emerged suddenly, and is here to stay. Companies of all sizes and industries are already developing social media strategies as rapidly as they can.”

Ferdinand Kobelt
Partner
EMEIA Social Media Competence Center Leader
Ernst & Young
Strategic listening programs allow a company to move beyond the limitations of traditional marketing, sales and customer service and continuously build a relationship with the customer by listening to and engaging with individuals. Companies can benefit from establishing strategic listening posts— not as a one-time gauge of public input, but as an ongoing strategic listening program.

PR Newswire, Inc., a global provider of content engagement services, calls this listening to your “Social Echo,” a term it coined to describe the powerful reverberation of conversations around brands that occurs in social networks. Listening to your Social Echo is key to assessing risk and monitoring adherence to company policies on an ongoing basis.

Responding to social media input

Beyond listening in on social media content is taking action based on insights gained from that listening. But research suggests most companies are still far from that stage. A global survey of 2,100 companies conducted by Harvard Business Review Analytic Services found that 75% of respondents did not know where in social media customers were talking about their brands, only 23% were using social media analytics tools and just 7% had integrated social media analysis with other marketing activities.

Again, process details and analytic tools used will vary significantly from company to company. However, if your organization is ready to begin responding to social media input, the following overall guidelines make sense:

• Begin by separating relevant social data from the social “noise,” making certain to seek both compliments and complaints
• Then, parse the information for the appropriate business group—e.g., marketing, sales, customer service, product development
• Next, ensure that the information gathered informs your organization’s strategic planning process
• Execute a plan based on insights gained from strategic listening
• And finally, continue listening and repeating these steps in order to continually optimize that execution plan

Examples abound of companies that have made significant gains through such social media listening processes. Just two:

• After a major US snowstorm in early 2011, Audi of America, Inc.’s social media team posted the question, “Did your car get you stuck or get you home?” Monitoring the resulting response led the company to discover a homemade video posted by a journalist testing a car during the blizzard, which the company subsequently used in television advertisements.

• Newell Rubbermaid Inc.’s Sharpie brand has been an early and earnest user of social media—with “extraordinary outcomes.” By seeding social channels with video content, the company elicited “an outpouring of creative input from the community of Sharpie users, including an idea for a new product.” The new product was conceived as a result of viewing a YouTube video that was brought to the attention of brand marketers by the Sharpie social media community.
Social media policy development

Once an organization’s strategy and risks are assessed and understood, establishing social media policy to guide employee behavior is critical. Many companies already have established policies ranging from reactive policies that focus mainly on risk to proactive policies that focus on the upside potential of social media strategy execution, such as described in the two examples above.

An important element of any social media policy is direction that addresses how to respond to user-generated content or comments anywhere on the web; should company employees ignore public complaints, address them publicly or address them privately? Social media policy also should include guidelines that govern employees’ general social behavior online while they’re at work. For example, are employees prohibited from using Facebook while at work, and if so, what are the consequences for violating that guideline?

In addition, some companies create more restrictive guidelines that apply when employees post comments about the company or its products, spelling out requirements such as protecting confidentiality, privacy and security. If the company runs its own social site, such as a blog, the company should also create acceptable use policies for external users who post comments.

Although social media policies will vary somewhat depending on the type of company and industry, some common employee guidelines apply to most companies:

- Employees should always disclose that they are employees of the company when commenting on matters related to the company
- Unless employees are company spokespeople, they should make it clear that their opinions do not represent the company
- Employees should think before they post, knowing that once information is published online it essentially becomes part of a permanent record, even if it is removed or deleted later
- Employees should not comment on legal matters or the company’s financial status

Among corporate social media policies, IBM’s Social Computing Guidelines have been called “a valuable model for other companies” because they “break down potentially complex issues with strong, simple language that defines clearly – yet encouragingly – what is and is not expected of IBM employees in social networks.” IBM posts its employee guidelines on its public website.

The importance of a social media ‘audit’

Importantly, whether a company has just begun to develop its social media strategy or already is executing, social media audits are paramount. After all, regardless of where your organization is in its social media planning, some percentage of your employees and customers are likely to already have a social media presence.

Social media audits can offer a company a clear understanding of those social media activities, sanctioned or not. For companies that have social media policies in place, audits can assess compliance with that policy. And for companies with established social media strategies and objectives, audits can assess the effectiveness of their execution and recommend ways to improve.

Given the speed with which social media has hit business agendas, a social media audit may be the most important first step leading to an immediate assessment of corporate exposure, as well as long-term social media strategy and policy development. And, on an ongoing basis, social media audits can help optimize the effectiveness of strategies and policies.
Source notes


10. Ibid.

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