

SOCIAL NETWORKING

WHY USE IT FOR YOUR BUSINESS?



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Overview

As social networking sites explode in popularity, the hype and interest continue to build. *Facebook* alone topped 200 million users in 2009 (Wauter 2009).

But sorting the fact from the hype can be a challenge. Social networking at a high level is described as the convergence of technologies that make it possible for individuals to easily communicate, share information, and form new communities online.

But the big question today is not what social networking is, but rather what it means for businesses.

While social networks began as the province of individuals, businesses are now trying to capitalize on this trend as they search for specific strategies and tactics to derive value from it. In fact, Gartner Research shows a large increase in investment in social networking by businesses (Metz, 2008).

Used effectively, social networking sites can enable marketing professionals, salespeople, and customer service agents to develop meaningful relationships with customers in new ways. But the true value from social networking can't be achieved in isolation. Rather, organizations need to take stock of their core business processes and customer management initiatives and identify how social networking can further enhance and extend those initiatives.

What does social networking mean for business today?

- Unlike other communication mediums, social networking sites not only provide the ability for users to communicate with each other but also enable users to find like-minded individuals. Once they discover each other, members can form ad hoc communities based on their mutual interests. Multiplied many times over, these individuals become the new power behind the old saying, "power of the masses."
- Thus social networking sites help shift power from the company to the consumer as the masses are able to channel and exert their influence. As social networking sites continue to grow in popularity, firms can no longer solely rely on traditional mediums (print, radio, TV, etc.) to enforce public perception of their product.

- Conversely, these new communication channels also provide organizations with a way to discover and maintain a persistent connection with their most vocal constituents. By harnessing this social networking information organizations can use it to help identify their most influential consumers, drive participation in product development, and improve brand sentiment.
- While some organizations may still question the business relevance of social networking, unmonitored conversations that impact their business are likely occurring online right now. *And as many companies have learned, it is important to be involved in those conversations.* In this case, ignorance is not bliss. Ultimately, social networks should be viewed as a channel that organizations need to monitor and engage in.

Social Networking for Marketing

Perhaps the biggest benefactor of social networking is the marketer.

Social networking provides marketing organizations with new insights into their brand, innovative ways to execute and track grass-roots marketing programs, and new methods to turn fragmented online conversations into actionable insights. To do so, though, organizations will need ways to monitor, understand, and participate effectively in those conversations and leverage them in conjunction with existing marketing programs and processes.

Better leverage online channels

Social networks can also provide an excellent opportunity for grass-roots online marketing initiatives. Because social networks tend to be egalitarian and informal, they have the potential to appeal to customers at a personal level in a way that's difficult through traditional channels.

Marketing via social networking sites, however, does not replace traditional marketing. Instead, it should be treated as an additional channel with its own unique characteristics that complement other marketing efforts, an approach that can ultimately enhance the effectiveness of all channels.

Social Networking for Sales

Social networking also promises significant benefits for sales organizations by providing them with new ways to find, connect with, and understand their customers. Despite the opportunities, some uncertainty remains towards social networking in many sales organizations. Cautious or more established salespeople may view social networking as an unproven channel that takes them away from “core sales activities.” But for every hesitant salesperson there is a hungry and resourceful one that is looking for the next competitive advantage. Increasingly, sales organizations are realizing the benefits of incorporating social networking into their traditional sales processes.

- **Find and connect with new prospects**

In sales the hunt is always on for the next deal, and social networks provide a rich prospecting resource. Unlike traditional channels, social networks provide the added benefit of allowing a salesperson to gauge a prospect’s interest through their online profile before communication is initiated.

For example, if done respectfully and in accordance with the terms of service for each social networking site used, prospects will often be more receptive when approached informally or through a common contact on a relevant subject than they would to a cold call.

- **Engage in more meaningful conversations**

While they will not replace traditional relationship-building activities, social networks do provide sales organizations with a new tool to build and enhance relationships with prospects or customers. With the ability to quickly identify and integrate key online data points with the main customer data repository, salespeople can engage prospects and customers with all the relevant information at their fingertips.

- **Better understand your customers**

Social networking sites can also provide a wealth of information about customers and their interests, lifestyles, and attitudes—data that might otherwise be difficult or impossible to acquire. Paired with the right analysis capabilities, publicly available customer data from social networking sites can provide an additional layer of insight into customer preferences, behaviors, and sentiment, which can lead to more successful sales interactions.

Social Networking for Customer Service

Increasingly, customers are using social networks as an important channel to find, receive, and communicate information about the products and services they use. This change in customer behavior creates both opportunities and challenges for customer service organizations.

- Social customers expect service delivered through their channel of choice, often with a personal touch. And they are certainly not afraid to express their views or displeasure.
- Social networks provide a rich source of unfiltered feedback and a dialogue that can be invaluable in identifying service issues and spotting opportunities for product improvement.
- Thus, used correctly, social networking channels can help customer service organizations be more effective and create value for the business.
- In addition, social networks provide an interaction channel that not only helps remove perceived barriers between customers and companies, but may also reduce the cost of service.

However, when all is said and done, social networking is another communication channel and something that should not be done in a vacuum. It needs to be embedded in the everyday processes of customer service organizations and delivered in a consistent manner for the true benefits to be realized.

Create an early warning system for product issues

One often mentioned observation about social customers is that they aren't shy about sharing their experiences online. Tracked and harnessed, these opinions and views can provide a valuable early warning system for organizations and help them identify emerging problems or zero in on the top issues for a particular product.

Provide efficient multi-channel service

By the very nature of its opt-in and shared interest structure, social networking can help customer service organizations address customer issues in a highly efficient manner.

As these customers turn to social networking sites for help, organizations have the opportunity to help them *en masse*, for example, by posting information in relevant communities or providing self-help capabilities through the Web. This in turn can reduce call volumes and has the additional benefit of increasing satisfaction among the growing mass of customers who expect this kind of service.

Tap into new feedback channels

Social networking sites enable organizations to track service issues in more places, thereby gathering more intelligence on their products and on customer experiences with them.

With social networking, customer service organizations have an opportunity to leverage unfiltered feedback to drive business improvement.

For example, user communities may provide the first public feedback on a new product release, or usability hiccups may appear as an increase in user questions posted online. This kind of information can help customer service organizations create a valuable feedback loop, helping them improve the business while at the same time improving customer satisfaction.

Conclusion

The surging popularity of social networking sites is indisputable. Yet many organizations still struggle to translate it into real business benefits. By acquiring tools that let them manage their social networking initiatives alongside traditional marketing, sales, and service activities, organizations can take advantage of social networking without losing focus on their core business.

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