



Social Media Marketing:

The Right Strategy for
Tough Economic Times

Social Media Marketing: What is it and How is it Transforming Marketing

The Web has, since its inception, been a more social medium than any before it. Its very structure—interconnections built on links—dictated that any piece of content would be more “social” in nature, associating itself with other pieces of content in which it had an interest, was related to, or shared an affinity. No pre-existing medium had that ability to connect one piece of content to another and thereby create networks of content and implied value, (a characteristic that Google picked up and baked into its PageRank algorithm).

MEDIA: THE OLD WAY

- one-way
- push-driven
- interrupt-driven
- brand-driven

i.e., a monologue.

MEDIA: THE NEW WAY

- participatory
- multi-way (brand-to-customer, customer-to-brand, customer-to-customer)
- user-powered, opt-in

i.e., a dialogue.

And now, as the keen observer of Internet culture [Clay Shirky](#) has written in his recent book, “here comes everybody,” that same structure of connectedness and value-creation has become true for individuals as they race to set up profiles, join groups, launch blogs, declare affinities, microshare, and externalize personal networks. And they’re bringing with them many of the same dynamics and drivers of our offline social existence—an emphasis on trust, transparency and the very human desire to talk to and provide value to others.

The explosion of the social Web via blogs, Facebook, Twitter, and other Web 2.0 platforms has also seen the concomitant decline of traditional media as their audience fragments and heads off in the direction of content and communities that more closely align with their granular interests and afford them the human vibrancy at the core of social media.

But get stuck in thinking of social media too traditionally—as merely another medium like those that preceded it, as just another channel into which marketing messages can be pushed—and you’re missing the point and setting yourself up for failure. Rather, it is a new animal altogether, one with an attendant culture of participation that changes the game of marketing from one of a self-interested monologue—you *at* your customers—to one of a rich, dynamic dialogue *between* you and your customers and, critically, your customers *with* each other.

The reality, challenging as it may be for your company, is that consumers don’t want to hear from you—they’re inundated with marketing messages and don’t trust companies to have their best interests in mind. Instead they’re much more likely to be influenced by other customers, i.e., people who share their interest in getting the most value for the money they spend and attention they give (78% of consumers trust the advice of other consumers; Nielsen, “[Trust in Advertising](#)”, 2007).

The environment in which those value exchanges are increasingly happening: social media-powered sites and services.

- The Trust in Advertising survey of 26,000+ found that Consumer Recommendations are the most credible form of advertising.
- An [October 2008 study by Razorfish](#) found that nearly 49% of respondents have made a purchase based on a recommendation through a social media property.
- The same Razorfish study found that respondents most relied on the following sources when making a purchase decision: 60.53% user reviews; 20.48% comparison charts; 15.41% editorial reviews; 3.58 shared shopping lists

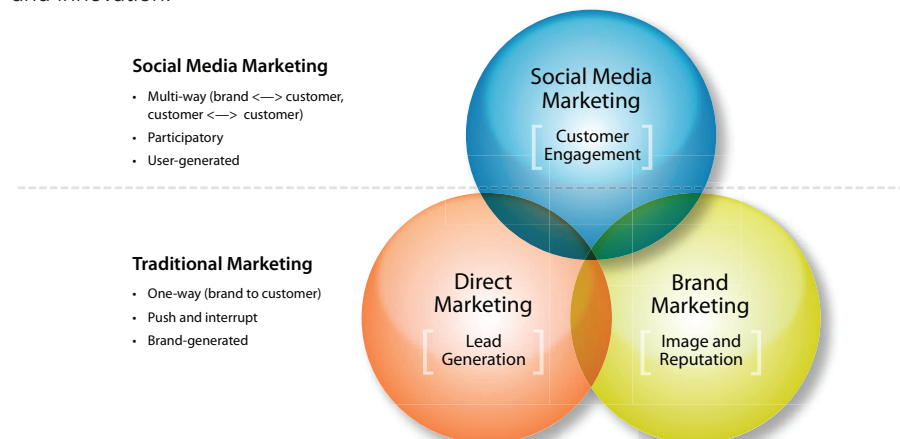
Enabling the Social in Marketing

Social media marketing is not about taking one's branding and messages and splaying them across social media sites or just about setting up a presence in Facebook or Twitter.

Instead you must understand the essence and ethos of social media—the culture of participation at its heart—and harness and embed that in your marketing and business processes. Again, the platform of participation is what has transformed marketing—changing not just the rules of the game but the game itself with new players, new tactics, new values, and a broader scope.

And while it has always been true that people haven't trusted companies and their messaging the important distinction to be drawn is that they're now empowered to tune out your messages and have a locus, at scale, for those feelings—online in open forums where their comments and experiences can be shared and found by anyone in the world.

Which is not to say the end goal has changed. It remains the same: creating a customer. As stated most succinctly by Peter Drucker: "Because it is the purpose to create a customer, any business enterprise has two—and only two—basic functions: marketing and innovation."



Getting Going

Start with the realization and acceptance that everyone now has a voice—all your employees (not just your direct reports), all your customers (not just your biggest), and, of course, your detractors.

What that means: everyone has become a content creator or has the potential to be one. According to research from Forrester, which was published in their popular book *Groundswell*, 32% of adults are either creators (they create web pages, maintain blogs, etc.) or critics (they comment on blogs, they write reviews, etc.). Which means that if you want to succeed in this new world, you need to engage those people—by meeting them where they are (on their own turf) or by creating a platform that you make available for them, i.e., a community.

- If you want to increase word of mouth and build good will, you'll also need to give up on the control and "corporate speak" and give users and customers the tools to create their own stories—about their interests, and your market and even about you.
- If you want them to help one another (which is in your best interest) you need to empower them with tools and features that enrich the discussions they are having and connections they are making.
- Your brand must live and breathe integrity to earn customers' trust (84% of marketers agree that building customer trust will become marketing's primary objective; [1 to 1 Media survey of the 1 to 1 Xchange panel](#), April 2008)
- And if you want them to help you design better products, you need to bring them inside your product innovation process.

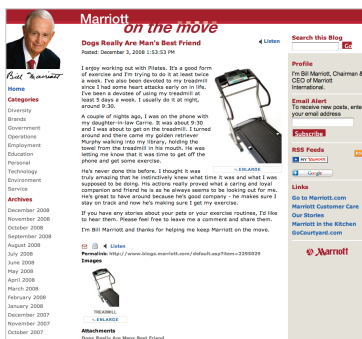
In all cases you need to extend the edges of your marketing processes to include and enlist them.

Success Stories

The stories of social media successes are mounting—as are the failures. Thankfully, according to the [2008 Tribalization of Business Study](#), a study conducted by Deloitte, Beeline Labs and the Society for New Communications Research on how companies leverage communities and how they measure progress and success of those communities on business processes, the failures can typically be categorized in one of three buckets.

But first, the successes—there are many very well-documented case studies of companies that derive game-changing results from adopting communities and other social media programs. A few that might prove particularly instructive:

- eBay Communities**—It has been well documented that when eBay launched communities for their buyers and sellers to share tips and tricks, they found that those eBay members who actively participated in those communities bought more, sold more, paid higher prices and returned 50% more revenue to eBay than those that did not.
- Fiskars**—When Fiskars, a \$900M manufacturer of craft and garden tools, school products and home and office supplies, decided to leverage communities, they turned to passionate scrap bookers and developed a movement of 5,000 brand ambassadors called the Fiskateers. While their original goal was increase chatter online by 10% and sales by 10% they actually increased chatter by 600% and sales by 300% in the stores in which they hosted Fiskateer events.
- BestBuy**—When BestBuy tried to develop communities to get feedback from their 160,000 employees as to how well in-store marketing programs and advertising campaigns were doing, they found unexpected benefits like an increase of 30% in 401K sign-on, better knowledge sharing and problem-solving between store employees and a new channel for business innovation.
- P&G**—In another well documented case study, P&G was able to extend its innovation process to include millions of customers and partners—leading to 50% of their innovations now involving outside collaboration.
- Marriott**—The [blog that Marriott CEO Bill Marriott hosts](#), “Marriott on the Move,” has been responsible, says [Marriott](#), for \$4M in additional revenues. Not bad for a person writing about their passion—especially considering that in that business most dollars are probably hitting the bottom line.



Those getting up to speed on social media have the benefit of learning from the successes and mistakes of others. Three common mistakes people make:

- **The build-it-and-they-will-come fallacy**—This happens when a company focuses too single-mindedly on the tools and forgets to pre-populate their community with valuable content out of the gate. If an early community member comes to a community that doesn't have compelling content, she will leave disappointed and never come back.
- **The let's-keep-it-small—so-it-does-not-move-the-needle phenomenon**—While we discussed the possibility of starting in a small and deliberate fashion earlier, some companies seem to get into a permanent state of pilot when it comes to social media marketing programs. At some point you either need to move on and scale, or decide that social media marketing is not for you and shut it down.
- **The not-invented-here syndrome**—This can happen when a very strong community already exists, and the company tries to create a new one and lure members to their own platform. In some cases it makes more sense for that company to engage where the community already hangs out and affiliate with them instead of trying to compete with them. A good example of that is how Tivo engaged with a [vibrant community](#) that was already in existence.



Entry Points

To give yourself the best shot at success, start where your company feels most comfortable. There's no magic bullet, no one-size-fits-all solution to where companies should dive in to social media. Ultimately it comes down to knowing what's best suited for your company and culture and only you can know what's right. A few scenarios we've seen:

- 1. Your company doesn't need reams of research to justify jumping in.** You believe that social media marketing is transformative, accept that marketing as we knew it has changed, and believe that your company needs to become an active participant in market conversations to reach your prospects. This could start as a skunkworks project that, if successful, can expect the full support of your CMO and marketing execs.
- 2. Your company needs numbers and market validation to compel leadership to act.** Projects perceived as cutting edge, such as social media marketing programs, will require considerable internal education, the endorsement of external analysts and consultants, and a directed strategy before they get backing. Rollouts will be methodical with well defined and measurable pilots, well supported by management once there's buy-in, and include frequent pulse-takings.
- 3. Your company views social media as a new and innovative extension of traditional marketing efforts.** You've tried a few social media marketing experiments on YouTube and Facebook with varying results. You're also facing

challenging economic times and viewing this as an opportunity to dig even deeper into social media and expand and complement existing traditional marketing programs by redirecting staff to engage more deeply with social media tools. You're open to new programs and aim to include and convert individuals from other departments to increase organizational buy-in.

As you can see, these are very different starting points—these and others are all valid, nothing to be ashamed of, and don't guarantee or doom success. What is critical is to recognize where one is and align one's social media programs with the culture of the company.

Possible Programs and Formats

Again, the needs of your company's audience will dictate which platform or social media marketing strategy makes the most sense, i.e., is your audience interested in content? Community? Professional networking? Whichever makes sense for you, be sure to create "social" content that people can comment on, connect to, and easily share via social sharing sites such as Digg and Facebook.

A few suggestions:

- 1. Content:** your target market is interested in unique perspectives and useful data that make them smarter. Arm them with information and insights by launching a blog on a topic of interest to them.
- 2. Transactions:** you want to attract users in your market who are looking to buy/sell/trade goods, services, or information. Create a forum for them, e.g., a support site, where they can go to get help or derive value or satisfaction from giving it to others.
- 3. Networking:** you want to host a destination where your customers and prospects can convene to share their passions, and pain points. Create a community of interest relevant to your business they can join to find like-minded individuals and organizations.

Measurement Doesn't Need to Change

When measuring the impact of social media marketing programs on your business, you will run into the same issue as with any other marketing program—how to track the impact of the program on sales. The issue is no different in social media marketing programs than in traditional marketing programs—did the customer buy because they got a recommendation from a friend in your online community or did they buy because they got a coupon in the Sunday paper or a good customer service experience with their last purchase?

Some social media pundits will argue that you need not worry about an ROI for social media marketing programs—arguing that you do not need an ROI for a conversation with a customer.

The problem with that is that most CMOs are seeking accountability and measurable results—even more so in times of economic downturn. In fact, a recent Epsilon CMO survey found that 50% of CMOs use data-driven marketing techniques.



The previously mentioned 2008 Tribalization of Business Study discovered that the companies that were most satisfied with their community efforts were those that measured the impact of their community programs on their business processes the same way they would measure the impact of any other program on those same business processes.

So if you measure the impact of a certain program by increased store sales, or the impact of another program in customer support by improved customer satisfaction, then measure the impact of social media marketing programs on those business processes the same way. Even if you think the current measurements are wrong, don't try to change them when you roll out a social media marketing program. The fact that the current measurements are well understood and often hardwired within the company culture will ensure that people understand and embrace your social media programs rather than marginalize them as exotic new hype-driven, non-mainstream programs.

The Current Climate: Storms Ahead

It is now exceedingly clear that we are in for very challenging times. Pain initially felt in the real estate and finance sectors has spread to the general economy and brands are seeing a dramatic pullback as the long-resilient American consumer has finally called “uncle!” and drastically cut back on spending.

While companies must ratchet back their marketing budgets, it would be ill-advised to pull back on social media, a still-nascent field whose significance and command of consumer engagement is indisputably growing. Social media marketing initiatives will help retain customers, even if they're not currently opening their wallets, and nurture future ones while consumers retrench and the economy recovers.

It is important to note that while there are costs associated with social media it's a low number compared to other marketing programs such as advertising. And, as you know, in uncertain times people buy from whom they know and trust, which means you need to engage more frequently and deeply with your customer base than ever before as well as provide as much value as possible.

Again, an essential aspect of social media marketing is its participatory nature and a well-designed platform will provide value to your customers and lead to their engagement through blogposts, discussions, etc., i.e. free content that provides value to other users. An aspect of social media that's critical here: social media marketing programs depend, after all, on a resource in abundance—your customers - rather than a resource in scarcity—your current advertising budget.

As the [Cone Business in Social Media Study](#) (September 2008) found, 93% of social media users believe a company should have a presence in social media and 85% believe a company should go further than just having a presence and should also interact with its consumers via social media. According to Forrester, 64% of consumers report wanting to see user ratings and reviews while Marketing Sherpa found that 84% of people said they would trust user reviews over a critic—so even your traditional product review process will stop working if you don't pay attention.

Cone additionally found that 59% of its respondents interact with companies via social media sites and one in four interacts with companies more than once a week. Also worth noting: the recent "Media in Mind" Universal-McCann study which found that 85% of the 18-34 demographic, i.e., your present or at least future market, regularly uses social media.

All of which argues for now being a time to invest in your future, catch your competition off guard, and double down on these relatively inexpensive marketing programs to build and secure relationships with individuals and customer communities. They'll appreciate the value provided to them in challenging times and be ready to spend on your products when they're again able.

The recent [Epsilon CMO Survey](#) confirmed this trend to be underway, finding that 63% of CMO's were planning an increase in their interactive and digital marketing budgets, as defined primarily by social computing, blogging and podcasting, during this downturn, while 59% were planning significant decreases in their traditional budgets. Also worth noting from the same study: 94% of CMOs and marketing executives agreed with the statement, "A tough economic period is precisely the time when marketing plays a key role."



This is also an opportunity to accelerate your organization's education and engagement in social media marketing. Some companies such as [H&R Block](#) are taking the opportunity to get their staff up to speed on social media, pulling some of them off of traditional marketing programs and orienting them towards social media marketing to listen and engage with influencers, prospects, and customers.

Good Strategies for Bad Times

- **Increase your budgets in social media marketing**—As we argued before and as many CMOs are planning, now is a good time to increase your investments in social media marketing. If you are being asked to cut your traditional marketing budgets, cut them a little more than asked for and redeploy some of that money to social media marketing.
- **Educate your marketing programs people on social media marketing**—Some companies, such as in the H&R Block case mentioned above, are expanding the scope and responsibility of traditional marketers by educating them about social media. Good talent always wants to learn and better themselves and their ability to deliver results. Leverage their ambitions by expanding their roles to include social media activities so that when the good times come back they better understand the intersections and the leverage points between traditional marketing and social media marketing.
- **Tap into the counter-cyclical nature of social networks**—When economic times turn bad and unemployment is on the rise, people tend to network more. In this social media-enabled era that means that many will increasingly turn to online social networks and communities. The counter-intuitive trend, then, is that in these economic downturns your customers will in fact become more active participants in social media. You can either engage them where they are or provide them with a new place to network.
- **Redesign your overall marketing content strategy**—Chances are that your web site and all your other marketing materials are still loaded with corporate speak—the stuff that customers no longer use to make their buying decisions. Humanize the language of your brand by overhauling the way you talk about yourself on your site and incorporating tools and new vehicles that enable your customers and employees to more easily formulate their own story that will help convince their peers to become your customers as well.
- **Try out new things**—Give some of your employees a Flip camera and have them interview your customers and prospects. Have them do podcast interviews. Encourage them to start a blog. Create a social media marketing informal support group. Recruit and train internal social media ambassadors.



Next Steps

1. Simple enough: set a business goal for your Social Media Marketing effort. The top eight social media marketing use case are:
 - a. Corporate voice community: *converse with your market*
 - b. Loyalty community: *build and reward loyalty*
 - c. Innovation community: *generate ideas*
 - d. Peer support community: *help each other*
 - e. Enthusiasts community: *stimulate a passion*
 - f. Events community: *build and maintain buzz*
 - g. Associations/subscribers community: *engage with members*
 - h. User-generated content campaign/microsite community: *create excitement*

You can read more about these at:

<http://www.awarenessnetworks.com/what/top-8-use-cases.asp>

2. Identify and enlist the right people in your company. These people need to believe in the initiative and have the energy and passion to engage others in the effort.
3. Choose a Social Media Marketing vendor to help you further develop strategy and deploy the appropriate technology solution.

Sources used in this paper:

- “CMO Survey”, 2008
Epsilon
<http://www.epsilon.com/epsilon/About-Us/Press-Releases/9808/p62-l3>
- “Cone Business in Social Media Study”, 2008
Cone
<http://www.coneinc.com/content1182>
- “Feed: The Razorfish Consumer Experience Report”, 2008
Razorfish
<http://feed.razorfish.com/publication/?m=2587&l=1>
- “The Future of 1to1 Marketing”, 2008
1 to 1 Media
<http://www.1to1media.com/>
- “Media in Mind”, 2008
Universal McCann
<http://www.universalmccann.com>
- “Tribalization of Business Study”, 2008
Beeline Labs, Deloitte, Society for New Communications Research
<http://www.beelinelabs.com/tribalization>
- “Trust in Advertising”, 2007
Nielsen
<http://www.nielsen.com/solutions/TrustinAdvertisingOct07.pdf>



Contact Information:

Awareness, Inc.
880 Winter Street, Suite 300
Waltham, MA 02451
United States
Tel: 1 866 487 5623
Fax: 1 781 622 2378

Awareness Canada
5050 South Service Road, Suite 100
Burlington, ON L7L 5Y7
Canada
Tel: 1 866 487 5623
Fax: 1 905 632 4922

About Awareness

Awareness helps companies build and operate branded **Web 2.0 communities**. These online communities let customers, prospects, employees and partners connect with each other and share content. At the core of the Awareness solution is an on-demand social media platform that combines the full range of Web 2.0 technologies—blogs, wikis, discussion groups, social networking, podcasts, RSS, tagging, photos, videos, mapping, etc.—with security, control and content moderation. Awareness builds these features into complete communities for companies, or customers use the Awareness API and widgets to integrate Web 2.0 technologies into their own web properties. Major corporations such as McDonald's, Kodak, the New York Times Company, Northwestern Mutual and Procter & Gamble use Awareness to build brand loyalty, generate revenue, and drive new forms of marketing. Find out more at <http://www.awarenessnetworks.com>.