BRAND VO2

BRIDGING THE GENERATION GAP

What Every Senior Executive Should Know About Social Media

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Reading Time – 3 Minutes

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The Social Media Generation Gap

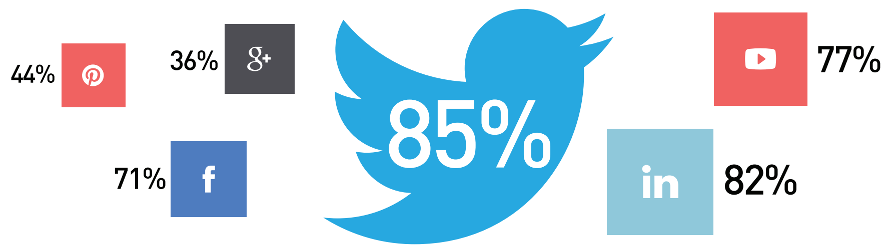
The vast majority of senior executives working in large companies did not grow up using social media. Social media expertise was not essential to their early career success. And many senior executives are not very active in social media personally – at least in comparison to younger employees who can't relate to a life without Facebook, YouTube, Snapchat, Twitter or Linked-In.

As such, there's a problematic social media "generation gap" inside many companies where younger employees find social media second-nature compared to their older co-workers (and oftentimes, managers).

The social media generation gap can create leadership challenges in that senior executives who are comfortable leading their organizations to success in disciplines like sales, finance, marketing and R&D may find it more challenging to lead their organizations to success in the relatively new discipline of social media.

> Only 17% of companies say they are truly "strategic" in the execution of social strategies.

This white paper focuses on five strategic social media initiatives that every senior executive should consider implementing for their company -- if they have not already done so. Interestingly, only two of the initiatives (the first two) directly relate to the application of social media for marketing purposes.



Social Media Benchmarking – A Macro Look

First, let's look at some macro benchmarking numbers from a recent study conducted by the research company, Altimiter Group. The study looked at social media practices inside companies with more than 1,000 employees and yields surprising insights that should be meaningful to executives as they plan and execute marketing and operational strategies.

- Only 17% of companies say they are truly "strategic" in the execution of social strategies -- defined as "becoming a social business; social initiatives are gaining visibility through business impact; social methodologies and techniques become integrated across functions."
- 26% of companies approach social media holistically, operating against a common enterprise vision.
- 34% of companies have clear metrics to associate social activities with business outcomes.

Clearly, if these percentages were applied to a corporate function like Sales, for example, a Board of Directors would not tolerate numbers so strikingly low. It's obvious that many companies are still playing catch-up applying social media as a strategic platform.

"Brands now live in a dynamic digital footprint where customer opinion can change over-night and new forms of competition can materialize out of the blue."

Six Potential Paths of Value Creation Via Social Media

Let's look at six potential paths of value creation that company leaders can derive from social media.

1. Move Beyond Vanity Measures of Social Media Marketing Success.

Many social media metrics focus on volume – for example, the number of Facebook likes, Twitter followers, or web site page views your marketing team generates.

These are relevant metrics because they provide a blunt measure of brand relevancy. But if your company is only looking at the volume of social media engagement it is likely too focused on what Eric Ries termed "vanity measures" in his book, The Lean StartUp.

A more relevant view of social media performance considers the actions that customers take on-line. This can relate to actions around e-mail marketing campaigns (e.g., open rates; click-throughs; registrations; purchases; etc.) or the actions customers take around social media content. For example, are customers moving from social media to purchase, sharing your content with friends or simply talking about your brand? If so, you are seeing deeper brand engagement and that's as important if not more important than volume of engagement.

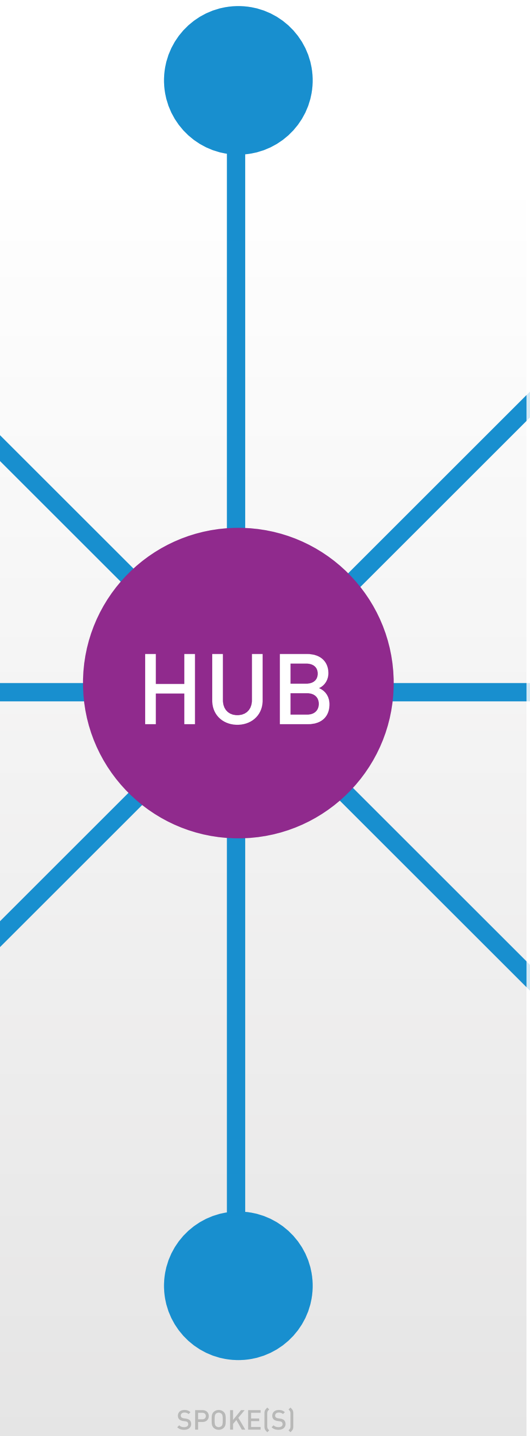
2. Measure Brand Health In Real-Time Based on Social Engagement.

Brands now live in a dynamic digital footprint where customer opinion can change over-night and new forms of competition can materialize out of the blue.

Therefore, the idea that a company can assess brand health once a year though a brand equity tracking study is outdated. There's simply too much marketplace change as social channels influence the way in which consumers or customers engage with companies.

Survey-based brand equity trackers also generate lagging indicators of brand health because they report the past -- the past year, the past quarter, etc. This may have been acceptable when broadcast media reigned supreme and much of the marketer's focus was the TV ad campaign they were working on for the next year. But lagging indicators of brand and business health are increasingly irrelevant given the rise of real-time marketing.

Leading companies are migrating away from brand surveys to leading indicators of brand health and scoring systems like Brand VO2 that quantify brand and competitor health based on linguistic analysis of the millions of on-line conversations occurring in social media and e-commerce every day.



3. Move to An Integrated Social Organizational Design.

More companies are moving from decentralized strategies to hub and spoke organizational models to manage social media. This is significant in that many companies have up to a dozen different departments leveraging social media in one way or another.

It simply makes sense that functions like Marketing, HR, Customer Service and Executives producing social media content align around a larger corporate strategy and system of measurement.

With the hub and spoke model, companies are creating new positions with titles like Chief Social Officer and Chief Community Officer. While the instinct may be to groan at the thought of this, remember that 15 years ago most companies did not have a Chief Information Officer. Today, that job is central to operations and service delivery across the enterprise.

So the question to ask is the following: has social media become – or will it become – critical to communications, operations and service delivery for companies?

Macro trends would suggest that the answer is "yes" as social channels exert greater influence on the actions of employees, end-users, supply chain partners and strategic partners.

4. Use Social Media to Transform Customer Care.

Over half of consumers now use social media to directly reach out to companies to report satisfaction, lodge complaints, and ask questions, says Nielsen's 2012 Social Media Report. And one in three social media users now prefer social care to contacting a company by phone.

Leading companies like Comcast use social media to drive down the cost of customer care while improving the customer experience. Major paradigm shifts are at work here including:

- The concept that the customer calls your company when they have a problem. This is outdated, yet many companies still equate customer service with call centers. Given that today's customer is increasingly likely to Tweet or post a comment or engage with an on-line forum for assistance, companies must think differently about customer care channels.
- Early adopters of what many refer to as "Social Care" listen and communicate with consumers in real-time. Comcast, for example, generates more than 1,000 Tweets a day on topics ranging from programming to addressing customer service problems.
- Finally, instead of funneling the customer into the platform of your choosing (e.g., your call center) forward-thinking companies allow the customer to engage on the platform of their choosing (e.g., an app on their mobile phone). This act of giving the consumer more control over how they access information is a simple way that brands can deepen their relationships with consumers.

5. Apply Social Media Analytics to Identify Competitive Blind Spots.

This year, Greek-style yogurt which has more milk solids and protein compared to traditional yogurt will grow to represent 50% of the entire $7.6 billion yogurt category.

The leader of the Greek-style segment is Chobani, which released its first product in 2007 and succeeded by mixing fruit and other goodies like dark chocolate in its innovative products.

It's simply amazing that Chobani rocketed to more than a billion dollars in revenue in six years and even more amazing that market leader, Dannon, sat on the sidelines doing nothing in response. With billions of dollars at stake, one has to ask why.

A plausible answer is that Dannon simply didn't see the shift occurring in its mature category – the consumer's growing appetite for more protein and more exotic flavors.

This can be a common problem for market leaders – being blind-sided by new forms of competition that either aren't measured or aren't taken seriously.

Companies can use social media analytics to spot emerging forms of competition when they are small and vulnerable. With new third-generation social media insight capabilities, companies can data-mine insights from the long-tail of big data to discover emerging consumer behaviors and new forms of competition.

> CEOs who are active on social media channels rate significantly higher when it comes to leadership attributes than CEOs who do not leverage social media.

6. Attracting Talent.

Certainly there's a personal advantage for executives who themselves participate in social networks. According to a recent study conducted by public relations firm Weber Shandwick, 76 percent of executives believe it is a good idea for CEOs to participate on social media networks.

The study revealed that CEOs who are active on social media channels rate significantly higher when it comes to leadership attributes than CEOs who do not leverage social media. When asked which words described their CEO, 43 percent of executives with socially active CEOs labeled their company's leader as inspiring compared to only 26 percent of the executives with CEOs not using social media.

In the battle for talent, company leaders cannot afford to be seen as uninspiring leaders.

Summary

Executives who narrowly frame social media as a marketing platform and something the marketing department deals with are likely members of the social media generation gap.

There is increasing evidence that social media should be part of a company's corporate strategy for a host of reasons including utilizing social media to attract new talent, measure brand loyalty in real-time, improve customer service and identifying new forms of competition.

The Social Media Generation Gap can be closed by senior executives who task their organizations with expanding the use of social media beyond marketing applications. By considering the six paths to value creation presented in this paper, leaders can do what they do best – lead their organizations to greater success.

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