

# *The power of social media*

How CIOs can build business value using social media

*Social media is here to stay.  
Do you have a strategy?*





# *Introduction*

## **What is social media?**

Social media refers to the use of mobile and web-based technologies to turn one-way communication into an interactive dialogue.

## ***How is social collaboration different from social media?***

Social collaboration is the internal use of social networking tools to create value by working together on a common goal.

Social media is flourishing. Leading companies know that participation is no longer an option, but a requirement. To ensure success, entry in social media must be a strategic decision. It requires adequate planning, resources and support. While social media should not replace face-to-face communication, it can enhance the overall customer experience and create new sales and servicing opportunities. Most importantly, social media is no longer considered an emerging technology – it has arrived and is here to stay!

While many individuals use social media on a daily basis, the challenge for organizations and CIOs is that they may not know how to put it to use in the enterprise. Understanding the various applications of social media and how they can be used to achieve business benefits is the first step.

Social media, when done well, can create a collaborative dialogue with a very large, but very specific audience – one person at a time. And, it's successful because it breaks down formal barriers. Social media provides an opportunity for instantaneous communication and promotes collaboration across functional groups and geographic regions. At its most powerful, it can bring the full weight of millions behind identified ideas and actions – within days – if not hours.

*While social media should not replace face-to-face communication, it can enhance the overall customer experience and create new sales and servicing opportunities.*

## Canada's presence online continues to grow

- Canada leads the world in online engagement, ranking the highest for average hours spent online. Source: comScore, 2010
- One out of every five minutes online is spent on social media-related sites. Source: Nielsen
- Canadians age 55 and older were the strongest drivers of social media growth in the past year. Source: Syncapse, 2010

## How have companies successfully used social media?

*A Canadian bank used social media to launch a new chequing account. For less than the cost of a full-page print ad, it was able to generate more than five million online impressions.*

# What are the challenges and implications for CIOs?

*“Social media has been described as a channel, a platform – and even an online conversation. Unfortunately, none of these descriptors do any justice to CIOs when trying to get the buy-in of their colleagues. At PwC, we see social media for what it is – a business tool that can be used to solve real business issues.”*

**Debbie Dimoff,**  
Technology Consulting, PwC

## 1. Return on Investment

It can be difficult to quantify the value of social media – but it is worth the effort. When you start considering your options, take a disciplined approach to planning your investment. Identify both customer-facing applications and internal social collaboration initiatives, and then evaluate the benefits and costs against your business priorities. Make sure you build a strong business case before moving forward.

When looking at what actually matters to your business, not every metric available for measuring social media is relevant. Four factors should be considered:

- **Financial:** have revenue or profits increased or have costs fallen?
- **Brand:** have the measures of brand engagement improved?
- **Risk management:** is the organization better prepared to note and respond to attacks or problems that may affect their reputation?
- **Digital:** has the company enhanced its portfolio of owned and earned digital assets?

Most importantly, be ready to evaluate social media like you would any other channel or platform. Recognize where your starting point is. Can you solve a business issue or is there a growth opportunity? Listen to what your customers and competitors are saying about your company – and what you want to achieve.

## 2. Integration of social media

Social media is not something that should be dealt with in a vacuum. In the long run, the key to success will be your ability to integrate social media into your existing communication channels (e.g. face-to-face, online, telephone) and customer information systems. This requires sitting down with your cross-functional leaders and engaging them in the creation of a strategy and governance structure that considers the range of opportunities and challenges posed by social media.

**Remember:** your customers expect a seamless experience across all of your various channels: in-store, online, phone and social media.

Understand the costs and what it takes to scale initiatives before you implement them, rather than waiting for your initiatives to grow out of control.

# 750,000,000

**The number of Facebook users**

Source: TechCrunch, 2011

**Q.** What is the value of a Facebook customer to a retailer?

**A.** \$136\*

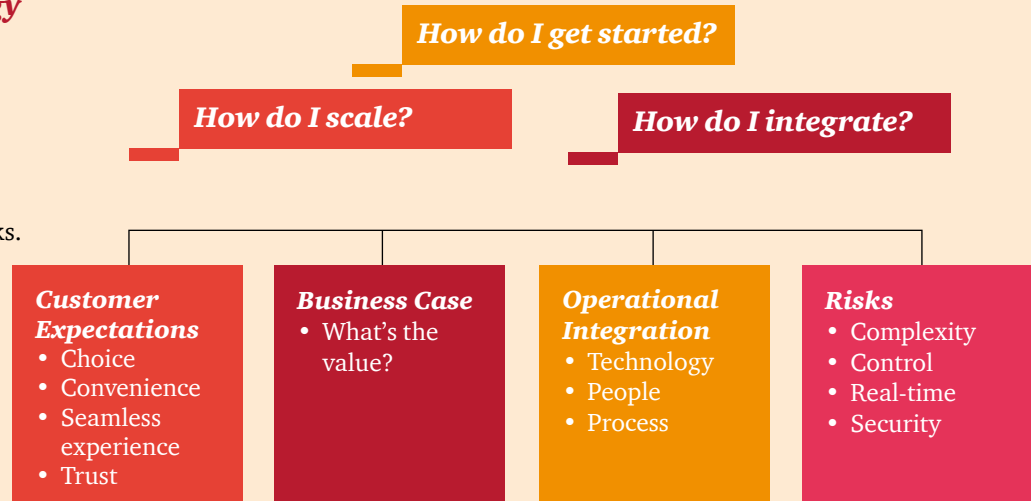
\* The average value of a Facebook fan takes into account variables such as product spending, loyalty and reduced acquisition cost. Source: Syncapse, 2010

## Social media and mobile

- There are more than 100 million individuals accessing Facebook via their mobile phones and another one million on Twitter.  
Source: Interpret LLC, 2010
- Mobile users are estimated to be twice as active on Facebook compared to non-mobile users.  
Source: Forrester, 2010

## Social media strategy considerations

There are a number of considerations when creating a social media strategy, such as customer expectations, operational integration, the value of social media, and risks.



To be successful, you will also need to make an investment of time and resources. Successful execution of a social media strategy requires training and education so that you can rely on your employees to present messages that are consistent with your objectives, brand and guiding principles.

### 3. Employee access

Many of your employees are already using social media outside of work – to network, research, and share information. What you don't know is whether they are saying anything that could pose a risk to your organization. By developing social media guidelines, you can mitigate security and risk issues without jeopardizing your brand reputation. Guidelines will help ensure your employees know what they can and can't do, where they can communicate, and what information is privileged, private or confidential. You can't prevent employees from engaging on social media, so make sure they are doing it properly.

### 4. Learning what works

Social media is an evolving concept; the only way to gain expertise is to experiment with various applications. You do not have to build a presence on the same social media platforms as your competitors. There is no magic formula for success—most companies are still experimenting with trying to determine what works and what doesn't. Consider creating processes that support just-in-time learning and don't be afraid to stop doing something if it doesn't meet your needs or the needs of your employees and/or customers.

### 5. Becoming the role model

Chief Information Officers and Chief Technology Officers have a fundamental role in leading the charge with respect to social media. Take the initiative to uncover the value of social media and then become a role model for your organization by demonstrating understanding and usage. Make it your job to bring the leadership team up to speed in social media literacy and explore collaboration tools with them. Be proactive in identifying, assessing and developing a plan to mitigate risks so that you can move forward with confidence.

# What are the benefits?

*“Creating an ecosystem of ideas and relationships is what social media is all about. Enterprises need to understand this concept and how to capitalize on it.”*

**Albert Silverman,**  
Technology Consulting, PwC

***From a customer-facing perspective, social media can help you...***

- Enhance and protect your personal and corporate brand reputation
- Expand your reach to new customers and territories and increase access to just-in-time information and trends
- Create unique solutions and experiences for your customers
- Enable the distribution of real time information, where required
- Tailor products and pricing based on interactive customer feedback

***With respect to your employees, social media can help you...***

- Build a dynamic and creative work environment
- Instantly take the pulse on critical organizational issues
- Enable virtual workplace solutions
- Promote internal communications and dialogue
- Provide increased transparency with respect to information
- Attract and retain top talent



# What are the risks?

*“You can no longer abstain from social media, but before you dive in head first, make sure you have addressed all of the security concerns. The last thing you want is to leak intellectual property because you did not manage risk appropriately.”*

**Salim Hasham,**  
Technology Consulting, PwC



Any new activity poses a risk to organizations – social media is no exception. What’s important is that you know what the risks are and that you have a plan to manage them accordingly. Potential risks and risk mitigation tactics associated with social media include:

- **Content created outside your firewall:** Train your employees so they understand what information can be shared. Develop controls and policies around the release of information. This includes user-generated content.
- **Communications contrary to your business position:** Incorporate social media into your communications strategy so that everyone understands the message and how it should be delivered in different circumstances.
- **Losing control of a situation:** Recognize that issues involving social media interactions can snowball quickly. Develop a plan so that when an issue occurs, you can address it quickly and with confidence. The faster the issue can be controlled, the less of an impact it will have on your organization.
- **Growing too big, too fast:** Most companies want their social media campaigns to go viral, but few are prepared for the increased demand once they do. Before you engage in social media, make sure you understand how usage can grow and what is needed to scale up and scale down initiatives. Start with a contained pilot so you can learn from your experience before deploying social media across the organization as a whole.
- **Rising customer expectations:** A response within 48 hours from your customer service department just doesn’t cut it anymore. Your customers want – and expect – instant responses. Listen to what they are saying online, empower staff with the authority to resolve issues and ensure that your social media channels are integrated with the existing customer support framework so that online conversations can be quickly and easily resolved.

## A balanced approach to information security

We believe that businesses should adopt a strategy to safeguard their corporate networks and data focusing on three aspects: processes, people and technology.

This remains a complex issue. Technical defence is vital to protect against negligent and malicious acts. However, there is also a human element – negligence, ignorance or even curiosity can give rise to incidents.

What is required is a program designed to raise security awareness and influence the behaviours of all those concerned, and balanced against continued investment in

technology and processes. Policy, too, must delineate the types of social media accounts that the company sponsors.

Business should also consider security products or services that actively scan and monitor traffic for malware, data leakage and other suspicious activity. Possible solutions include multi-layered security at the gateway and end points, content classification, content filtering and data-loss prevention. Identifying the right mix of these tools can be daunting because of how rapidly technology is evolving.

# What is the evolution of social media?

*“All enterprises need to know what their customers are thinking and how they feel about their products and services. Using social media is a very different statistical method that can only result in increased profitability against market competitors.”*

**Richard Jhang**, Technology Consulting, PwC

As your social media strategy evolves, so does its complexity. However, this creates additional opportunities for engagement and the possibility for a greater return on investment.

Social media is about building and strengthening relationships over many conversations and over time – you can’t simply leapfrog others, but you need to get in the game now. Start today to solve a business issue, develop an enterprise strategy and then launch a small, focused pilot to learn—with a plan to scale up.

In the short term, explore and build your social media presence. Also, monitor what your customers are saying and be ready to respond, if necessary.

From there, you can begin to identify and engage with online influencers. The key is to filter out channels and users that are of limited impact and focus your efforts on value-add activities. In this stage, your goal should be to drive traffic from your website to social media communities and vice versa.

Finally, over the long term, you can take your engagement to the next level and begin to influence the purchase decisions of your customers. Organize discussion forums to make it easy for customers to provide feedback and rate and review your products. Word-of-mouth marketing is a key driver of increased sales. You should also establish ways to showcase your collaborative efforts, such as creating customer-designed products and/or promotions.

Facebook users spend (on average) \$70 more on products for which they are fans of the brand.

Source: Syncapse, 2010



## Social media success stories

### Dell

Dell's outlet store began selling products directly through its Twitter feed. At the end of 2009, more than US \$6.5 million in products were sold.

### Gap

Gap partnered with community coupon site Groupon and offered a \$50 gift certificate for \$25. More than 440,000 certificates were sold and at one point in the day, approximately 10 were being sold every second.

### Intercontinental Hotels Group

IHG launched a crowdsourcing initiative through social media involving 300 Elite Priority Club Rewards members. It was able to achieve more than \$250,000 in incremental revenue from a single test promotion in just six weeks.

## Social media in B2B

PwC recently worked with a global consumer goods company to use social media to recruit and train sales representatives, aid them in building their business online and creating a supportive and collaborative community. PwC defined the market, formed a community management team, and developed a global approach for content creation. The social community was launched in two markets in August and September 2010 with 22% of representatives taking part.

## How can we help you build value?

*“The role of the CIO as a business leader is to drive business value. It is imperative that CIOs leverage social networks and create actionable knowledge.”*

Philip Grosch, National Leader, Technology Consulting, PwC

Our PwC Technology Consulting team can work with you to understand the opportunities and address the challenges presented by social media. We can help:

- **Define your social media strategy:** Working with you, we will outline a set of social media initiatives that will contribute to your business priorities.
- **Design your social media experience:** We provide you with the ability to develop unique customer experiences that will differentiate your products and services.
- **Drive social collaboration adoption:** We will help support the success and sustainability of your social collaboration initiatives.
- **Create an integrated operational roadmap:** We can develop a framework that identifies business and technology gaps and then identifies the best solutions for your company.
- **Execute and evolve social media programs:** We can assist you with the implementation, management and measurement of your social media program.

## Don't doubt the power of social media

- Facebook surpassed Google as the most-visited site in the U.S. in 2010. Source: Experian Hitwise
- YouTube is the second most-used search engine globally. Source: comScore

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## ***Our PwC Technology Consulting team***

At PwC Canada, our dedicated team of Technology Consulting professionals has experience in helping a wide-range of companies develop, implement and manage their social media strategies. Combining deep technical knowledge with expertise in business transformation, stakeholder engagement, and business strategy, we find the right solutions for your business needs.

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