

RUNNING HEAD: SOCIAL MEDIA'S POSITIVE BUSINESS IMPACT

**Social Media's Positive Impact on Business**

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## Abstract

This paper argues that social media has a positive impact on business in the areas of customer communication and interaction, customer support, and monetization of brand evangelists through the use of practical examples. The paper includes many insightful quotations from personal interviews with large corporations such as Verizon, Comcast, The PNC Financial Services Group, and other smaller businesses such as Webnotes, Zeo, and SurpassHosting.com, to gain an insight into how social media is affecting these businesses, as well as how it is helping them improve their relationships with their customers. This paper also includes information from other sources such as *Business Week* and the very popular Forrester Research publication, *Groundswell*, to expand on the information provided by the interviews with the businesses. Topics from *Groundswell* that are mentioned include the Net Promoter Score (NPS) and the different groups associated with it, such as promoters and detractors. The paper demonstrates that not only is social media important now, but also that it will continue to grow into an even more important facet of business into the future.

### **Social Media's Positive Impact on Business**

Social media is defined by Merriam Webster as, “The word you've entered is not in the dictionary.” The reason social media is not defined in a traditional reference source such as Merriam Webster’s dictionary is because the term is one that is constantly changing and one that is still evolving. A more modern reference source, SearchEngineWatch, a website that publishes articles regarding search engine optimization, defines social media in its glossary as, “A category of sites that is based on user participation and user-generated content. They include social networking sites... and other sites that are centered on user interaction.” However, there is more to social media than just the websites that provide a medium for it to occur. Wikipedia adds, “[social media] supports the democratization of knowledge and information, transforming people from content consumers into content producers.” This addition is crucial to the understanding of social media, especially from the standpoint of businesses. Social media as a whole has really begun to transform and revolutionize the way in which businesses interact with their customers. For businesses that choose to accept and participate in this new form of interaction, social media has a positive impact in the areas of customer communication and connection, customer support, and monetization of brand evangelists.

Social media has begun to completely transform the way businesses are communicating with their customers. Derek Haswell, the Associate Manager of Social Media and Online Marketing for Zeo, a sleep research company, said one of the great things about social media is it is the, “Power of the people - everyone can go out and interact. It's not run by the businesses, it's run by the people” (personal communication, October 20, 2009). Social media brings such immediacy to issues. It provides consumers with an instant forum to speak their mind and spread information, both positive and negative, about a company to millions of people. Jennifer

Jones (2008) said in article for *PRweek*, "In traditional marketing, you speak directly to the customer. In traditional PR you speak to the customer through the media. But today, the customer is the media." Customers are blogging, uploading videos to YouTube, speaking their minds on Twitter, and much more. "Social networks allow marketers to get closer to customers than ever before and get their feedback on products or services that are being offered. It can be true two-way communication," said David Wilson (2008), co-owner of Braveheart Design, a search marketing company ("How To..." p. 1). Beth Mulhern, the Director of Social Media Strategy for Verizon Telecom, a communications and entertainment company, said, "There is recognition this is the age of the empowered consumer.... Before, if there was an unhappy customer, he might tell 5 friends, but now, with a couple of clicks, he can tell x number of people" (personal communication, October 21, 2009). From a communication standpoint, recognizing this is very important for a company. Communication between a company and its customers is absolutely crucial in today's connected world. Tabitha Geary, a consultant working for Beth said:

For a large business like Verizon, social media is a dream come true. It gets them back in touch with their customers. To be able to hear one on one what their customers are saying is fantastic - they really take it to heart. The customers are driving their direction.

Beth followed up on that comment by saying:

Getting customer feedback from millions is hard. We're trying to make sense of all of it and get an individual person's perspective. That's different than marketing research, where everything is related to a norm (trends, perspective) and where you lose the commentary from the individual level. That's what's so

compelling about social media - we hear both the good and the bad from our customers on an individual level (personal communication, October 21, 2009).

If a company as large as Verizon Telecom is recognizing the importance of social media in its business model, then clearly this shows that social media is indeed revolutionizing the way customers are communicating with businesses. Social media is so important to Verizon Telecom in fact, Beth mentioned, "... there are many people involved with managing [Verizon Telecom's] social media. It goes into the hundreds including people from IT," and, "The fact that I report to a chief marketing officer... the purpose was to make sure we got visibility for social media within the company. We need to make it a key strategic priority as to how we move forward into 2010" (personal communication, October 21, 2009). In other words, social media is an important new communication outlet for companies. It simplifies, expedites, and individualizes the communication between a business and a consumer that might otherwise take much longer, get lost in the mailroom, get erased from an answering machine, or a whole host of other scenarios. Michael Ley, the Vice President of e-business & payments for The PNC Financial Services Group, said, "[Social media] provides a great forum to engage in customer conversations and to help customers with questions they may have" (personal communication, October 27, 2009). The second part of that quote, helping customers, shows a more specific form of customer communication where social media really shines - customer service and support.

Comcast, the country's largest provider of cable services, often gets a lot of attention regarding how it is using social media to help support its users. Comcast certainly was not the first company to provide customer service through Twitter, nor is it by any means the only one doing so now. However, it has been incredibly successful for them. Comcast launched a Twitter

account with the username of “comcastcares” in March of 2008. Frank Eliason, who now holds the title of Senior Director, National Customer Operations, is the head of the team that manages “comcastcares”. Rebecca Reisner (2009) said in a *Business Week* article, “I think it's safe to call Comcast's Frank Eliason the most famous customer service manager in the U.S., possibly in the world” (p. 1). An author from *Access Intelligence* called Frank Eliason, “One of the heroes in the social media space,” saying that, “Eliason single-handedly turned around Comcast's negative service reputation (at least online), simply by consistently and quickly responding to tweets about Comcast service issues” (“Tip Sheet...” 2009, p. 1). That is absolutely amazing. To completely change a company's image simply by using Twitter shows the power of social media's impact on customer service. By improving traditional call-center wait times, Comcast may be able to impress a few customers. With Twitter, however, the entire web is able to see how Comcast does in fact, care. Frank said in an interview that Comcast's current overall social media strategy is to, “Meet customers where they already are, learn from them, and assist when we can.” He also said:

We have a million interactions each day with our Customers. Social media is a smaller amount then [sic] phone, email or chat, but it does provide us the opportunity to assist where Customers are. When necessary we can also easily broadcast a message (personal communication, October 21, 2009).

Although many people will say that the support they receive from Frank and his team is several times better and more responsive than that of the traditional phone or e-mail support for Comcast, when asked if Comcast does indeed give its social media customers special treatment, Frank responded simply, “No, we strive to treat everyone in the same manner” (personal communication, October 21, 2009). That is an interesting response. Why when asked this

question do so many companies give that same response, even though it may appear differently to others? Beth from Verizon gave an excellent answer with a very good explanation:

We don't want to put [any of our customers] at a disadvantage - they're all important. It might look different from the outside looking in, though, because... social media is more personalized. We do recognize the risk of not providing good service, but that service isn't prioritized to social media.

Her consultant, Tabitha, added, "By the nature of things, social media channels are so much smaller than traditional channels. It's much more personal. It doesn't make others less important, but it does make the experience more personal" (personal communication, October 21, 2009). Personalized customer service is something that customers love. Social media provides the perfect outlet for business to offer it to their customers. The style of communication through social media is much more informal and casual than a "recorded for quality purposes" phone call to a call center. Although most companies responded in a similar manner about prioritization, Kayla Selans, the Marketing Director of SurpassHosting.com, a web hosting company, was willing to admit that they give their social media customers more incentives. She said:

Truthfully, we do. We enjoy the fact that [our customers] are embracing social media and helping us react in a different way through these outlets. And sometimes it's simply just faster to do so. Although we treat all customers equally no matter how they contact us, sometimes coupons issued on our forum, blog, Twitter or Facebook are a little bigger. We want to make them especially happy so they'll continue to communicate with us in new ways that are more convenient for them (personal communication, October 22, 2009).

Social media provides an excellent outlet for companies to provide quick and efficient customer service to their customers. Because of the mass scale of social media, and the ease in which customers can spread their thoughts and ideas to millions across the web, social media also provides an excellent way for companies to monetize their brand evangelists.

Brand evangelists, or energized customers, are consumers that are extremely enthusiastic about a product or service and are willing to tell their friends, family, and others. In the book *Groundswell*, Charlene Li and Josh Bernoff (2008) from Forrester Research discuss something called the “Net Promoter Score.” There is a question that is often seen on surveys that says, “How likely is it that you would recommend [company name/product name] to a friend or colleague?” Customers answer from a scale of 1 to 10. In *Groundswell*, they say, “Subtract the detractors (those who answered 0 to 6) from the promoters (those who answered 9 or 10), and you get the Net Promoter Score (NPS).” They continue to say, “... the NPS correlates with sustainable growth across many industries” (2008, p. 132). How is this being used in a practical sense? Those 9 or 10s are the brand evangelists. Derek Haswell from Zeo said:

There's a potential for opportunity to drive brand awareness through social media.

The first step is engaging, but the step after that is coming up with creative and clever ways to reach out to people in order to drive brand awareness (personal communication, October 20, 2009).

His company just recently began rolling out a referral program through a company called uRefer. Essentially, the people who are Zeo promoters get rewarded for referring new customers to Zeo. Those new customers also get a special incentive of free shipping for being referred. It is a win/win for both the promoter and the new customer. Derek said, “We really want to stack the deck in [our brand evangelists'] favor. The more we put behind it, and the more we reward our



brand evangelists, the more people will use [uRefer] to tell people about Zeo.” He continued to say, “We have pretty positive net promoter scores. The goal is to get uRefer into the hands of those people” (personal communication, October 20, 2009). By using social media and taking advantage of the word-of-mouth epidemic opportunity it presents, Zeo is monetizing its brand evangelists by not only rewarding them, but also the new customers. This is a great way to generate more revenue for the company and ensure the amount of dedication they put into their social media efforts generates a rather positive return.

In *Groundswell*, the authors say, “... 18% of online consumers in the United States are in the Creators group. This means that, on average, more than one out of six of your customers are blogging, uploading video, and maintaining Web sites.” They continue to say, “Now suppose you could encourage those Creators.... A little bit of effort could result in a lot of impact. And the impact will be more powerful because... people believe other *people* more than *media*” (2008, p. 131). Andreas Roell (2009) from *DM News* said in an article about Zappos.com, an online shoe store, “With all social media forums, direct marketers can engage with users in a more direct fashion. The hope is that this dialog will create a deep brand affinity and a group of brand evangelists.” In regards to Zappos, she continues to say, “At checkout, consumers are asked how they would like to share their purchase information with their Facebook friends.” Social media provides the easy communication tools for business to interact with their customers and fuel the brand evangelists. By adding this tool, Zappos created a very easy way for customers to tell their friends about the company. Facebook is the second most popular website in the entire world, according to Alexa, a web metrics company. The potential audience there is huge; adding a Facebook sharing option was an excellent idea for Zappos. Zeo and Zappos

certainly are not the only two companies taking advantage of the power of the web. Companies all over the web are doing it, and it is smart.

The power of social media is simply outstanding. The ease in which customers and consumers can interact with businesses on a personal level is incredible. Alex King, the Marketing Director for an online note-taking and annotation tool, Webnotes, said, "There's the phrase 'fish where the fish are' that comes to mind. You have to be where your target consumers are, and engage in the mediums that they are engaging" (personal communication, October 28, 2009). The most popular medium that consumers are engaging in right now is the web. Whether it be Facebook, Twitter, company forums, or any other online social website, people are communicating. They are hating products and they are loving products. Their voices are being heard by millions of other people on the web. Listening to and responding to these consumers will personalize a company's brand and provide an easy means of communication and customer support to its most vocal customers, both promoters and detractors. Social media, when used correctly and implemented well, has a positive impact on business that stretches well beyond tangible and measureable returns. It is something that all businesses seriously need to consider making a part of their strategic plans as they move into the future where the demand for social interaction will only continue to grow.

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