



It's About Them: Social Media Marketing Drives Customer Service

Customer service has changed a lot in the last decade. Before the mid-1990s, you needed to make a phone call to lodge complaints, solve problems, and fix errors, usually to a customer service representative at the company's call center located at the company's headquarters. Some software companies charged for customer service, which outraged customers and sent many of them online as a way to find different solutions.

With the advent of company websites and early social media tools like message boards, company-sanctioned forums arose as problem-solving places for customers. Even though many were poorly designed and confusing, the company got by with the response, “Just search our support forums.” The answer to most problems could be found there, even though for many customers the finding was as frustrating as the problem itself. If companies had a customer service hotline, economies of scale often dictated the person who answered it was someone in a foreign country rather than down the street.

But social media marketing has changed what online consumers do when they have a problem with a company. Instead of spending an hour pilfering through not-exactly answers on company forums or trying to struggle through call center communications with nonnative language speakers, customers are venting their frustrations on blogs, Twitter, Facebook, and more.

One of the most notable stories of social media as customer service is that of cable giant Comcast. Its customer service issues, like many of its industry, could fill a book. These issues did fill an entire blog when *On The Media* host Bob Garfield launched ComcastMustDie.com in 2007. As the company’s employees began to take note of the growing dissension online, one of its customer service professionals, Frank Eliason, wanted to help. He began experimenting with Twitter in 2008 to see if he could help route issues and solve customer problems. He found that Twitter was not a replacement for traditional customer service help, but it was letting people get an immediate response, which improved their mood considerably—as opposed to spending several minutes waiting on the phone for help—and more important, it let them do it publicly.

Eliason sent tweets, using the @ComcastCares Twitter account, with “How can I help?” the minute he saw a complaint or a criticism about Comcast (see Figure 9.1). “Comcast sucks!” was, and sometimes still is, a common message. But Eliason still managed to respond with “How can I help?” He then followed up the message with another one about how to fix a problem, sent a Direct Message (a private tweet between the sender and the receiver), or even looked up the person’s phone number and called him to offer assistance.

Whether it was a billing problem, a cable outage, or even a problem with a service technician, Eliason and his team, which eventually grew to eight people after the company saw such positive traction due to the proactive customer service approach, were always on the case, managing the Twitter traffic and solving complaints, often faster than the phone and email service departments could.

An interesting thing happened with @ComcastCares’ customer service efforts: Not only did Eliason’s social media efforts make national news, including a spread in *BusinessWeek* magazine, but it began to show customers who were undecided about Comcast that the company was being responsive, responsible, and concerned about

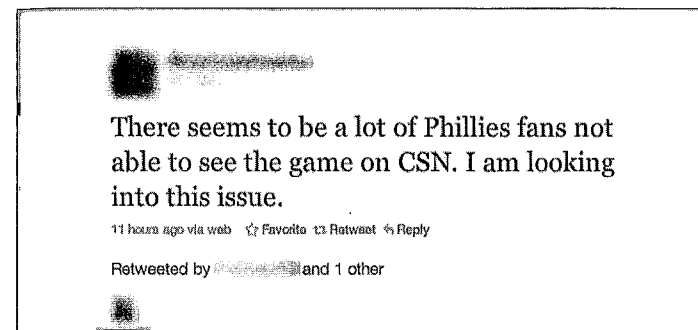
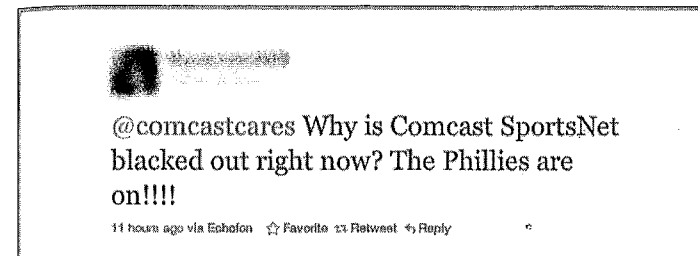


Figure 9.1 Although Comcast’s original Twitter customer service pro Frank Eliason has left Comcast, the cable giant still responds to customer complaints with the same dedication as when Eliason started @ComcastCares.

its customers. In short, Eliason’s customer service efforts became a marketing and PR function. All the stories about Eliason gave the company plenty of “free press” (read Chapter 7, “Relating to Your Public: Social Media Marketing and Public Relations,” about measuring public relations efforts), and it also showed customers that Comcast was on the ball and solving people’s problems. That helped change their minds about the cable company.

In his book, *Customer Service: New Rules for a Social Media World* (Pearson), Peter Shankman says that customer service in the social media world has to drive revenue, whether it “saves money, earns money, brings in new clients who will spend money, or cuts costs to let you keep more of the money you’re already earning.”

This makes sense. An American Express Global Customer Service Barometer released in February 2011 reported that 70% of Americans said they’re willing to spend more money—as much as 13% more—at businesses that provide good customer service; only 58% said the same thing in 2010.¹

In other words, you earn repeat business by making sure customers are happy. But it’s not enough just to make them happy. You also need to show other people you can make them happy as well. That’s what social media can do for your customer

service efforts. The important thing is to remember to take care of your customers when they need you.

Why Do You Want to Hear from Your Customers?

“Our business would be great if it wasn't for the customers.”

How many times have you thought that or even said that in jest? We know we have heard clients say it a few times. Customers can be annoying, demanding, and sometimes just a real piece of work. On those days, it's easy to think life would be much easier if you didn't have to deal with them. But then you sigh, rub your forehead for a few seconds, and remember where your revenue comes from.

Every customer counts and makes a difference. Customers contribute to your bottom line through sales, to your marketing effort through word of mouth, and even to your reputation. Whether you want to admit it, you need every customer. Well, almost every customer. There are those customers who are such a drain on resources and energy that you truly are better off in both the short term and long term not having them as customers. Despite them, you need to adopt the attitude that every customer counts. Your goal should be to make your customers feel well taken care of, happy, and satisfied. Happy, satisfied customers are returning customers, and returning customers means returning revenues. We learned that a long time ago.

As Pollyanna-ish as it sounds, every customer counts, and every customer affects your bottom line. (Even the energy draining, resource-sucking ones. They have an effect on your bottom line, too, just not in the way you had hoped.) And if you're willing to shrug off one customer who is underserved, angry, or even disappointed in you, then why not shrug off all the customers who are underserved, angry, or disappointed? Why not save yourself the hassles and the headaches—and the customer service costs—by letting all of them go?

You know the answer to that already. Your company will upset each of them at least once in their life cycle as your customer, or maybe one day the majority of your customers will be angry at your company all at once. If you ignore them completely, they're going to leave you, and they're going to tell their friends. Worst of all, your profitability will plummet because you constantly have to find new customers to fill up the slowly emptying bucket. And any business consultant, advisor, or professor will tell you that it costs more to find new customers than it does to keep old customers. As your cost of customer acquisition increases, your profit per customer decreases.

So it makes sense to take care of the old customers.

You do this by listening to people and their complaints and then solving their problems to the best of your ability. You serve your customers as best you can, and you

apologize when you screw up. Because you know that one day you're going to need that person as a customer, and you don't want your apathy or unwillingness to answer customer calls at 4:50 on a Friday afternoon to be the reason your company is now in the toilet and circling the drain.

The point of this little sermon is this: If you leave one customer underserved, unhappy, or disappointed, haven't you failed in what you were trying to do? Isn't your mission statement about being the best in your industry? This isn't about making *every* customer happy because that's impossible. But that doesn't mean you shouldn't *try* to make every customer happy as often as possible. If you're not doing that, or that's not your primary goal, go do something else because your competition is more than happy to do it. Your competition will show your customers how they'll be treated with respect, listened to, and given great service and a lot of value. You'll be left wondering where everyone went and why they're so angry.

Putting Your People Where Your Mouth Is

Eric Eicher is an account manager with Momentum Group, a marketing and advertising agency in Indianapolis. He's also a Forum Credit Union member and had a chance to learn firsthand how his credit union uses social media after he had a serious problem and received a pleasant surprise in Forum's customer service's response to him. Forum Credit Union is one of the largest credit unions in Indiana. Eric was making a cash deposit one Saturday evening at Forum's drive-through ATM; the machine took his money, but did not acknowledge that it had received it. When he checked a second time, the money was gone, and he did not have a receipt to prove it.

Before he even left the parking lot, Eric sent a Twitter Direct Message to the Forum customer service department and explained what had happened. Sunday morning, Eric received a DM *apologizing for the delay* in getting back to him. Less than 18 hours later, and they were apologizing for not getting back to him. By Monday morning, Eric and his wife had received numerous calls from Forum explaining that they had audited the machine, it had his money, and it was already in his account. Eric said it was all resolved before 10:00 on Monday morning.

Jacki Teachnor, one of Forum's customer service representatives, said the credit union wasn't new to social media, although they were careful when they got into it. They started with Facebook and Twitter, but service reps also created seven different blogs to educate people on financial issues. She is especially pleased with social media as a customer service tool because the service reps can check complaints immediately. Whenever someone expresses his frustration with an issue, service reps can see it in real time and respond quickly.

Jacki said she had even salvaged a customer's business and earned some new business because of Twitter. Someone had tweeted a message asking if anyone knew of any good credit unions because this person had had a bad experience with Forum. She replied back, much like Comcast's Eliason, and asked how she could help. It turned out the customer had a valid complaint, which she resolved. Because of her prompt response and her willingness to talk with him on Twitter, he then asked to meet with Jacki about opening new business accounts with Forum.

"Social media fits in very well with what our customer service reps do," said Jacki. "Because we are committed to listening to our members. Twitter is one more channel where we can do it."

"We have even done special social media promotions, giving people a good rate on a loan or CD promoted only on Facebook or Twitter. We have even done Facebook polls, which is almost like having a focus group on Facebook."

You Can't Help Everyone

Sadly, a time will come when you have a customer you just can't help, no matter how hard you try. He wants you to honor a warranty that expired 10 years ago. She thinks you should replace the phone she dropped from 30 feet up. He wants you to return a channel to your lineup after it moved to a different package. How do you disappoint these customers and do it in such a way that you don't come out on the losing end in the public's eye?

Start with the same basics we discussed: You need to apologize, even if it's not your fault, and explain why you cannot do it and what you can do instead. Try, "I'm really sorry, but we aren't able to do a warranty repair on a digital camera that is 10 years old. I don't even know if the parts are available anymore. But what I can do is give you 20% off a new digital camera if you would like to come in."

Or, "I'm sorry. Our phones just aren't made to be dropped from three stories up, and our replacement guarantee doesn't cover that sort of breakage. But if you come in, we're running a special on new mobile phones, and I think we can help you find a new one. We may even have a coupon around. Stop in and ask for Cheryl!"

Or, "I'm very sorry, but the channel has been moved to a different channel package as part of our programming restructuring. If you'd like, I can let you have a free one-month trial for that new package so you can try it out and see if you like it."

Although these attempts might not completely satisfy the situation or the customer, you've done everything you can. These efforts certainly beat one of those cold responses that covers your own ass but does absolutely nothing for the customer. These types of responses are not only insulting, but they also make angry customers even angrier and more willing to put energy into telling as many people as they can

about your unwillingness to help. By showing even a little courtesy and concern, you might be able to defuse the situation, even if you can't help them completely.

Of course, some people complain just to complain. Some might have complained because they're angry at you and they want the world to know it, but they don't actually expect you to do anything about it. So it's always a good idea to investigate the complaint before you react.

Erik's company manages social media, including responding to complaints, for several clients. One of them sometimes receives complaints from people who started a Twitter or Facebook account just to complain. When his client offered to help, often these people never responded, so their complaint went unresolved. One complainer finally answered after three weeks, saying he never checked the account because he assumed no one would respond. He just started it so he could make his gripe public, but really didn't want to go to the effort of getting a repair.

But when Erik's client offered to help him, it wasn't that big a deal to him. Sometimes you'll receive complaints from people who have a higher sense of moral outrage and self-entitlement than most. But they don't expect you to deal with them, and you certainly don't have to. It's also good form to not respond to anyone who is clearly incensed, using foul language, or obviously on some sort of personal vendetta against your company. While some initial, "Is there something I can do to help," type responses to gauge the level of their anger are fine, and even expected, the ones you shouldn't respond to should be very clear very quickly. Raving lunatics are not worth engaging. However, you should look beyond the vitriol to see if there might be some validity to their complaints before judging them as such.

You're Not the "Jackass Whisperer"

Scott Stratten, Canadian social media expert and author of *Unmarketing*, once said during a talk, "I'm not the jackass whisperer. I don't have time to deal with every troll who wants to give me a hard time or say nasty things about me."

You're going to have to deal with your share of jackasses, the people who complain just for the sake of complaining, once in a while. They'll tweet out messages, usually with the hashtag #FAIL as part of the message. (A hashtag is a term preceded by a #. It means that term is the subject of conversation. It tells everyone else what that tweet is about and that they should use it if they want to be included in that conversation.)

The #FAIL tag should be used for truly momentous problems, like "The new TV I bought had a crack in the screen. #FAIL" or "Took my car in for service, and they forgot to put in new oil. Engine is ruined. #FAIL." But you'll still get the occasional jackass who wants to tell the world his life lies in tattered ruins in the mud because

of a heinous wrong done by your company. “Ordered large Coke for lunch. Was given Diet Coke instead. #FAIL!” and “Pizza place forgot to put black olives on my pizza. #FAIL.”

Despite such histrionics, you do have to deal with people like these for a few reasons:

- They *are* paying customers. If you want them to remain paying customers, you need to deal with them. Fix the problem if it's not too expensive and see if they stay happy.
- If you ignore them, they could make a bigger stink that might accidentally catch on and go viral.
- If you insult them or make them feel stupid, you'll look like a bully. That absolutely will go viral, even if the other person *is* a total jackass. Everyone loves the little guy and hates the big bad corporations. Anything that looks like you've insulted them will come back to you a thousandfold.
- If you make them happy, they could become raving fans who not only never gripe, but actually become evangelists for you. Sure, they'll go be a jackass to someone else, but your biggest concern is about getting this thorn out of your paw, and if that means making them happy, so be it. You're not in the business of behavioral change—unless you really *are* a practicing psychologist. You're in the business of selling products and making customers happy.

But you don't have to bend over backward and treat them with special care. If you want to prioritize customers with larger than average social connections or the potential to do some damage, look them up on Twitter, Facebook, Yelp, and any other place where you found their complaints. Check out their complaint history, and see if they have made it a habit of making a mountain out of a molehill.

If they do, you'll know you have a serial complainer on your hands. Fix the problem and be done with them. If they continue to gripe, state publicly that you have fixed their original problem, but if they would like to discuss it further, they're free to contact you personally. This will at least show people who read the complaint that the person is being unreasonable, while you made an honest effort to help them.

If they're not serial complainers, then maybe they do have real concerns, even if it is a Coke/Diet Coke mix-up. Apologize for the problem and promise you'll do better next time. If the problem was truly a problem—their food was too cold or the new TV was broken—provide them with a solution, like buying them lunch the next time they're in or replacing the TV and absorbing the delivery costs. And be public

about it. Again, if they still complain, point out that you have solved the original problem and invite them to contact you.

But—and this is important—customer service never means you have to put up with rude or insulting behavior. If you have a complaint from someone who is insulting or makes threats or overly aggressive comments, make sure to record or copy the offending messages, then cut off all contact. Don't respond, don't try to talk them down, don't try to defuse the situation. This is clearly someone who has boundary issues, and a rational discussion is not going to solve the problem.

Customer service professionals are going to tell you that this kind of behavior is typical and something they have to deal with constantly. It's going to be the same in social media. The people who can be helped on the phone can be helped on social media. The people who are angry can be calmed down and then helped. And the jackasses are just jackasses and will never be satisfied. If you know you've done everything you can, then that's all you can do.

Sometimes It's Just Two Little Words

The words “I'm sorry” or “I apologize” can go a long way in solving a lot of problems, especially publicly. Don't be afraid to say them to people who are complaining. A lot of executives are hesitant to say they're sorry, either because they haven't been trained to do so or the lawyers have said to never, ever say you're sorry because it could be taken as an admission of guilt. Either that, or the customer service people are just so apathetic, they truly aren't sorry.

The best way to use social media to solve most of your customers' problems is if you just apologize once for their bad experience. It doesn't mean you're going to fix something. It doesn't mean you're going to accept the blame so they can sue you. It means you have some empathy for your customers and wish they didn't have this problem.

Try, “I'm sorry our product didn't work.”

Or, “I apologize for your delivery being late.”

Or, “I'm sorry your food was cold.”

The service team behind @ComcastCares apologizes quite a bit for problems created by other people in their organization. Why? It's not the individual customer service Twitter operator's fault that billing screwed up a customer's account, that the technician didn't have the right parts in his van, or that he didn't show up at all. It's not his fault that a channel got dropped or a game was interrupted by technical delay (see Figure 9.2).

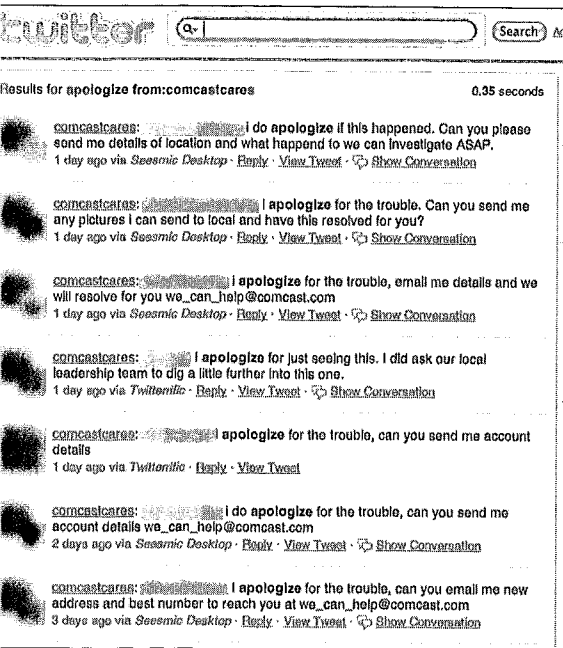


Figure 9.2 Comcast's service agents apologize a lot because they know this can go a long way toward salvaging a relationship that can be worth as much as \$1,200 per year. Isn't one apology worth \$1,200?

Comcast's service agents apologize a lot because they know that it's worth a lot of money to them if they don't. If a single customer spends only \$30 per month for basic cable or upwards of \$99 per month for cable, Internet, and phone service, she has an annual value of between \$360 and \$1,200. If she's a Comcast customer for 10 years, her value is between \$3,600 and \$12,000.

But one unresolved problem, unanswered complaint, or even the slightest hint of indifference and uncaring can cut those funds off immediately and lose that source of revenue forever. Because more people are dropping their expanded cable and switching to web-based television programs, Comcast needs to keep its customers happy for as long as possible. So service agents do it by apologizing. Two little words can mean the difference between getting \$1,200 and, well, *not* getting \$1,200.

There will be additional follow-up to the apology, of course, but you get the idea. You must be sorry about your customer's experience, and that will generally soften the mood and tone of the person making the complaint. It can turn an angry customer into an annoyed customer, or even a surprised and humbled one. Few disgruntled customers expect a response from customer service, especially a nice, positive response.

Another of Erik's clients is in the travel business, and when Erik's company interacts on social media on behalf of this client, each conversation begins with either "thank you" or "I'm sorry." So when a customer complains that a piece of equipment broke or he couldn't get anyone on the phone when he called, the first response is, "I'm sorry that happened to you. How can I help you?"

It's almost funny to see. If people could stammer and backtrack on Twitter, we think you could actually see people backpedaling furiously after their initial shouts of frustration. Of course, it's important to actually fix customers' complaints and answer their questions, but those two little words change the tone of the entire conversation. An apology actually lets things get done, rather than getting stuck in an argument or pointing fingers.

Make sure you're solving customer problems in a real, human way, but if you can't, explain why. Don't hide behind PR language, corporate policy, or legal department dictums. That may be the actual reason, but responses should generally never include "company policy says..." or "our legal department won't..."

"Never try to solve customer service issues with PR bullet points," said Amber Naslund in Jason's 2009 *Customer Twervice*. She's the director of community for Radian6 and coauthor of *The Now Revolution*. "The Twitter community is hyper-sensitive about scripted, corporate-like interactions. You have to engage people in a conversational tone or, in most cases, they won't listen to you at all."

Although we discussed it in Chapter 5, "Make Some Noise: Social Media Marketing Aids in Branding and Awareness," on branding and marketing, the lesson applies here as well: Your customers are looking for a relationship with your company and your employees. They want to feel respected and heard and any response that includes PR bullet points, corporate policy, or lawyer's CYA (cover your ass) language will only make your customers hate you and tell all their friends about the rotten treatment they received at your hands.

This is why, even if your final answer is "no," you have to deliver your "no" with an "I'm sorry." It won't fix the problem or make the customer deliriously happy. But it will make your company look like it actually cares about its customers. (Of course, it's better if you actually *do* care about your customers, but that's a different book.)

Putting Metrics Around Customer Service

Anyone with a grasp of the big picture begins to realize that PR, marketing, sales, and even customer service are not four distinct silos that compete for dollars and face time with senior executives. They're four sides of the same square. What one side does affects the other side.

Focus a lot of attention on marketing, and sales go up. As sales go up, customer service gets busy. As more people complain about problems, the PR department has to monitor the social media landscape to keep track of any problems that threaten to damage the image the marketing department has worked so hard to develop.

On the other hand, if marketing screws up, the PR department is going to pay for it. When the customer service department screws up, the sales department suffers through a loss of repeat business. So, a strong link exists between these four departments, and when one of them sneezes, the others get the flu.

What most companies fail to grasp is that a dissatisfied customer isn't just one less customer. It's a dip in sales, a loss of revenue, and a direct impact to the company's bottom line. When one customer leaves because of bad customer service, it means the sales department has to work that much harder. When the sales department signs another client, they didn't improve sales, they just brought sales back to its original number. Every lost client means the salespeople have to work that much harder to grow. Each dissatisfied customer means a blow to the reputation, which marketing has to work to overcome.

Erik's travel industry client once put his finger on the problem with bad customer service: "I'd hate to think how much business this would cost us if we weren't on here listening to people."

Of course, he identified another problem as well: You can't easily measure the effectiveness of good customer service. You can get a good estimate and figure out how much you might have lost, but even then it's not completely accurate. If you could calculate the lifetime value of a customer—we discussed it in Chapter 4, "Here's the Secret: There Is No Damn Secret!"—you could keep track of which customers your customer service department saved. You could total up the lifetime value of them and conclude, "We saved the company this much money." But that completely ignores a lot of other factors, such as the following:

- Would the customers really have left?
- Would they have taken other customers with them?
- How many people didn't buy from you because they saw the tweets and blog posts of the complaining customer?
- How extensively did these public complaints damage your reputation so that negative word-of-mouth marketing reduced sales even further?

That's not to say that you shouldn't try to measure your social media customer service efforts. You can easily measure some aspects of customer service and determine whether you're saving any money or not.

Measuring Customer Service Savings

Measuring your company's customer service savings starts with the goals you set for the department. And those goals aren't limited to simply customer satisfaction. They are often varied and even tied to the bottom line. Some examples of strong customer service goals include the following:

- Reduce call center costs by X% or \$X.
- Increase customer satisfaction by X%.
- Increase positive online mentions/sentiment of the brand by X%.
- Decrease negative mentions/sentiment of the brand by X%.

We'll dispense with the easy ones first, goals three and four. Your social media team, or at least your marketing or PR department, can tell you whether you are accomplishing those goals. They can use any of the social media monitoring tools to look at the sentiment people use when they talk about your company and your products. If positive mentions go up—say, "I love my new electric pancake maker from Pat's Pancakes"—and negative mentions go down—like, "Burned my pancakes again on my new Pat's pancake maker"—then you're accomplishing those goals. Although it will be harder to measure these, you can at least be assured that you're meeting these goals.

Goal number two is similarly dealt with. Customer satisfaction surveys, referrals of friends, participation in special offers, and the amount of repeat business all go toward determining whether a customer is satisfied with your products or services. If you can count these—and anyone with a good market research bend or background should be able to—then you can see if customer satisfaction is increasing.

Customer satisfaction is also a little easier to assign a dollar figure to. Referrals of friends can be easily tracked as sales. Participation in special offers, such as the redemption of coupons, number of purchases on special days, and people using promo codes or claiming special prizes, all have a monetary value. Because these are all typically marketing functions, your marketing team should be able to tell you whether you achieved a positive ROI on your efforts.

Goal number one is the most important one. This is how you can determine whether your social media marketing is paying off. You could measure the reduction of call center costs in a few ways:

- **Measure your typical number of calls per hour.** Also measure the average number of hourly calls per customer service rep. Have they gone down? By how much? Are you receiving fewer calls per hour during a normal day? If the number of calls has gone down, but you're

seeing an increase in social media complaints, does that translate into savings? Typically, a social media complaint can be handled in a few minutes, not several. If a customer service representative (CSR) can only handle six calls in an hour, but a social media rep can handle 8 to 10, there's an increase in productivity right there.

- **Measure your number of calls per hour during peak times.** If you run a cable company and your service goes down, how many calls do you get? How many calls could you eliminate if you could send out tweets and Facebook notifications that say, "We're sorry about the outage in #Cleveland right now. We're working on it and hope to have it up and running within the hour"? If you can reduce the average number of peak calls, that also translates as a savings for your company because it means you're able to save CSR resources for regular calls as well.
- **Measure the total number of issues your customer service department handles as a whole.** That includes phone *and* online issues. Has that number gone up because of the use of social media? Then that means a lot of those customer complaints were already out there, but you were able to identify them and solve the problem. It might mean you're handling more issues on the whole, but it also means you're increasing customer satisfaction.
- **Compare the cost of handling a single customer issue with the cost of handling an issue online.** Let's assume a single issue costs \$10 to handle in the call center, but only \$8 online (these numbers are not a real indication of how much this would actually cost). A \$2 savings per issue is going to have a dramatic effect by the end of the day when looking at the cost of helping your customers. If each service agent handled 50 incidents in a day, the cost for an agent to handle 50 calls is \$500; the cost for an agent to handle the same number of issues online is only \$400. What if you could retrain a couple of your phone agents to handle social media customer issues instead?

We're not suggesting that you should either fire your entire customer service staff or do away with the phones and only deal with customer issues online. Rather, you need to pay attention to your customers who are talking to you through social media channels. Those customers are critical to your organization. And what they say about you online, good or bad, is both powerful when used against you, but also when you can use it for you. This is what happens when you mine those conversations and mentions for research and development opportunities.

Endnotes

1. "Good Service Is Good Business," May 2011. <http://www.businesswire.com/news/home/20110503005753/en/Good-Service-Good-Business-American-Consumers-Spend>.



10

Get Smarter: Social Media Marketing Drives Research and Development

According to Battelle's 2011 Global Research and Development Funding Forecast, American companies will spend more than \$400 billion on research and development (R&D) in the calendar year.¹ That's 3% of the gross domestic product! The average company spends anywhere from 3.5% to 15% of its total budget on research and development with high technology and pharmaceuticals spending in the 10s and 20s of their total budgets to develop new products and features.

Add the cost factor of market research and you're looking at a fair investment in activities that have little short-term or direct financial impact on the bottom line.

Social media can lower the cost of research and development, sometimes even eliminating it. These activities can also provide short-term and direct financial impact on your company's bottom line.

Using social media for research and development takes customer service listening to new and different heights and drives innovation and product development, which has longer-lasting and farther-reaching effects on customers.

It all revolves around your company's ability to collaborate with its customers or prospective customers in the online space. Whether using collaborative software or simply engaging your audience and watching closely what they are saying about you, your product, or even your competitors, you now have direct access to the largest focus group ever assembled: the Internet.

Collaboration Is the New Black

Do you remember the first conference call you participated in? What about the first videoconference? Even though meetings are still the bane of most businesspeople's existence, the fact that you can use technology to bring together any number of people from any number of disparate locations in the world has changed how many of our organizations operate.

Now think about that sales or travel & expense report that four or five people had to update before it was submitted. The poor office admin had to collect everyone's spreadsheets and compile them together into a document. Or, somewhat more efficiently, you would email the Excel file to person one, who would update and send to person two, and so on.

Today, collaborative technologies save thousands of man-hours, not to mention energy by eliminating duplicative file space and bandwidth on your company's computer system, by allowing dozens of people to update one document at the same time. A sales spreadsheet that 20 people must contribute to can be updated in a matter of minutes because each person can log in concurrently to revise it.

But it grows beyond the departmental level. The evolution of the social web and its accompanying technologies has made it not only possible, but even preferable for some companies to extend collaboration beyond their internal silos. Now, marketing can easily communicate with the product team, which can easily transmit messages to and from the compliance and legal staff, which can coordinate with HR, which can then circle back with marketing. And it doesn't take 12 days, six meetings, and typed and printed memos.

By using collaborative software—such as Microsoft's SharePoint, SocialCast, or Yammer—internally, companies are finding that these social media tools can be turned inward as well. As a result, companies are getting faster, smarter, and more efficient.

And we're not just citing this anecdotally from tech companies. McKinsey's Global Survey of 1,700 executives from around the globe in 2009 offered a strong validation for social software.² Some 69% of those surveyed reported that their organizations gained "measurable business benefits" that include better access to knowledge, more innovative products and services, lower cost of doing business, and higher revenues.

Collaborating with Customers Breeds Customers

What happens when you turn that collaboration around and invite external audiences, specifically your customers, to the table to collaborate with you? Pretty amazing things it turns out.

Prior to the last 5 to 10 years, collaborating with customers was limited to special focus groups, website comment forms, and the occasional silly slogan naming contest. But with the advent of technologies like social networks, blogs, and even video platforms, customer collaboration and feedback is on its way to becoming standard operating procedure for many companies.

Collaboration is booming. In 2009, Dorito's Super Bowl ad was created by two unemployed brothers from Indiana (whose commercial, picked from user submissions in a Dorito's contest, was voted the favorite overall commercial of the entire list of entries for that year). The Pepsi Refresh Project allows the public to submit and vote on cause- and nonprofit-related ideas with winners getting funding (more than \$1 million per month.)

And it makes perfect sense. How do you acknowledge someone? Ask his opinion. How do you empower him? Listen to the opinion. We realize this is really hard for many marketers and business owners to do, but put yourself in the role of the customer. Don't you like it when companies ask your opinion, listen to it, and make changes or take your suggestions to heart? What would happen if you did the same with your customers?

Empowered customers feel that they have a stake in the success of the business. They're vested to a degree and they're proud of that. The more listening you do, the more they're vested and the more passionate they are for your brand. And customers who are worked into a passionate lather because they're empowered and vested do one thing better than any other type of person in the world: They tell everyone they know how freakin' cool you are!

Collaboration can extend beyond empowering customers. It can also captivate their passion to the point they feel an ownership or even responsibility to improve your company. Sharing ownership in your brand by collaborating with your most passionate fans builds community. It can even engender them to contribute new product and feature ideas for free.

Was Windows 7 really your idea, like the commercials indicated? No, but the marketing message was that Microsoft listened to its customers and used their changes to make the new version of the operating system their version of the operating system.

Have you ever been mad at a company and called to complain, knowing you would be satisfied if the service representative would only do X, Y, or Z and were pleasantly surprised when he resolved the situation by doing X, Y, or Z? If you know what that feels like, then you know what it feels like to be heard.

Let's Collaborate About Scissors...Yes, Scissors

Remember the Fiskars community we discussed in Chapter 8, "The Kumbaya Effect: Social Media Marketing Builds Community"? The Fiskateers website has also proven beneficial for the scissor company in the R&D category. The company's results from using community members, focus groups, and product testers have actually allowed the company to save money for research and development expenses.

"We have a 500 percent value in return on community with Fiskars," Geno Church from Fiskars's agency Brains on Fire explained. "Fiskars doesn't have to pay for R&D groups, focus groups, or certain types of market research. They've even been able to reduce the PR budget because the community is so gung ho about the brand and being so intimately involved with it. They don't need to manufacture buzz around new products or news. The community members create that buzz for them."

And how's this for R&D benefit: Fiskars engineers sent an email to the 8,000 community members—passionate fans of the brand who know a thing or two about using the product—that was packed full of technical, engineer speak. The basic premise of the survey and email was to ask the Fiskateers.com site users how they would design a pair of scissors. The email saw a total response rate of 30%. Most email marketing efforts result in just an 11% open rate.³ Not response rate—open rate. Better yet, the brand got 997 responses to the email in 24 hours.

"It has changed the way they do business," said Church.

Fiskars has combined two goals of social media marketing: building community and facilitating research and development. It's gone from an R&D department that taped butcher paper on the windows of its Madison, Wisconsin, laboratory to keep

inquiring eyeballs away from its research to one that openly sends technical specs to 8,000 people who do not work for the company for feedback. It's gone from a company that had to spend thousands of dollars per year on public relations to one that has a built-in, buzz-making army to light the fire of conversation around new products and features.

It's not that Fiskars made scissors sexy. It's that Fiskars embraced its most ardent customers as an extension of the company. The R&D team collaborates regularly with the Fiskateers community, giving each member a sense of entitlement and ownership in the brand.

When those 30% of folks responded to the technical email, Fiskars got dozens of ideas for new products and feature improvements. The company takes those suggestions seriously and has implemented some of them.

Think about how you would react if you said, "Make the thumb hole bigger and have the blades taper more," and then Fiskars sent you a new pair with a bigger thumb hole and more tapered blades. You would tell everyone on the planet that was your idea.

Including customers as stakeholders makes customers breed like rabbits. Everyone in the club wants to tell other people they should be in the club.

All it took for Fiskars to make using scissors sexy is a little bit of collaboration with its customers. And that collaboration can happen with your customers. Maybe the research and insights lead you down the road of building an actual online community. Or perhaps your customers prefer a less formal environment like offering you ideas through organized product chats on Twitter or in a Facebook Group.

The platform and technology are less significant than your desire to find a way to listen to your customers' ideas and wishes for improvements to the product, its features, or your services.

People already purchasing from you probably have ideas that can help you. All that's left is for you to give them a place to share them. And, believe us, they will surprise you with what they know about your product and how they use it.

Your Customers Know Your Product Better Than You

Why? Because, believe it or not, your customers are smarter than you. They might not know your secret recipe or the 15 steps to get your gizmo to match the thingamabob so the whatchamacallit glides just right, but they use your product. They know what it does and doesn't do and how it feels or doesn't feel. They're the first people to tell you when you screw up because they know your product inside and out. Sometimes they know what is best for your brand better than you do, right New Coke?

The traditional, closed way of thinking is that the brand knows best. But remember the nuggets of good we recommended taking from the purists? Social media is about being open and transparent. That can mean being open to ideas as well.

As we write this book, Domino's Pizza has a national television campaign promoting its new boneless chicken meal. It is delivered in a box that has a customer rating for the product printed right on the lid. Customers check boxes describing whether or not the chicken was good and return it to the company for consideration.

Domino's Pizza has tapped into the ethos of the social world it operates in and is winning points from consumers by advertising the fact that it is soliciting feedback so openly.

Will Domino's Pizza make changes based on that feedback? Perhaps. But even if it doesn't, the notion that customer opinions are that important is helping Domino's Pizza in the ultracompetitive pizza business.

But they aren't the only pizza shop tapping consumers for research and development.

Papa's R&D Is in the House

Trade secrets with the big pie makers are probably protected like they were made at the Pentagon. So turning to a public forum to perform a little R&D just isn't likely. Unless you're Papa John's. The "better ingredients, better pizza" folks didn't turn to their executive chef or even product development teams for a new specialty pizza recipe in the spring of 2010. They turned to Facebook.

The Specialty Pizza Challenge called on Papa John's Facebook fans, as well as visitors to the company's website, to submit their ideas for an original pizza recipe, including a clever name and story of what makes the pie unique, to be judged in a contest. Semifinalists and finalists would be chosen, then a celebrity panel featuring "Papa John" Schnatter, Food Network star Ted Allen, Adam Kuban of the Serious Eats blog, and Rich Eisen of the NFL Network would judge the winner. The criteria included the uniqueness of the pizza, but also the story behind its creation, as well as other online activities to promote each entry.

Barbara Hyman of Los Angeles won with her Cheesy Chicken Cordon Blue recipe, which was in stores by late 2010 and driving sales for the Louisville-based company. Hyman won a stake of the sales of her recipe plus Papa John's pizza for life.

So, the company sold pizzas based on a fan's idea. Case closed?

But wait, there's more.

"The stories behind the recipes were probably more valuable than the different ways people could put together 15 different ingredients," said Jim Ensign, Papa John's vice president for digital marketing when he spoke with us in February of

2011. "Those stories helped us understand the customers better. It was the 'why' that was so fascinating."

Ensign did offer a bit of lessons learned after the effort as well.

"It being social media, we asked for one thing and got something totally different," he said. "That made it fun, though. We asked them to put together a pizza from the list of our 15 ingredients. What we got back was, 'Yeah, but if you add this ingredient, we could make it so much better.' We got information above and beyond what we asked for and even some information as to why people would combine certain ingredients, so it was pretty cool to get that level of involvement to pass on to our R&D team."

Therein lies another lesson. Just because you have access to social media for research and development doesn't mean you do away with traditional R&D. But even Ensign admitted that social media can change your approach a bit.

"It's a nice supplement to our R&D efforts," he explained. "It helps you be more effective and efficient with your R&D if you use social media to start broadly and work to narrow down your focus with the public input. Then you can turn that information over to the traditional R&D folks and go into deeper dives through some of the more traditional research. It augments, if not sometimes replaces, some of the broad, early stuff you would do in a typical R&D process."

The Specialty Pizza Challenge wasn't Papa John's first foray into R&D through social media, either. For the 2010 NCAA Men's Basketball Tournament, the company was trying to decide what would be a better prize to give away during a March Madness promotion: a trip to the Men's Basketball Final Four, a year's supply of Papa John's Pizza, or a big-screen television.

"So our social media manager just asked people on Facebook and Twitter one day," Ensign reported. "We thought the trip would be the thing everyone wanted. What we got back was that they wanted a year's supply of Papa John's and the television so they could eat their pizza while they watched the games. So we ramped up that as the prize."

Guess how much that market insight cost 'em? Not even as much as a single large Papa John's pizza.

Measuring Research and Development

To those who need to show return on investment (ROI), it's simple to see that Papa John's had a pretty easy time quantifying the success of the Specialty Pizza Challenge. You take the new pizza products generated from the contest and track their sales. Add them up and there's your neat little number.

Despite the money Papa John's made thanks to this campaign, the pizza company was even more interested in the "why" of its customer's stories. Learning more about your customers, their needs, wants, uses for your products...that's a goldmine of information that leads you to be better at delivering satisfied customers. You don't measure that in dollars. You measure that in insight, intelligence, and ideas.

Maybe collaborating with your customers doesn't lead to a product feature that sells more. Maybe it leads to a product feature that makes it safer. How do you put numbers around that?

The point is that although dollars and cents certainly need to be reported, the return is not always measured in them. Still, we must measure R&D if we're going to make our social media marketing efforts facilitate that activity. Looking at our potential strategic goals for research and development in Chapter 1, "Ignore the Hype. Believe the Facts," we listed the following:

- Generate new product ideas for your company
- Improve your product features
- Improve your service lines
- Generate market research for your company
- Generate sales for your company from R&D activities

Building metrics for these types of goals can be very simple. You can actually count the number of new product ideas generated through your social media efforts and mark that first one off your list.

But to really quantify and qualify what using social media for R&D can give you, your metrics need to be more comprehensive. To measure R&D, you can track things such as

- New product ideas
- Increased sales from new product ideas
- Expanded audience for new product ideas
- Publicity/exposure from new product launch
- New product features
- Increased sales from new product feature additions
- Customer satisfaction levels after new feature implementation
- Increased safety ratings after new feature implementation
- Increased overall customer satisfaction

- Cost savings in product focus groups
- Cost savings in market research focus groups

And you can get ninja, too. We're sure that at least on an anecdotal level, Fiskar's R&D team's morale shifted when they realized they could engage and harvest information directly from customers. When you open the door to collaboration with your audiences, internal communications can improve, employee satisfaction can go up, and more.

When you think about it, what opening the doors and collaborating with your customers does is gives you and your customers more information. You get more data about how they use products, for what reasons, and in what circumstances. They get insight into what you're thinking as a company about the product or user experience.

More information makes for smarter R&D and smarter customers. That alone is a value-add to their experience with your company. Besides, getting the product and R&D teams out of the lab communicating with other human beings can't be a bad thing, right? When this happens, your traditional R&D gets a boost in the arm with even more data and consumer insight to consider.

It's Adding R&D to Your R&D

Like Ensign at Papa John's, Richard Binhammer from Dell asserts that you can't get rid of traditional R&D.

"Your traditional R&D is still there," Binhammer acknowledged when we talked about the penultimate R&D case study in social media: Dell's IdeaStorm. "IdeaStorm is a great validator and a great place for whittling in on some customer needs and demands so that you are producing the types of products the customer wants. It doesn't mean you aren't doing traditional R&D work as well—especially the nuts-and-bolts work on technology."

But Binhammer knows IdeaStorm has been a boon for the company, not just on the social capital front, but on the financial one as well. As of early 2011, IdeaStorm has harvested 15,000-plus consumer ideas, more than 430 of which have actually been implemented. That's a clip of about 100 ideas per year. Although the company won't disclose specific financials, this represents an entire product line—(PRODUCT)RED—that is associated with U2 singer Bono's (Red) effort to help fight AIDS in Africa, delivering incremental revenue to the company and contributions to a worthwhile cause.

When we probed Binhammer about IdeaStorm being a great market research tool, potentially saving the company that expense, he took the research component well beyond the walls of IdeaStorm.

“IdeaStorm is a great community, but the Web...the social web...is even better from a market research standpoint because it is real-time, unaided conversation,” he said. “That tells you a whole bunch of things.” Like how two people might debate or discuss the products and how they use them, which is a discussion often not found in traditional market research using focus groups.

Binhammer’s point is that although market research forces you to ask certain questions a certain way and with or without the presence of certain people, influences, and so on, listening to the social web eliminates the need.

“If you’re just listening and not asking the questions, then the information and research you’re getting is unaided and more rich,” he said. “That goes beyond IdeaStorm. That’s why the aggregation of data across the social web is so very important to us.”

That importance manifested itself perfectly in the second version of Dell’s Netbook computers. After version one was released, a litany of bloggers and other online voices told Dell, both within IdeaStorm and around the Web, that the placement of the apostrophe key was bothersome. It was positioned too near the Enter key compared with traditional keyboard layouts, so users were hitting apostrophes instead of Enter. Someone submitted the idea to change it on IdeaStorm. Version two of the Netbook had a different keyboard as a result.

“IdeaStorm isn’t about people who would go build a product giving the idea to us,” Binhammer said. “It’s about people who want something fixed or want something better from a company they love. They want us to do those things for them or with them.”

And it works for them, and for Dell. So you’re not Dell. We aren’t, either. Maybe you are a small enough business that research and development just isn’t in your vocabulary. Well, we’ve got good news: Social media means it can be.

“We’re a Small Business; We Don’t Do R&D”

Seriously, have you ever wished you could conduct a focus group on your product or service offerings? No, you can’t just open a Twitter account and say, “Hey, what do you think of our new recipe for pie?” But you can approach social media and use it for research and development two different ways, even as a small business or one without an R&D budget.

The first approach is to use social media monitoring to gather intelligence about your company, your product or service, your competitors, or your industry. By listening to online conversations about certain topics your customers might be talking about, you can gather competitive intelligence that can inform your decision making and produce a better offering.

Let’s say you make custom handbags and sell them from your brick-and-mortar location along Fisherman’s Wharf in San Francisco. You have a couple dozen styles of bags, most of which sell fairly well, depending upon the time of year. But you need to keep up with what customers want and need in a handbag. You need some R&D or at least some market research to know if what you’re planning to produce makes sense for the new spring line you intend to roll out in the coming weeks.

So you go to a free monitoring solution like SocialMention.com or even invest a little money in something a bit more sophisticated, like uberVu, which can be had for around \$40 per month. You enter some keywords and tinker with a search until you start to see some relevant results for conversations occurring from users in or around Northern California (see Figure 10.1). “My handbag needs more dividers. I can’t keep my stuff organized,” is a phrase you see that pops up a couple of times. “My purse should come with a pocket on the strap for my mace,” is an interesting suggestion.

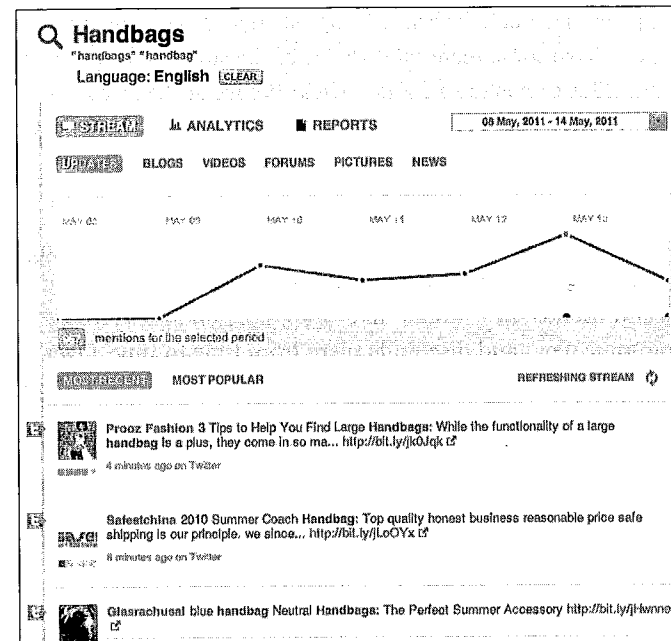


Figure 10.1 Social media monitoring platforms like uberVu (shown) can pull conversations from online sources based on keywords or keyword phrases and can help keep your R&D staff informed. Source: www.ubervu.com.

But then you see a theme emerging as you dive into more results. You notice that when people are talking about what their handbag or purse needs, they say that the purse needs to be big enough to hold an iPad inconspicuously. And there's your new product idea harvested from raw data on the Web.

A second approach to using social media for R&D is to openly participate in social media with that intent. Build purposeful relationships and connection with your actual customers so you can turn to them as your focus group. The social media monitoring approach tapped into random conversations. Even though you can filter by geography, keyword, and the like, depending upon your monitoring or online market research solution, you can't easily identify any of that feedback as coming from actual customers or prospects.

As an active social media participant, however—building followers on Twitter, fans and likes on Facebook, readers of your blog, or even subscribers to your email newsletter—you're growing your potential focus group every day.

Let's say you keep it very simple: just Facebook. You log in each morning and post an update to your store's page that lets folks know things such as you're expecting a shipment of accessories, you have some material samples in the store for customers to check out and see if they like, or you're running a 10% off special. Then you go find a couple of handbag photos from new fashion shoots on a couple of blogs you subscribe to and share the links on Facebook.

You check in at lunch and then in the afternoon to respond to any comments, maybe post another update about the store, or tell everyone that they should swing by the store because the bakery across the street just put out fresh French bread. You tell your customers and friends they should "like" your store on Facebook because you'll be sharing some news and discounts there from time to time. Over the course of a few months, you accumulate 150 or so fans.

When it's time to find out what folks like or dislike about last year's line of handbags, or what they'd find useful in new versions for the spring season, you simply post the question on your Facebook page:

"What about your handbag could be better? Any need for more/bigger/smaller pockets? Are you carrying more accessories that we should account for?"

Chances are, you won't get a lot of responses the first time you ask, but you can keep asking, ask folks to subscribe to an email list specifically for "New Product Ideas & Feedback," or even incentivize participation by offering discounts to anyone who answers.

No, these two scenarios don't require big budgets, lots of scientific testing, or even geeks in lab coats. But they are legitimate research and development practices any business can use by implementing social media for R&D purposes. And neither one is very expensive at all.

The key to being successful in using social media marketing for research and development is planning to do so. Set those goals. Write those objectives. Implement whatever plan fits your resource allotment and measure according to what you want to get out of your social media R&D efforts.

How to Plan For Research and Development

You didn't think we'd say, "Go plan for this," without giving you a little help, did you?

Planning for research and development is as complicated as you want to make it. We prefer to keep it simple. There are four general steps to conducting research:

1. Set the goals for the research.
2. Establish the important questions to ask.
3. Research and collect answers to the important questions.
4. Analyze the answers to make decisions.

How does that translate to practical application?

Make a list of the product or service feedback items you might want to ask customers about. Make a list of the information you'd like to know about your customers or prospective customers (think market research). Look at that list and pick the one or two major areas you wish you could solve with a little customer input or feedback.

Those one or two major areas need to be addressed in your goal or goals for your social media R&D efforts.

Let's say your top priority is to get new product feature suggestions. Now start identifying the important questions that you need to ask your customers. Is the handle sturdy enough? Would you change anything about the colors used?

You don't need to be a market researcher to ask questions, but you should probably try to ask questions that allow your audience to give the most unaided feedback. For example, asking "Is the handle sturdy enough?" might be better asked by saying, "On a scale of 1–10 with 10 being most sturdy and 1 being least sturdy, how sturdy would you rate the handle?" The previous question almost implies you don't think it is and could bias the answers. You may also want to add the question, "On the same scale, how sturdy do you think a handle should be?" This will give you an indication of your customers' preferences and feedback on how sturdy they perceive your handle to be, which gives you a point of comparison.

After you've listed the questions you want to ask, you just need to deliver them to an audience to answer. You might do this with a quick online survey you ask customers to fill out, anecdotally through questions you ask customers on social

networking platforms or blogs, or even by just asking the questions of individuals directly and making note of the results.

Analyzing the results can be done easily if you have people fill out an online survey. It generally consists of tabulating the answers to show averages and consistencies in issues, then looking at the results with the mind-set of discovering insights and trends the answers seem to hold.

If the majority of your customers say the ideal sturdiness of a handle is 8 on a scale of 1–10 but they rated your handle a 4, then you've discovered an insight that can help improve the product to the audience's liking.

Market research questions are a bit different than product research questions. While product questions are focused on just that—the product—market research questions are generally more focused on the customer.

You can certainly try and aggregate and average basic demographic and psychographic profiles of your audience, but be sure to add technographic questions, like what social networks do they use, do they read blogs, how apt are they to visit company websites from their mobile devices, and so on. You can also focus on deeper market research questions like what they think of your competitors, how they feel about your price, and so on.

The important thing is to focus on the questions you want answered—the goal of your research—and not deviate from that too far. The process of asking questions does not require 50 questions if you really only need to ask 5. If that's the case, then ask the 5 and be done with it.

Your customers will thank you.

And you will be able to give yourself a nice pat on the back, too. Saving money on market research or even harvesting ideas for new products and services without spending hundreds of thousands of dollars in traditional R&D doesn't get handed to you very often. Social media marketing does just that.

Using your online connections with customers to drive innovations and product development ideas also begins to walk your company down the road of measurable monetary return on investment, too. When you develop a new product or begin selling one with a crowd-sourced feature improvement, you can track sales of those new offerings and match dollars to effort.

The only other of our seven benefit areas for social media marketing that offers a relatively simple direct line from activity on the social web to bottom-line dollars is our next area of focus: driving sales or leads.

Endnotes

1. Battelle, "2011 Global R&D Funding Forecast," <http://www.battelle.org/aboutus/rd/2011.pdf>.
2. "How Companies are Benefiting from Web 2.0: McKinsey Global Survey Results," McKinsey Quarterly, September 2009, http://www.mckinseyquarterly.com/Surveys/How_companies_are_benefiting_from_Web_20_McKinsey_Global_Survey_Results_2432.
3. Marketing Sherpa, "2010 Email Marketing Benchmark Report," <http://www.marketingsherpa.com/EmailMarketingReport2010ESum.pdf>.



It's All About the Benjamins: Social Media Marketing Drives Sales

Ironic, isn't it, that the key to selling through social media is not selling at all? Walk into the social event screaming about your products and services and you'll be asked to leave. But listening to the conversations, assimilating into the community, and building trust and relationships over time makes you the resource those participants turn to when they're ready to buy what you sell.

As we've covered in other areas, social media marketing can have an impact on your bottom line. Still, the traditional marketer in you probably wants to scream, "Just tell me how to sell stuff, already!"

Okay. We will. But we won't do it without first making sure you're hearing us, loud and clear:

Stop thinking like a traditional marketing nimrod!

Yes, you can turn on a Twitter or Facebook profile and start dropping links to your online sales portal and drive sales. If you have a product that already has a recognizable brand name, high demand, or some timely news item or endorsement that puts the product top of mind for consumers, you'll even make some money and see a nice return on something so simple.

But if your product is like 99% or more of the products out there, you're not likely to attract much of an audience for your traditional, one-way, sales-spewing fire hose. Without some level of recognition that joining the conversation, engaging with your customers, and treating social media as a two-way, or even multidirectional, line of communications, any success you have will be short-lived.

The spray-and-pray approach in the social media realm requires a heck of a lot more than the typical prayer for success. Brands that are just yelling through megaphones and never turning it to their ear more often than not find themselves ignored. You can't afford to be ignored if you're going to invest time and money into social media marketing.

So you have to remember the fundamentals:

- Listen first.
- Be responsive.
- Be honest.
- Provide value.
- Sell last.

This doesn't mean you should sit around on your hands and not sell for months, weeks, or even days. It just means there's a lot more work to do in building relationships, establishing trust, and building an audience through social channels for success to work. You don't just open the door and ask if someone wants to buy.

Remember that social media marketing is about building relationships, not receipts. The receipts will come, but only if you invest the time and attention it takes to build relationships with your customers. Think lifetime value, not sale value.

Still, there are those of you who either need to see short-term gains or want to illustrate some dollar value through social channels before you invest more than cursory interest in social media marketing. Some of you might even think, "I'm not cut out for this conversation nonsense. I want to figure out how to sell stuff through social media." All is not lost, but we have to frame the possibilities for you.

First, understand that there's a difference in driving business *from* social media sites and driving business *through* social activity. The majority of this book is focused on the latter. For the former, you can buy advertising on Facebook, LinkedIn, and many other social media sites. Often, this type of online media is more effective than traditional advertising or even standard online media purchases (such as banner advertising or pay-per-click ads on search engines) because the social networks allow you to hypertarget. For instance, Facebook advertising allows you to choose targeting qualifications based on almost any type of user data it collects (see Figure 11.1). Think about all those interests you listed on your Facebook profile. When composing an advertisement for Facebook, you can target using those interests. What this means is that if you know your ideal target consumer is a 40- to 50-year-old male in Arizona who enjoys golf and gardening, you can deliver your advertisement only to Facebook users who meet those profile requirements.

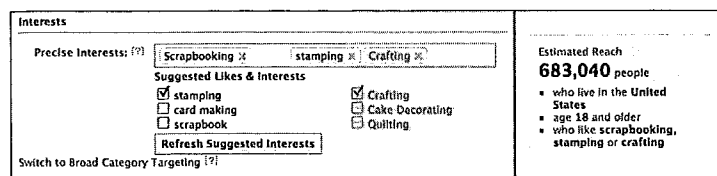


Figure 11.1 Facebook advertisements allow you to hypertarget based on interests listed in users' profiles. The site's advertising tool also shows you the potential audience available based on your targeting before you deploy the advertisement.

Hypertargeting is only possible through social networks because they are the only types of websites that ask users for more than basic demographic information. Although dozens of factors go into an advertisement's effectiveness, Facebook advertisements have been known to provide higher clickthrough rates than Google pay-per-click advertisements, lower cost-per-lead than traditional channels, and higher returns on awareness and recall than other mediums. Facebook's own Advertising Case Studies site lists a 70% year-over-year sales increase for online scrapbooking site How Fast Time Flies.¹ Portland, Oregon-based Daddies Board Shop, a local skateboard retail shop, used Facebook ads to expand its geographic target to a global scale and drove \$45,000 in new revenues.²

How can this happen with a little box in the right sidebar in Facebook (see Figure 11.2)? Because of relevancy. The ads for How Fast Time Flies weren't served up just to women age 35 to 65. They were served up to women in the company's target age group that listed "scrapbooking" and similar interests on the network. So, the advertisements were seen by a more interested audience. This increased the chances that the audience would click and convert. Social networking sites have more information about their users and can thus better target messages to users. In advertising, relevancy always wins.

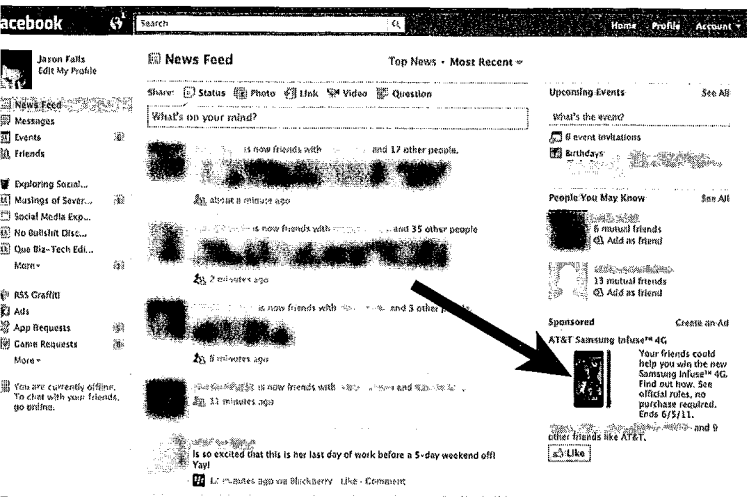


Figure 11.2 Facebook advertisements are typically relegated to the right sidebar, but are often more effective than larger or more prominently placed website banners because of hypertargeting.

Nothing's Wrong with Advertising

Cantera Real Estate in Austin, Texas, took Facebook advertising and relevancy to new levels in 2010. Owner Jim Olenbush noticed a preponderance of stories in the news about violence in Mexico. The drug-related murders and shootings reached such a dangerous level by the fall of 2010 that affluent Mexican families were considering immigrating to the United States for safety. Putting two and two together, thinking strategically, and following a No Bullshit mindset, Olenbush turned to Facebook advertising. He did some research, but mostly assumed that affluent Mexicans would likely have Facebook accounts. He took out advertisements for houses for sale in the Austin, Texas, area and targeted them to Facebook users in Mexico City and Monterrey. He told us the results have been extremely profitable.

"We invested about \$300 to \$400 over three or four months," Olenbush explained. "Facebook even suggested bids of like 25 cents per click and I would lowball it and put in bids of 10 cents. No one else was really focusing on those markets for Facebook ads at the time, so we got lots of impressions. One person moved to Austin and bought a house from us for \$1.1 million. While our numerical conversion rate for Facebook clickthroughs wasn't very good, I spent \$400 to make commission off of a \$1.1 million house. That's a really high return."

Another tactic Olenbush uses is to target companies that announce they are moving corporate operations to Austin. He immediately takes out real estate ads for Austin houses and directs them to be delivered to Facebook users whose profiles

and interests include the name of the company relocating. Cantera Real Estate typically spends less than \$100 on these types of advertisements for relocating companies but has closed seven deals in the year leading up to April of 2011.

As this real estate advertising example shows, achieving conversions, leads, and sales from social media platforms is possible, even with very little lead time. We asked Olenbush what type of activity he was pursuing to embrace social media marketing like the purists preach—long-term engagement, content-driven, relationship building—and he responded that, in essence, he wasn't.

"I don't have the personality for it and the time involved is considerable for [what I perceive as] vague results," he told us. "Facebook ads can run while I'm out meeting with a client. I was looking for a way to use Facebook and advertising that made sense to me."

And that approach is perfectly fine. If you can use a traditional method like online display advertising on a new media channel like Facebook and see positive results, we would be insane to recommend you not do it. If no one in your organization, including you, has the interest or desire to engage in conversations with customers regularly and in the online realm, then advertising on social networks may be a good alternative for you.

But understand that advertising is advertising. It typically does little to foster trust between your audience and you, build relationships with customers, or engage them in any sort of unique or interesting way. The one benefit to advertising mechanisms on social media sites is that they allow for hypertargeting. Having that laser focus on your customers or prospective customers and delivering them relevancy—the right message at the right time and in the right place—often delivers you conversions or sales.

Advertising Is Outbound. Social Media Is Inbound.

That laser focus, though, is not exclusive to advertising on social media sites. The other side of the coin—driving business *through* social activity, not just *from* social media sites—offers your business hypertargeting as well. In fact, social interaction done well attracts more than just impressions or eyeballs. It attracts customers who consciously engage and interact with your brand or organization. Advertising makes you throw up a message, drive impressions (which is an incredibly vague metric), and hope the user or viewer then consciously interacts with the advertisement by reading, watching, or listening to it with some level of comprehension. This is outbound marketing, the kind that takes place when a company sends a message outward to its customers.

Social media interaction and engagement, on the other hand, is inbound marketing, the kind that takes place when customers or audience members approach the brand

or company because they want to interact. Inbound marketing is achieved through social media marketing when your business asks and answers questions, provides information or engagement through content, or simply shows up when audience members are having conversations about the industry, the company, or sometimes anything at all. By having a social presence—a seat at the online table, if you will—your company becomes one that consumers are accustomed to seeing and hearing from, interacting with, and even trusting. Think about it: Instead of advertising that interrupts the audience, consumers begin to see your company's name pop up on Twitter, Facebook, or even in their email Inbox because someone they know has shared a great piece of advice they found on your blog. Over time, they see it consistently enough that they click through and consume a piece of your content. They decide you're being very helpful and the advice or value you are providing is interesting to them. Then they subscribe to your blog, follow you on Twitter, or "like" you on Facebook. Your quarterly webinar, coupon special, or event promotion comes up and they see it, offering up their email address to receive access—and you have yourself a new business lead.

The consumer in this case has come to you. He has taken notice because your marketing actions—providing content, engaging with the greater community online—are not interruptive, but participatory. He likely found you through a recommendation from a friend, which is exponentially more reliable than other mechanisms of product or service discovery. Consumers like this take their time in getting to know you, investigating your content and interactions over time to ensure they can trust you're not just in it for a short-term buck. And when they do come to you, they're far more ready to listen, convert, or purchase than almost anyone clicking through a display advertisement.

Case Studies in Social Media Marketing for Sales

Jeff Moore of Moore and More Print in St. Louis reached out to TKO Graphix in Indianapolis after seeing photos of the company's vehicle wrap graphics on the photo-sharing site Flickr.com. Moore's company also did vehicle graphics and admired TKO's work. He connected with Josh Humble, TKO's social media manager, and met with Glenn Burris, one of the company's national account representatives. And a relationship was born. Humble and Burris told us this story in April of 2011.

Just a few weeks after the people from each company connected—simply because of a photo posted on Flickr—Moore referred a large advertising agency to TKO that was in need of a project beyond his company's means. The referral led to a wrap and graphics project that involved 4,000 vehicles in more than 200 locations across the United States. The total sale for TKO Graphix? Almost \$2 million.

But social media marketing success doesn't have to be measured in millions of dollars. Sometimes it can be enacted around something as simple as competition and measured in small business numbers. Take Miss Shirley's, a casual dining spot in Baltimore that's especially popular on Sunday mornings. It's one of those Sunday breakfast-and-brunch restaurants that, no matter what time you come—before church or after—there's always a wait for tables. In the spring of 2010, Miss Shirley's marketing agency, MGH, recommended a way to turn the Sunday morning wait time into more business. The restaurant would use Foursquare, which beckons users to check in and let their networks know where they are physically located; the service then rewards the person who checks in most frequently with the imaginary title of "Mayor" of that location. Anyone who earned the mayorship of either of Miss Shirley's two locations would be entitled to skip the wait and be seated immediately.

We learned of Miss Shirley's Foursquare idea from MGH's Ryan Goff, who told us they got the word out to customers using social channels like Facebook, where the restaurants had about 5,000 fans. They also used their email list and reached out to Baltimore area bloggers to help spread the word. A printed card with an explanation of how to download the Foursquare application to a smart phone and the process of checking in to participate in the promotion was distributed to guests in the restaurant.

"The restaurants got a ton of buzz and media coverage from the Foursquare campaign," Goff said. "A lot of people were talking about skipping the wait at Miss Shirley's. We changed the conversation. It was already a great breakfast place—we just implemented some ideas that added a fun competition to the mix for patrons."

Over the course of the first three months of the promotion, Miss Shirley's saw a 427% increase in check-ins at the restaurants. (People were checking in before the company offered incentive to do so.) More important, however, Miss Shirley's saw an 18% increase in sales. After all, to check in at Miss Shirley's on Foursquare enough to earn the title of mayor, you had to come more often than just on Sunday mornings. The program drove people to frequent the restaurant more often, which logically led to increased use and sales. And each Sunday morning, one active Foursquare user and their guests could spend more money at Miss Shirley's without the wait.

The PIs and the KPIs

It would be easy to get caught up in the key performance indicator in the Miss Shirley's story. A 427% increase in check-ins is phenomenal. But that measure only proves one thing: The restaurant convinced customers to use Foursquare. What the heck does that have to do with driving business for Miss Shirley's? Any metric you

track, and percent increase in check-ins is one you might want to monitor, is either proof that you are accomplishing your objectives or it is a performance indicator (PI). Key performance indicators (KPIs) will have a direct correlation to the objective you're focused upon.

For instance, if you track brochure requests from your website over time and see that the number of brochure requests per month has a direct correlation to the number of sales in each month, then brochure requests is a KPI. If lots of people download brochures, but there's no direct correlation between brochure downloads and sales, then it's just a performance indicator. Sure, it might be one you want to continue to monitor and report on; but if fluctuations in its numbers do not correlate to sales fluctuations, keep looking, because something will. In this case, maybe the number that correlates with sales is follow-up phone calls to a dedicated number posted on the brochure or information cards returned from the brochure.

In the case of Miss Shirley's, check-ins were a KPI. It's reasonable to assume that the more times a person checked in, the more money the restaurant made. After all, most people don't stop into a restaurant without spending something.

The Carlton Hotel in New York City is a different story. Many of its social media KPIs revolve around the number of people who visit employee profiles or the company pages on LinkedIn. Here, the staff is focused on optimizing their pages for keywords to attract LinkedIn users looking for group, conference, and executive event space. By optimizing company pages and individual profiles as well as using LinkedIn's premium (paid) features to track and reach out to prospects in 2010, the hotel drove \$186,550 in new corporate and group business in just three months of trying.³

Not every company has products or services that tally \$2 million for a single sale, or a Sunday wait time worth competing to circumvent, or Manhattan real estate to rent out for corporate or group events. Nevertheless, these types of financial transactions can absolutely happen in your company. Whether it's showing off your work through photo- or video-sharing sites, applying a game application to your locations, aggressively seeking prospects on LinkedIn, or just being present and accounted for when potential customers are asking questions about the topics you're qualified to speak to, both planned and serendipitous moments of social media marketing sales success happen daily.

But serendipity, which transpired in the case of TKO Graphix, isn't predictable. You can't afford to roll the dice and hope to get lucky, can you? This brings us back to the No Bullshit approach. By planning to succeed using social media marketing—establishing goals, laying out measurable objectives, and developing strategies and concepts built on tactics and tasks that focus on accomplishing the objectives and goals—you build in strategic communications through social media channels that don't need serendipity to work. This happened in the cases of Miss Shirley's and the

Carlton Hotel. Their success wasn't happenstance or the result of one-to-one networking. It was planned for and calculated.

Seeing the social media marketing world through a strategic filter enables you to plan and calculate your success, too. On a tactical level, this can be done by attaching clear calls-to-action to all of your blog, Facebook, or Twitter posts, converting the public into prospects by giving them reason to volunteer their email address, or even using customer care and outreach through social channels to softly push upsells and add-on offers. No, you don't want to be pushy or turn into a call-to-action spam monster, but, for example, if a customer says she's worried about the longevity of the product, you're well within the bounds of relevant messaging to say, "We do offer a service plan and warranty."

Putting Metrics Around Sales

Your plan for using social media marketing to drive sales should be steeped in measurable objectives that prescribe what metrics you will focus on, just like any of the previous six benefit areas have. But don't limit yourself to measuring just direct sales. Anything that moves the needle on the bottom line—that sells a product or service or leads to the sale of a product or service—should be quantified, reported on, and tracked to help you understand what your return on investment in social media marketing will be. Keep in mind you're not limiting yourself by measuring ROI—by now you should understand it's not about ROI, but what you get out of social media marketing. But sales is the primary area we can apply financial metrics to and report as a monetary return.

Some other areas to consider measuring include the following:

- Leads
- Cost per lead
- Lead value
- Nonsales conversions
- Cost per conversion
- Repeat purchase value
- Retention rate
- Average order value
- Time to close
- Referrals

Although many of these might wind up being KPIs rather than final program metrics, each one can be tracked and monitored over time to help you fine-tune your social media marketing efforts related to sales. Some can also be tracked and compared with similar metrics from other channels to prove efficiencies. You might find that you get twice as many leads using pay-per-click advertising, but pay three times as much for them than those you garner through blogging or social networking activity. Even subtleties in your measurements can uncover insights that save your company thousands of dollars or make your cost-per-acquisition exponentially smaller. Something we think is lost on many marketers is going beyond the top layer of metrics and assigning a value to some of the measures considered “soft.” Let’s start simple and focus on the lead. A lead could be a person’s email address or a phone number or even just the name of a company. These are superficial, or “cold,” leads unless there’s more information or context added. If the lead is a name and email address accompanied by information that he or she filled out in an online contact form, now you have a “warm” lead. If it’s someone who approached you at a trade show booth and says, “I need a product like yours. Let me see it,” then you have a “hot” lead. They’re interested in buying and have said as much.

Good salesmen believe in strong metrics and can typically tell you the value of each of the three kinds of leads. Some will say a hot lead is worth \$15.00. Others will say something like, “I need six leads per day/hour/week.” What they’re referring to is a conversion rate. These marketers know that on average, and as a simple example, it takes 10 leads to get one successful sale. If each sale is worth \$500, then each lead is worth \$50. Yes, you need to factor in profits, overhead, and so on, but you get the point.

That same salesman or marketer can also tell you how many conversions or sales he needs to make a profit, a weekly quota, and so forth. So he’ll come to a trade show and know that he needs to close \$50,000 in business during the three days. If each sale is worth \$500, he needs 100 sales. If it takes 10 leads to get one sale, he needs 1,000 warm leads. Let’s hope there are a lot of people at this trade show!

You need to treat your social media marketing the same way. Look at your website analytics and conversion rates. If it takes you 10,000 unique visitors to convert 100 customers, you have a website conversion rate of 1%. Let’s say your average customer spends \$35.00 when purchasing from your company’s site. If, over time, your Facebook activity drives 5,000 unique visitors per month, then you can do some quick math:

5,000 visits = 50 customers

50 customers at \$35.00 each = \$1,750.00 revenue per month from Facebook

Now let’s say that you filter your website analytics and learn that customers coming from Facebook actually convert at a 1.5 percent rate and spend \$5 more per visit than regular visitors.

5,000 visits = 75 customers (1.5% of 5,000)

75 customers at \$40.00 each = \$3,000.00 revenue per month from Facebook

Keep in mind that some of these numbers are impossible to track unless you plan for them first. But knowing what you want to measure before you start—which happens when you follow our strategic planning recommendations we started with in Chapter 1, “Ignore the Hype. Believe the Facts.”—enables you to set up your website analytics and sales tracking to measure the information you want to collect.

Let’s say you don’t sell things on your website. The math is no different, but the place you look for the numbers is. Jason had a professional services client who once told him, “If we can get a prospect on the phone, we’re pretty confident we can close the deal and get a new customer.” Jason helped the client figure out how many deals the client closed after phone contact with prospects (turns out it was about 55%) and the average value of the deals (around \$75,000). The ensuing content strategy revolved around building premium white papers and webinars that interested audience members had to register to download or attend. A required field in the form was the person’s phone number. After several months of building a base list of email subscribers using a corporate blog offering good, but basic, free content, the client’s webinars were bringing in 100 to 200 participants, while the white papers pulled in about 200 to 300 registrations. Removing duplicates, current customers and prospects, and other unqualified leads (like junior-level audience members), each content effort was delivering between 25 and 40 new prospects. Apply the low number and assume you have the same 55% conversion rate to a \$75,000 account, and each content effort was worth \$1,031,250. The strategy and ensuing content executions cost the client around \$65,000—less than the revenue from just one conversion.

All this might sound like complicated math, but it really doesn’t have to be. Ask yourself how much you’re paying to acquire a customer, then how much that customer is worth. Keep in mind that a customer often isn’t worth just the initial purchase price. Happy customers buy from you again and again. The only things you really buy once are coffins and headstones. Every other customer has a larger lifetime value. The day you can place numbers around those two things—acquisition cost and customer value—your ROI becomes more easily measurable.

Understanding those factors not only helps you put metrics around driving sales and leads through, but can also clarify efforts to measure in the other six areas social media marketing helps your business. Building backward from customer value and acquisition cost, you can look at branding and awareness metrics like impressions or conversational market share, compare those metrics with sales volumes, and see where correlations arise. If you see that more impressions have a direct impact on leads or sales, you can begin to associate financial metrics with those goal areas. We still recommend you look for the results of each of the seven

benefits of social media marketing while answering the more broad question of, “What do I get out of it,” rather than the financially focused, “What is the ROI?” But sometimes the opportunity to connect dots to intrinsic value and extrinsic value arises. Look for it.

We Know What It Can Do; Now How Do We Do It?

This chapter and the previous six chapters have been focused on the seven major benefits social media marketing has for businesses. Social media marketing can

- Aid in branding and awareness
- Protect your reputation
- Extend public relations
- Build community
- Drive customer service
- Funnel research and development
- Drive sales and leads

We’ve talked a lot about planning, setting goals, accounting for measures of success, and applying metrics to what your company does in each. You now have a better foundation of what strategic planning is and how it applies to social media marketing.

But strategic planning is only half the battle. Executing on your plan, incorporating social media marketing into the day-to-day operations of your organization, and moving toward a more socially aware and enabled business is the other half. You need to understand how to take the goals you lay out for your efforts and activate them within your company. We’ll now look at developing internal and external social media policies and then move through important ideas on managing and activating social media marketing efforts.

After all, if you have a plan on paper but fail to put it to action then what you get out of social media marketing is just a plan on paper. That isn’t enough.

Endnotes

1. “How Fast Time Flies,” http://ads.ak.facebook.com/ads/FacebookAds/How_Fast_Time_Flies_CaseStudy.pdf.
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