Uncovering B2B social media
Value, innovation and engagement

Business social media is on the rise, but many questions still remain around how to use it to engage customers in conversation and what the business benefits really are.

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Introduction

We are in the midst of a major change in the way that businesses and customers interact with one another, whether they are consumers or businesses, internal or external customers. It's a change that is being enabled by technology, but is not fundamentally about technology - it's about having conversations. These conversations are partially or wholly public, requiring a new culture of transparency.

Social media is changing the way people work, shop, receive service and relate to one another. Businesses also need to change the way they engage with customers, whose trust is increasingly invested in their peers, rather than in the brands with which they interact. Recognising the importance of this trend, CEO's around the world expect that social media and mobile devices will prompt a 'significant change' to their strategy, as consumers turn to these media to voice their preferences (PwC's 14th annual global CEO survey).

Whilst B2B social media is in still in its infancy, there are a number of factors that are increasingly driving businesses to adopt social media strategies to engage their customers.

Firstly, there is a growing acknowledgement that business customers are driven by the same factors that influence their personal buying decisions. And as the trend of B2B customer expectations blurs with those of B2C, the mandate for business to respond has become more urgent.

Secondly, mobile devices are becoming the great enablers of social experiences, allowing us to stay connected regardless of time or place. They allow us to leverage our social networks independent of location, to check the personal details of someone with whom we are about to meet via LinkedIn, or poll trusted peers about a product or service with which they may have some experience. Mobile devices have also been instrumental in blurring the division between personal and professional life, as people constantly toggle between what we traditionally regard as work activities and home activities in both environments, as well as on the go.

Thirdly, at the same time, employee expectations about how they interact with and across their own organisations are being shaped by the same forces. Environments that do not provide for genuine employee engagement, and where the opportunities for staff to collaborate to solve common problems do not exist, are leading to dissatisfaction, recruitment challenges and employee attrition.

Finally, the experience of non-face-to-face B2B interactions has traditionally been treated as worthy of only modest investment. Dry, functional and formulaic in execution, B2B marketing has adopted the perspective that business audiences value nothing more than facts, figures and rationality in the communications they receive from the businesses with whom they interact. That belief is being challenged as the traditional boundaries between work and life, enabled by rapid technological and cultural change, have broken down.

We conclude that business audiences and buyers are people influenced by the same forces that influence retail consumers. In fact, they are those consumers. The experiences in which they engage outside of the working world are having a direct influence on their expectations for engagement and richness in their interactions with other businesses. In this sense, every experience can be viewed as a retail experience, with the same attitudes and expectations on the part of those engaged in those interactions.

This publication explores the drivers shaping B2B social media, examines levels of social media maturity and the opportunities, and shares guidance on how much to invest, how to measure returns and how to effectively manage risks.

What's driving B2B social media?

Customer expectations are changing

Interactions between B2B brands and their audiences have traditionally been rational and fact driven. Yet there is a growing body of evidence that radical change is afoot, and a more emotional and brand-centric approach, which has proven so successful in developing B2C relationships, will become increasingly useful in the B2B space. Two trends underpin this shift. First, the people who manage business relationships are consumers that are increasingly involved in social media interactions in the B2C space. Second, people are adopting a more flexible approach to where and how they work, meaning the boundaries between work and home continue to be eroded.

Caroline Taylor, IBM's Vice President of marketing, communications and citizenship says, "the tone of our communications have changed from businesslike and serious to warm and individual, while remaining true to the corporation's century-old values...B2B has the same audience as B2C: people". Recognising this, in 2008 IBM launched its 'Build a smarter planet' campaign, which promotes socially beneficial projects and allows individuals to collaborate to solve business problems and do their bit for the environment.

Social media is yielding benefits

While the ROI of social media is notoriously difficult to quantify, the benefits that have been realised to date by B2C companies are real. For instance, U.S .online shoes and clothing retailer Zappos' CEO Tony Hsieh believes that these new channels give everyone a voice and what they say can reach millions. Zappos' staff are encouraged to use Twitter to engage with customers and to treat every customer interaction as an opportunity to create loyalty – not necessarily to make a sale. The value of this 'earned' PR is difficult to estimate, but Zappos' success is not; sales have grown from $1.6 million in 2000 to $1 billion in 2008. Additionally, according to a report by Chadwick, Martin & Bailey, 67% of social media users are more likely to buy a brand they follow on Twitter, while 79% are more likely to recommend a brand they follow on Twitter.

Syncapse, a market research company has calculated that the average value of a Facebook fan is now $136, taking into account variables such as product spending, loyalty and reduced acquisition cost. They also calculated that Facebook users spend (on average) $70 more on products for which they are fans of the brand. (*Source: Syncapse, 2010*).

B2B organisations want to get in the game and understand how they can use social media to benefit their organisation. Michael Greene of Forrester Research predicts the social media practice will grow to become its own entity. "B2B marketers spent $11 million on social marketing in 2009, and that number will increase to $54 million in 2014."

The growing importance of sustainability

Businesses are increasingly recognising that in order to build the long-term relationships that they need to be successful, they need to demonstrate transparency and responsibility in all aspects of a business's operations.

Being active in social media provides an important opportunity for the business to demonstrate its true commitment to sustainability through actions rather than just words (e.g. "we care about data security" can be translated into hosting educational events / guidance to help customers, and other stakeholder groups to navigate risks). Such examples send a strong signal to social media users about a business' willingness to deliver on sentiment and promises, and helps to establish the business as authentic and sincere.

Another important consideration from a sustainability perspective is stakeholder engagement. Social media is a new and powerful means for rapid and wide-spread opinion-sharing, giving a voice to a much broader group of stakeholders. For businesses it presents an opportunity to engage and interact with stakeholders in a true dialogue and as part of a forum/community, moving away from the traditional one-way communication model. This can help to bring like-minded businesses together, and attract new business customers who share similar sustainability priorities.

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[1] 'It's time B2B got emotional', Simon Kershaw, 11th May 2011, found at www.haymarketgroup.com
[2] 'It's time B2B got emotional', Simon Kershaw, 11th May 2011, found at www.haymarketgroup.com
[3] Forrester, March 2010, 'B2B Interactive Spend Will Double by 2014'
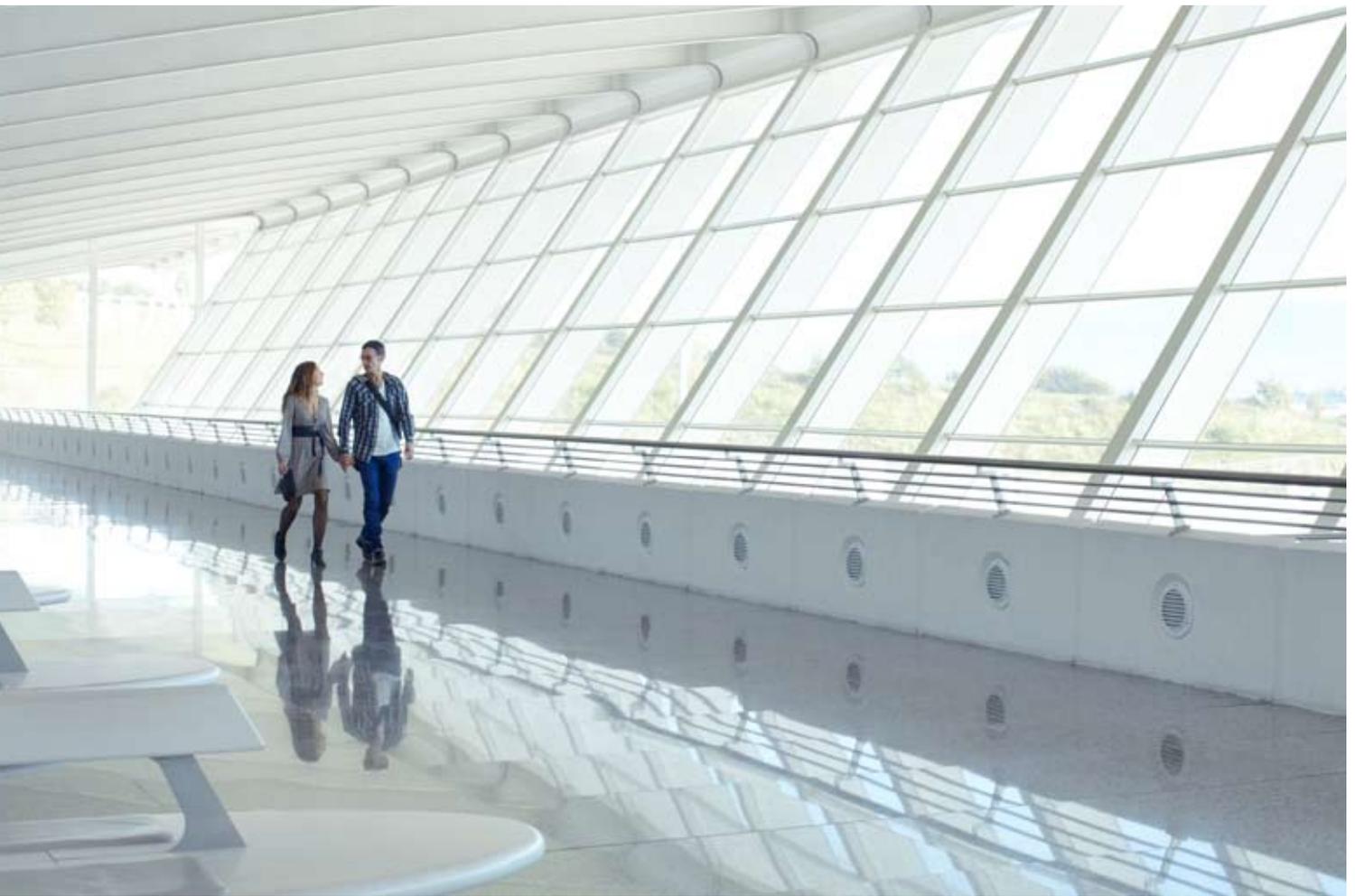
Conversations are happening with or without you

B2B customers are talking about organisations whether they are participating or not, which leaves a choice of participating in these conversations or allowing others to control the brand. Furthermore, much can be understood about the market, trends in customer taste, and what competitors are up to.

Bank of America has established a Twitter response team who monitor mentions of the brand on the micro-blogging platform, and respond to criticisms, complaints, and service requests as they arise. They are careful to transfer any sensitive conversations to private channels, and have clear policies and guidelines in place to ensure that conversation remains within regulatory constraints. Complaints in particular are regarded as opportunities to publically engage and protect the brand by being seen to respond in timely and positive ways.

Social business maturity

As businesses embrace social media in their B2B relationships their maturity tends to develop through three key stages – *communicate*, *collaborate*, *transform*.

Communicate

Communication is often the first step an organisation takes towards integrating social media channels and technologies into its business. At this stage businesses use a variety of new social channels to listen and communicate with their customers or employees.

The messages remain consistent with the brand's general marketing tone of voice, but the channels and platforms through which they need to be communicated have changed. Social Communication covers all aspects of social media platforms and technologies, the most common considered to be; Facebook, Twitter, YouTube, LinkedIn and Flickr.

Benefits:

- Reduce the cost of traditional marketing communications

- Increase the speed of developing and delivering new messages

- Engage customers in a way that is more appealing to them

- Encourage customers to share messages with their peers with the potential for 'viral' spread

Case in point

To test how social media could benefit its business, Cisco launched a new router (ASR), using only social media to market it, allowing the business to effectively measure results. With this product launch alone, Cisco reduced its launch expenses by six figures, and set a new precedent for future product launches. "It was classified as one of the top five launches in company history," said LaSandra Brill, Senior Manager, Global Social Media, Cisco.

The use of social media enabled Cisco to share exclusive content, such as videos, and images, which could be embedded directly into social platforms. It enabled bloggers and advocates to share content with their networks, encouraging reach that could not be achieved through any other methods. Print ads were replaced with free online media coverage, including nearly three times as many press articles as a comparable traditional launch.

Collaborate

Collaborating with customers takes the organisation beyond just marketing a product or service and into product development, customer service and product support.

The style of communication changes as the message can no longer be directly controlled. Customers collaborate not only with the business but also with each other to create social objects or value. For this form of collaboration to work the business must be open and honest and aim to create a feeling of community.

Collaborating with customers changes the focus of how the business works internally. Employees from across the organisation must also collaborate to share information and respond to the customer conversation. This employee collaboration in turn opens up the possibility and expectation that managers will use social media to engage in a more open form of employee engagement.

Benefits:

- Better cohesion in working relationships

- Improved staff engagement

- Ability to react and respond to consumer needs and concerns

- Better relationships with communities, both internally and externally

- Ability to respond quickly to change

- Improved ability to adopt new thinking and ideas

- Improved communications, connectivity and relationships across a brand/ organisation

Case in point

American Express initially launched American Express OPEN Forum in 2007. The site is an online resource and social networking hub for small-business owners and entrepreneurs who are searching for practical information and tips from industry experts.

OPEN Forum enables small business owners who want to use social media for their business to share ideas with one another. The traffic on OPEN Forum has grown roughly 350% year on year which highlights just how frequently used the initiative has been by American Express customers. There are also numerous examples of how small businesses have leveraged social media through OPEN Forum and have delivered real results for their business.

Transform

The most successful, impactful, businesses are those that can offer a new, innovative or disruptive value proposition. If the business fulfils a need that was not previously served, or even perceived, by the customer, the opportunity for growth is massively increased. Smartphone applications are a good example of this.

Revenue streams have moved in the social age with shifting perceptions of value. For example record labels and newspapers, have struggled to command the same revenue for their products when information and music are often freely available online. However, other content businesses that have used the power of the networked web, and have created a relevant value proposition, have thrived e.g. Rovio, the games developer behind 'Angry Birds'.

Key partnerships have traditionally been 'exclusive' and closed in nature. The greater transparency driven by social media makes this approach less sustainable, particularly when a business can no longer be considered a monolithic entity existing in isolation, but rather part of a highly networked supply chain. This creates an environment where it makes more sense to collaborate—or at least cooperate—with those who may have once been considered competitors. One simple example might be a small business using social tools to facilitate the sharing of infrastructure (real estate, shipping, etc.) with a rival to lower costs.

Key resources have traditionally been seen as the physical, intellectual, human and financial assets required to deliver the value proposition to the selected customer segments. In the past the option was to own or lease these assets. Now resources can be freely leveraged from communities. This could be intellectual assets, crowd sourced ideas or insights, or human assets, customer service provided by other customers.

Benefits:

- Potential for significant revenue growth through new markets and new value propositions

- Reduce the risk of legacy products and services being overtaken by new market entrants

- Speed to value is increased

- The cost of doing business reduces as the social media community contribute to the development of the value proposition

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Case in point

Dell has a visible and structured view towards how being social makes for better business. Dell adopts social principles in the way in which it conducts its engagement with employees and customers; to not only meet already identified needs, but to anticipate emerging needs ahead of time. Its 'IdeaStorm' platform has both an internal and external dimension openly inviting and rewarding contributions from people. The number of ideas that are implemented is clearly identified.

The business has an extensive programme of learning and development, training its own people on how to use social platforms effectively. Dell clearly states the importance of listening to conversations, enabling collaboration with others and recognising the value of people within its business. It has been very effective in both commercial and reputational terms in encouraging participation.

Each element of Dell's business from the way it innovates, to its corporate governance, and the way it manages its newsroom is positively impacted by social principles.

Social media maturity poll

In response to this changing environment we conducted an online poll during Jul-Sep 2011. More than 70 organisations took part from across industry sectors to share their views on the maturity of their own organisations social media activities.

We asked respondents to rate themselves across a range of key dimensions required to effectively engage customers through social media.

- **People** – What resources does your organisation have to deliver social media activities?

- **Organisation** – Does your organisation have a formal structure to support social media activity?

- **Culture** – What does your organisation do to create a culture to support social media engagement with customers?

- **Leadership** – How engaged is your organisations leadership team in social media activities?

- **Tools** – What level of social media tools and technology does your organisation have in place?

- **Measurement** – How well is your organisation measuring the returns on social media?
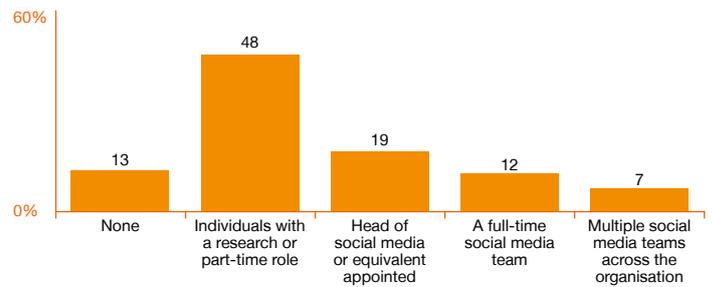
These dimensions are based upon an analysis of the key capabilities that leading organisations have evolved to meet the challenges and seize the opportunities represented by social media engagement.

People

Organisations may be more heavily investing financially in social media activities, but there is still a lack of investment in the people resources required to deliver. Less than 12% of organisations surveyed have a full time social media team(s) in place. However, there is clearly appetite to do more, as 19% of organisations have appointed a Head of Social Media or equivalent and almost 50% have individuals in the organisation delivering social media as part of their role.

What resources does your organisation have to deliver social media activities?

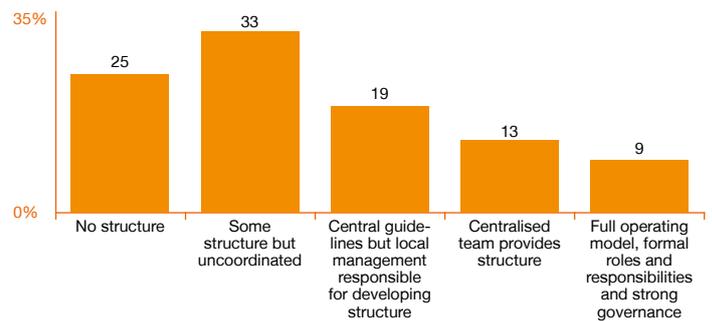| Category	Value
None	13
Individuals with a research or part-time role	48
Head of social media or equivalent appointed	19
A full-time social media team	12
Multiple social media teams across the organisation	7

(Chart scale: 0% to 60%)

Organisation

Setting in place an appropriate organisational structure is critical to ensuring that your social media presence is consistent and that employees know where they should and where they shouldn't engage. 58% of organisations surveyed had no organisational structure at all, or only uncoordinated structure in place to support social media activity. Organisations engaging with social media without clear guidelines for engagement will be exposed to greater reputational risk.

Of those organisations that have a more centralised and formal structure, business services and entertainment and media organisations claim to be the most advanced.
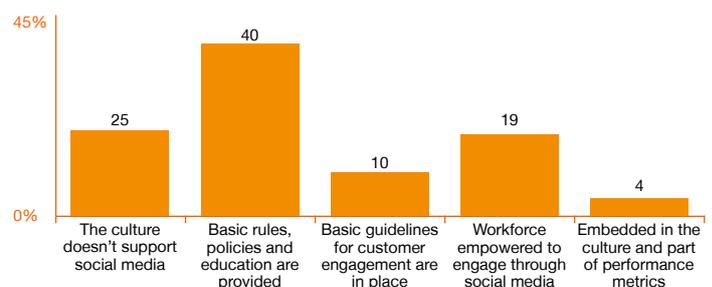
Does your organisation have a formal structure to support social media activity?

Category	Value
No structure	25
Some structure but uncoordinated	33
Central guidelines but local management responsible for developing structure	19
Centralised team provides structure	13
Full operating model, formal roles and responsibilities and strong governance	9

(Chart scale: 0% to 35%)

Culture

When asked about the culture of the organisation and how far social media is embedded, the picture was equally bleak. 25% of respondents said that their organisations culture doesn't support social media at all. 40% of respondents said that basic rules, policies and education were provided to staff, but only 19% of respondents said that the workforce at their organisations are empowered to engage customers through social media.

What does your organisation do to create a culture to support social media engagement with customers?

| Category	Value
The culture doesn't support social media	25
Basic rules, policies and education are provided	40
Basic guidelines for customer engagement are in place	10
Workforce empowered to engage through social media	19
Embedded in the culture and part of performance metrics	4

(Chart scale: 0% to 45%)

Leadership

When we asked our poll respondents about how engaged their organisation's leadership is in social media activities there was an overwhelming indication that CEO's are in the early stages of thinking about how to make the best of social media. 39% of respondents said that their leaders are exploring social media, but far fewer understand the potential value of social media for their organisation or are actively sponsoring social media activity (21%).

Business services, Technology and Entertainment and media organisations appear to have the most progressive leaders in social media.
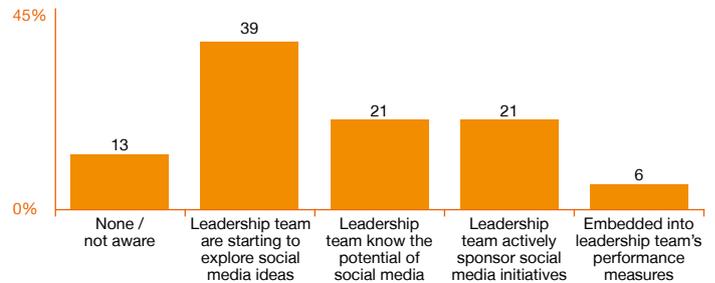
	Leadership team know the potential of social media	Leadership team actively sponsor social media initiatives
Entertainment and media	25%	50%
Technology	18%	27%
Business services	13%	20%

Tools and technology

When asked about what tools and technology their organisation has in place to support social media activities, we have a more mixed picture. Although nearly 30% of organisations have no tools or technology in place, the other 70% are more actively involved. Almost half of our respondents are using tools and technology to monitor the impact of social media on their brand or to better manage customer interactions. A further quarter of respondents are more advanced still, using collaboration or community building tools and embedding these tools into their systems.

Unsurprisingly, technology organisations were the most advanced at using social media tools and technologies – an impressive 55% of technology organisations are using social media collaboration tools and communities.
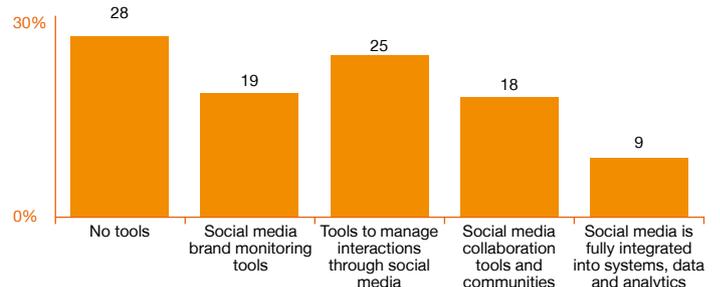
Measurement

Measuring the returns or benefits of social media is a tricky area, and we explore this in the next section of this report. The survey results clearly demonstrate the difficulties.

36% of respondents are not measuring returns at all and a further 10% are only using basic qualitative measures. The largest majority of respondents (39%) are relying on basic quantitative measures, such as measuring the numbers of followers or mentions of their brand. But the more sophisticated measures around the impact on business performance of social media or the impact on risk reduction are only being used by 14% of organisations.

The most advanced industry in this area is technology – 27% of technology respondents say they are measuring the impact of social media activities on business performance or tracking financial brand and risk measures.
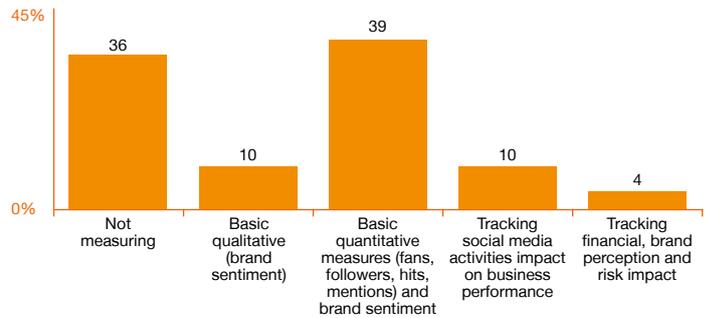
Overall maturity picture

The survey results show that most organisations are in the early stages of understanding how social media can benefit their business, but equally they demonstrate an appetite to understand more.
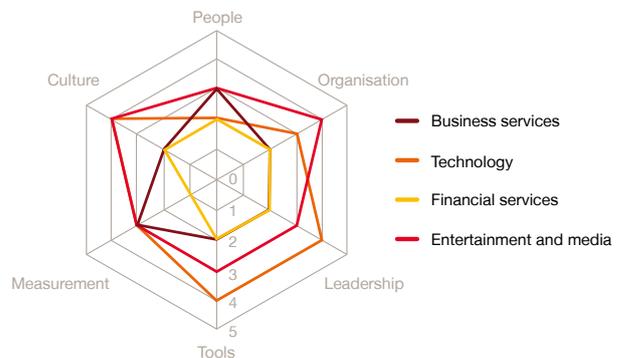
Across the board, Technology organisations show the highest level of social media maturity, with Entertainment and Media organisations close behind. Business services organisations demonstrate a high focus on the People and Measurement dimensions, but are less mature in looking at Culture, Organisation, Leadership and Tools. Financial services organisations, whilst less mature overall, appear to have a more consistent level of maturity across the dimensions.

Whilst some sectors are further ahead than others in embracing social media, the overall level of maturity of B2B organisations is quite low – with a few notable exceptions. If we look at some of the successes that B2C organisations have had with social media, we anticipate that more will begin to invest. There is a real opportunity for progressive B2B organisations to emulate global leaders and differentiate themselves from their competition.

Overall maturity picture

- Not ready
- Exploration
- Made a start
- Operational
- Fully embedded
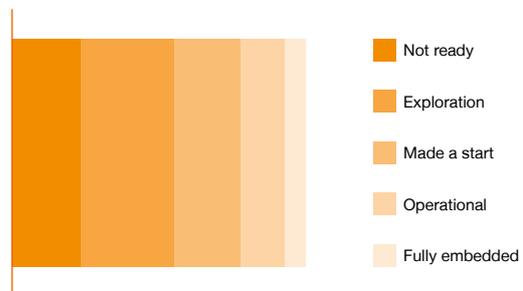
Industry maturity comparison

- Business services
- Technology
- Financial services
- Entertainment and media

Investment, risks and returns

Before undertaking the implementation of a social media initiative, programme or platform there are some basics to consider:

Clarity about your strategy and value proposition for social media engagement, both for your business and your customers, is important, but often overlooked. A good idea of what you can expect from your efforts, both in terms of intangible benefits and measurable return on investment is just as important as for other types of initiative, to help set direction and priorities.

Perhaps even more so than with traditional initiatives, the relative immaturity of social media and business adoption of it, necessitates a careful exploration of the potential risks and how to mitigate them. As social media is 'always on', unlike traditional marketing approaches, considering how to operationalise and sustain your efforts becomes an important success factor.

How much and where to invest?

Social media is no different from any other strategic initiative; a good starting point is to have a realistic idea of what can be expected from the experience, in terms of both the potential benefits and the necessary level of investment. A social media programme is not a small undertaking. It is a commitment that must be nurtured and maintained continually from its conception in order to meet the expectations of its audience.
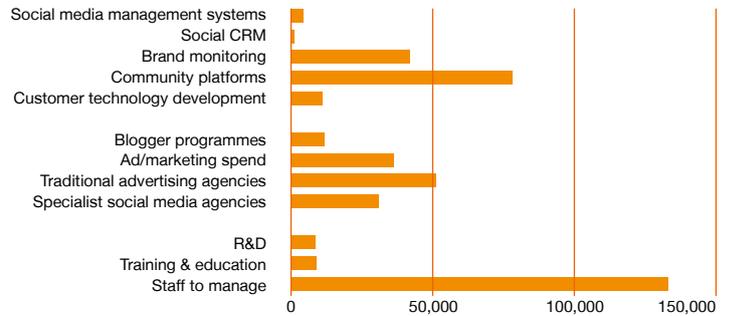
The level of investment depends on the level of social media sophistication of a business and the objectives they have set. The categorisation of companies into 'novice, intermediate and advanced'[4] social media users shows how spending on social media evolves by sophistication of the company using it.

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[4] Altimeter, February 2011, "How corporations should prioritize social business budgets"

'Novice' level

At the novice level a company should be educating staff and making sure internal stakeholders are accountable, investing in technology to allow brand monitoring and have a rapid response team that can promptly respond to issues that surface from brand monitoring. The novice firm spends on average $416,000 on social media with the investment in 'internal soft costs' such as training and educating staff about social media and recruiting social media managers being the largest area of spending.
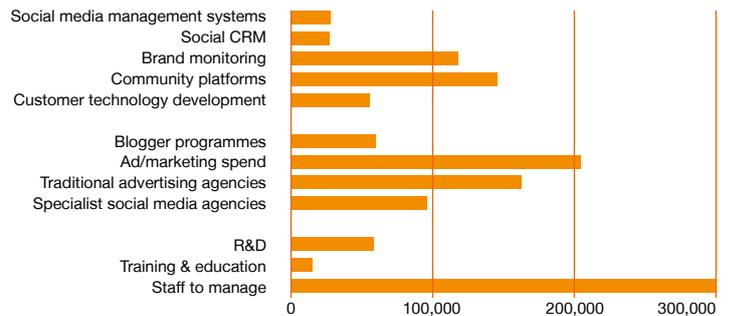
Spending on social media by a novice company(US $)

Category	Spending
Social media management systems	
Social CRM	
Brand monitoring	
Community platforms	
Customer technology development	
Blogger programmes	
Ad/marketing spend	
Traditional advertising agencies	
Specialist social media agencies	
R&D	
Training & education	
Staff to manage	

'Intermediate' level

At the intermediate level a company should consider a 'hub and spoke' with the hub acting as a 'centre of excellence' for social media and the business units, or the 'spokes', able to act on their own within the parameters set by the centre. The company should also invest in social media management systems so it is able to process the amount of information it will receive. The move from being a novice to intermediate firm on average sees total spending on social media rise by c.200% to an average of $1.24m. The intermediate firm spends most on customer facing initiatives with social media advertising spend rising sharply and blogger programs also receiving more funding.
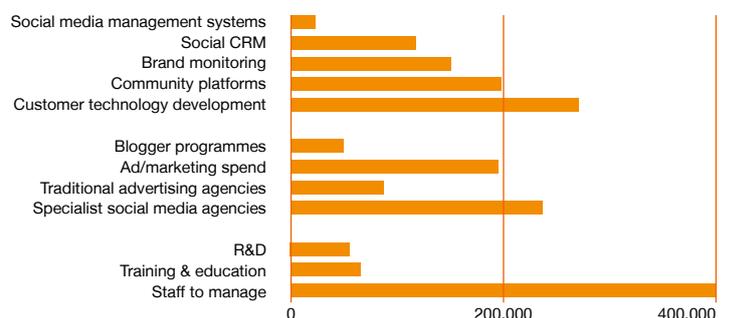
Spending on social media by an intermediate company (US $)

Category	Spending
Social media management systems	
Social CRM	
Brand monitoring	
Community platforms	
Customer technology development	
Blogger programmes	
Ad/marketing spend	
Traditional advertising agencies	
Specialist social media agencies	
R&D	
Training & education	
Staff to manage	

'Advanced' level

The advanced company should be letting social media permeate the organisation so that all employees are able to participate. The advanced firm spends on average $1.85m on social media and the spending share of customer facing initiatives drops by 11% to 31%. The most advanced companies are focusing their funding in the 'technology investment' area of social media, for example, developing community platforms, social CRM and brand monitoring. These companies have 'been on the journey' with social media and are now placed to have conversations with their customers and gain valuable insights that will give them a competitive edge.

Spending on social media by an advanced company (US $)

Category	Spending
Social media management systems	
Social CRM	
Brand monitoring	
Community platforms	
Customer technology development	
Blogger programmes	
Ad/marketing spend	
Traditional advertising agencies	
Specialist social media agencies	
R&D	
Training & education	
Staff to manage	

What are the potential returns, and how can you measure them?

Many of the benefits from investing in social media are indirect. At its most basic level, social media can help you deepen relationships with customers, partners and staff. Any agenda that can benefit from greater intimacy, more insight, collaboration and cooperation can be advanced through a social media initiative. Specific areas where you can see benefit include:

- **Revenue streams** – possible new revenue opportunities through advertising, sponsorship and user fees

- **Sales** – social media enables businesses to reach out to existing as well as new customers in a far more direct and effective way that will help to stimulate sales

- **Brand** – social media as a channel can help businesses enhance their brand perception through recognition and through directly engaging customers

- **Service** – socially enabled businesses are far better able to adapt their services to the needs of the customer by tapping into crucial information on where improvements can be made, as well as allowing a more rapid response

- **Advocacy** – social media gives organisations the opportunity to engage in genuine conversations with your customers and build stronger relationships

- **Agility** – customer sentiment is understood in real time via social analytics and direct engagement allowing quicker responses to market and customer changes

- **Innovation** – social media helps businesses to harness the ideas of their consumers and staff when it comes to developing the next big product, service or even social media idea.

It's fair to say that despite an abundance of data, businesses are still struggling to quantify and measure ROI. 48% of Social Strategists surveyed by Altimeter reported that their primary focus in 2011 would be on developing ROI measurements[5]. Focusing on engagement statistics through monitoring reports is as yet a very immature discipline, rarely yielding actionable insight or easily quantified benefits measures. Understanding how social business drives value in an organisation, and tying analytics to existing business metrics, will yield the best results.

The types of social media measures used will depend on the desired outcomes for the business but should fall across a number of categories including financial, brand, customer, digital outreach and impact on minimising risks.

For example, Charles Schwab Trading launched the 'Schwab Trading Community' to allow traders to share information, help each other trade more effectively and enhance overall customer satisfaction. They were able to measure financial returns by tracking customer activity, and found that members completed 80% more trades than those outside the community. Another example would be NASCAR, who launched 'Fan Council', a private advocate community of 12,000 members, used to listen to and engage fans. It was found that the brand had increased key brand attributes like "thrilling and exciting," "down to earth" and "good public image" by 10% or more due to the strength of the community.

[5] Altimeter, February 2011, "How corporations should prioritize social business budgets"

Our PwC / ISF QuickPoll:
Organisations are unclear about what is being said about them online—and their employees are unclear about what they are allowed to say

When we asked PwC clients and ISF Members whether their organisations knew what their customers and employees are saying about them on social networking sites, their responses were spread evenly across a range from a lack of awareness to full awareness. This same lack of clarity applies to employees' knowledge of what they are allowed to say online. Only 9.5% of our respondents are confident that their employees have a detailed knowledge of this — the same proportion as say they have no knowledge.

What are the risks?

Participating in a social media initiative brings its own set of risks. Social media is a new means by which critics can share negative opinions very quickly – whether they are legitimate wrongs or not. A good reputation takes years to build, but online, it can be destroyed in days.

Social media risks fall into two main categories, those for organisations and those for their employees.

Social media initiatives present similar challenges to many other corporate changes in terms of requiring a strategy, value propositions and an understanding of the risks, returns and operating model, in order to have the best chance of success.

Whilst returns from social media projects may be harder to quantify than for more traditional change initiatives, indirect and direct benefits can and should be identified, in order to help set direction and prioritise investment.

Putting together a full picture of the investment required should reflect the need to operationalise and sustain a social media initiative, beyond its initial launch period.

Often, social media risks arise because of a lack of clear policies and procedures for how employees should use social media, and a lack of clarity about to how to respond to negative social media coverage, situations that can threaten and undermine the company brand, unless handled carefully. Understanding the social media maturity level of your business can provide a realistic view of what can be achieved with the medium.

	Risk	Prevention
Organisational	Brand hijacking — customer gets exposed to hijacked and fraudulent presence	Establish an integrated brand protection function, including elements such as trademarks, patents, licensing, domain management and social media monitoring. These functions are often fragmented across organisational boundaries
	Lack of control over corporate content — when employees post wrong or improper information on social media sites	Establish an Acceptable Use Policy, a document that details how these applications and the Internet in general can be used especially what can and cannot be shared. Create the capability to capture and log all communications
	Unrealistic expectations of customer service at Internet-speed	Make sure staff can handle traffic associated with social media presence. Create notice with clear timeline for responses
	Mismanagement of electronic communications that may be impacted by retention regulations or e-discovery	Establish policies and processes that ensure all communications are tracked
Employee	Using personal accounts to communicate work related information	Have HR establish policies and awareness training so employees do not share company information
	Posting pictures or information that might damage a company's brand	Again, work with HR to develop policies that explain what can and cannot be shared
	Excessive employee use of social media in the workplace	Create content filtering or limit access to sites
	Access to social media via mobile, which may result in data theft or leakage	Policies, training, and controls that define consequences for failure to comply

Do your employees know what they are allowed and what they are not allowed to say when they are on-line?

- 5 = Detailed knowledge
- 4
- 3
- 2
- 1 = No knowledge
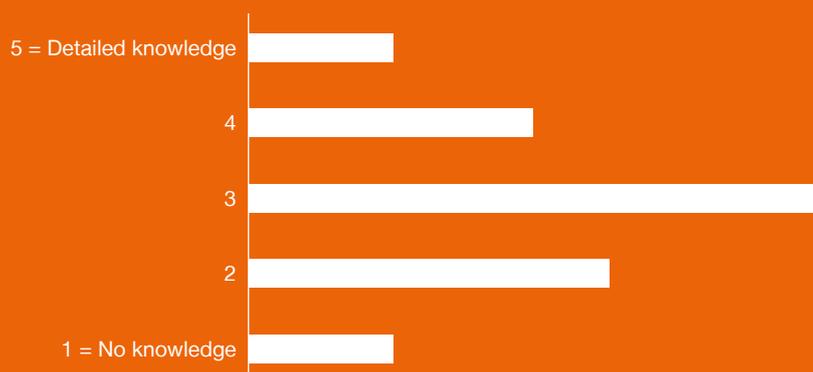
Getting started

The ways that organisations will engage with their business customers will evolve dramatically over the next ten years.

The implications for your business will be equally dramatic, affecting operating models, technology, people and skills, culture, product development... you name it.

These changes will be mandated by customers whose boundaries between work and home have blurred, employees who expect to be able to engage directly with customers using the tools with which they are comfortable and a market made transparent by the ubiquity of information access.

How will your business change?

Product and service transparency

It's no longer going to be possible to misrepresent product, nor to deliver poor service. We're already seeing a shift in messaging power away from brands and towards those with whom they do business, and the reputational risk that businesses run when they are less than straightforward in their dealings. This trend will only accelerate, forcing brands to deliver on their promises.

Breaking down boundaries

You will need to become comfortable with contact between the brand and your customers taking place at every level of your organisation, as well as outside it. The mechanisms of message control, and the channels through which that control has traditionally been exercised, will no longer be acceptable to a public and workforce whose expectations are for a richer, deeper engagement. Nor will businesses be able to compete without the agility engendered by more meaningful dialogue with customers, partners and staff.

What actions should you take?

It's critically important to understand the deeper implications of social interaction for your business. This includes putting into place the operating model to support your efforts, considering resource requirements to feed and grow the community, the people, culture and skills implications for staff (who may not have previously had direct customer interaction), and — not least—the technical infrastructure and tools required.

The brand is everyone's job

As a natural consequence of conversations occurring between staff from all levels of the organisation and external constituencies, your company's brand will cease to be expressed as a promise, and become a purpose that is embraced and understood by the whole organisation, as well as your business partners and customers. This is already taking place in the support functions of many businesses (Apple, Giffgaff), where customers become quasi-official unpaid representatives of the brand, providing service to their peers.

Budget shift

Budgets will shift from marketing functions to social engagement enablement, as the reality and opportunity of more genuine dialogue becomes apparent, and the futility of spending to maintain illusory control of the brand sinks in. Advertising, public relations and other traditional marketing communications functions will be re-cast to enable duplex conversation in place of linear broadcast.

The platform is mobile

The principle channel through which your brand will engage will be mobile, whether smartphone, tablet or something that has yet to be developed. Mobile devices already account for over 15% of internet traffic, and the trend is accelerating.

Strategy	Organisations need to have a clearly defined strategic requirement, aligned to commercial goals, which has been communicated and agreed. Organisations need to be clear on which communities are priorities, what that community values and who has influence on that community.
Value	Understanding the propositions that will create value for those who interact via social media—both customers and the organisation—is essential in driving engagement. Content is king when looking at social engagement, and creating, co-creating and sharing content is the aim for all within social spaces. If a brand is engaging in social media, then it needs to be producing, or enabling the production of content that is of high value for the community.
Channels	Organisations need to have a clear understanding of the type of engagement it is seeking, its ability to do so, and the social outposts it is looking to create a presence on.
People	Staff need to be engaged and have the ability to interact, there needs to be a clear culture and guidelines, and appropriate resources to support social investments.
Operating model	Putting the right operating model in place will be essential to meeting your objectives. Charlene Li and Jeremiah Owyang at Altimeter[6] named five operating models used by businesses to implement and manage social media: • Centralised: one team controls all the social activity. This allows for a consistent brand/community experience, but can be very rigid, and lack innovation. • Organic: pockets of social activity that have highly engaged communities, but can be inconsistent. • Coordinated: a multi-disciplined social team at the centre of the organisation, which drives policies, guidance and best practice. This requires a high level of buy-in across the organisation. • Multiple hub and spoke: multiple coordinated teams in multi-national or large organisations. The main challenge here is communication. • Holistic: each employee is empowered to contribute. This is generally the model found in organisations that were created to be social, however it is also acknowledged to be how businesses such as Dell and Zappo's operate.
Information Technology	Technology is an important enabler that underpins the success of the company's social strategy, and there are different technology options than an organisation can choose depending on their requirements, organisational skills and maturity. One key decision is whether to build your own technology platform. It is also important to cater to specialised customers and community needs by building and sustaining specific communities but consideration needs to be given to who will own the data and how you will integrate social community's data and systems data.

6   Social Strategy: Getting your company ready, Charlene Li and Jeremiah Owyang, Altimeter, April 14, 2010

Conclusion

Whilst social media adoption remains relatively immature in the world of B2B commerce, this is changing, and there are now some great examples of firms who are successfully weaving social media into the way in which they engage with their customers. The pervasiveness of social media within the consumer market and the continuing breakdown of the barriers between work and personal life, demonstrates that the time is ripe for B2B to follow B2C businesses in social media adoption.

Companies like American Express, Dell and Thomson Reuters have all demonstrated that social media can become central planks of B2B customer engagement strategies, driving real benefits for both customers and the organisation. These organisations have learned from the B2C models and successfully extended the application of social media into the B2B domain.

As embracing social media represents a significant change to the way in which many organisations interact with their customers, a social media strategy is essential. Becoming a social business requires insight on many fronts: about your customers, about what your brand stands for; and about the additional value that you can provide your customers through social media engagement.

Operationalising social media can result in changes across all customer facing parts of the B2B business. Marketing, communications, customer service and product innovation are all potentially impacted by the adoption and integration of social media into the business. Your employees need to be included at the centre of the change, as many of the traditional boundaries between the organisation and its customers are broken down by social media. Establishing the rules of engagement for your employees in this new world becomes highly important.

In the future, the way that brands engage with customers, partners, suppliers, employees, even competitors—will reflect a more natural, more "human' style of communication: a way of interacting that encourages two-way conversation, rather than a one-way broadcast model that increasingly alienates customers. Social media will undoubtedly play a large part in this transformation.

At its heart, social media represents a change to the way in which your employees interact with your customers, a return to a time when conversation was at the heart of business. Savvy organisations are thinking now about how, where and when they will get involved in B2B social media.

About PwC

We use our skills and experience in the digital space to help our clients to realise the benefits of digital transformation. We bring objectivity, analytic skills and a practical approach to our clients issues to accelerate digital strategy change.

We are a highly networked organisation which means we can always bring the best combination of people to our clients, and we have great alliance partners who are leaders in their specialised areas. It means that the solutions that we create with our clients can span every element that needs consideration, from the psychology of the customer, to the implementation of technology, to changes to business operations.

We work with our clients to make sure that every initiative aimed at increasing customer impact will meet the specific needs of their organisation and its capacity to adapt. And importantly, that they focus their investment on the areas which will deliver the best return and ultimately achieve lasting change.

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