



Three Goals to Maximize Social Media in 2013

Introduction

Consumer trends changed substantially in 2012, and significant developments in many areas, such as political, economic, and technologies, that occurred during the year will dramatically influence those trends in the future. One major trend, social media, has continued to grow exponentially. Social media networks now reach 1.2 billion users, or 82.4% of the world's online population.¹ According to the *J.D. Power and Associates 2012 Social Media Usage Study*,SM slightly more than 90% of online US adults use a social networking site. Additionally, 73% of Fortune 500 companies have an active Twitter account, while 66% maintain a corporate Facebook page.²

J.D. Power and Associates expects social media to continue to grow at a rapid pace and become an increasingly integral part of how companies interact with consumers and customers. It is critical that companies across industries understand the impact of their social media efforts. Social media now touches every part of a customer interaction—from brand building to sales to service—and failure to maximize these touch points may impact the bottom line.

Although companies recognize the increasingly important role of social media, many are still uncertain as to how they can maximize their efforts. Based on client conversations and a lack of existing reliable information, J.D. Power identified the need for a deeper exploration into consumer expectations for interacting with companies via social media. As a first step to tackling this issue, J.D. Power conducted a market research online community in the fall of 2012.³ More than 100 community members were asked to share examples of positive and negative

// Consumer trends changed substantially in 2012, and significant developments in many areas, such as political, economic, and technologies, that occurred during the year will dramatically influence those trends in the future. //

1 Anderson, Jacqueline and Tuohig, Bill. *Understanding the Impact of Social Media on Companies*. A.J.D. Power and Associates Special Report, April 2012.

2 <http://news.yahoo.com/2012-fortune-500-social-media-adoption-surges-according-130205666.html>

3 J.D. Power and Associates conducted a market research online community from September 28, 2012, to October 19, 2012. The community consisted of 113 participants (US online adults 18 years and older) who were recruited by Research Now for a 3-week engagement. Soft quotas were set for age and gender to ensure the age/gender split resembled that of the US online adult population. The sample size also allows for community insights to be generalizable to the US online adult population. Members were eligible for incentives up to \$50, depending on their level of involvement during the course of the 3-week engagement.

Three Goals to Maximize Social Media in 2013

ways they feel companies engage via social media. This online environment provided the opportunity to hear directly from consumers, in their own words. The conversations within the community were dynamic and engaging, and resulted in a rich dialogue of their perceptions regarding social media engagement. Based on these conversations, it is evident is that companies need to make a number of improvements in order to meet consumers' expectations. This Power Insight offers some key qualitative findings from the market research online community, identifies three goals on which companies should focus in the near term in order to develop and strengthen communication with their consumers, and highlights areas that need further, quantitative exploration.

2013: Engage for Success

Companies must use social media to build deeper relationships with **consumers**. Based on comments made by community members, J.D. Power has identified three goals for companies to focus on to build these relationships in 2013:

1. Move beyond using social media as a couponing **channel**
2. Understand and leverage the power of **posting**
3. Ensure your followers know you're really **there**

There is a wide spectrum of ways to use social media to engage with consumers.⁴ While community members appreciate some of the things companies are doing in social media, they also recommended areas for improvement. The three goals, which are detailed below, provide a starting point, while also surfacing additional questions that require additional research.

1. Move beyond using social as a couponing channel

Although discounts and promotions are important—and many members said they want to be rewarded for establishing a social relationship with companies via social media—community members indicated that simply providing discounts isn't **enough**. They look for value in their social relationships and, while promotions are a good starting point, they shouldn't be the only component of the relationship. Members indicated a broader definition of value that, while

I do NOT engage with companies via social media when they're clearing just trying to make a sale by pushing product information at me. —Male, age group 18-29, WI

I "liked" my mechanic on Facebook not that long ago and I did it because they have promotions that are on there but they also provide tips for keeping your vehicle in the best condition. —Female, age group 18-29, MN

The amount of e-mails, tweets, and Facebook posts can be mindboggling. With this information overload, a company should understand that not everyone is going to want to take advantage of their "great offer". —Male, age group 50-59, MS

I don't like to connect via social media because I feel it just isn't personal. You're typing into the ethers and you have no idea who ends up reading it (if at all). —Male, age group 50-59, CA

I enjoy engaging with companies who truly appreciate my support, who ask for my opinion and do something with my ideas or opinions. If the company has a competent social media person who Tweets or works on Facebook and they can express things correctly, that make me with to engage with them. —Female, age group 40-49, GA

⁴ Anderson, Jacqueline and Tuohig, Bill. *Understanding the Impact of Social Media on Companies*. J.D. Power and Associates Special Report, April 2012.

Three Goals to Maximize Social Media in 2013

including saving money, moves beyond that to also encompass features such as offers and promotions that meet their needs; early access to product information; entertaining content; and solutions to their **problems**. Companies need to think beyond coupons in 2013 and determine what other value their social sites can bring to followers.

2. Understand and leverage the power of posting

With so many brands to connect with and so much information available to them, community members noted they are quick to tune out companies that either post too **often** or post content that isn't of interest. Companies need to define a matrix of posting type and frequency that meets their needs, as well as those of their followers. The challenge is determining exactly what works for each company's followers, as different audiences look for different content at different intervals. Community members were clear in stating that posts should be about more than increasing the company's number of "likes" or followers, and that the site content should demonstrate that the company is endeavoring to engage with their **followers**. According to community members, being inundated by a sheer volume of posts or feeling that the posts are disingenuous are sufficient reasons to disengage their online relationship with a company. Companies need to take time to define an optimum matrix of frequency and content type and ensure their communications resonate with followers.

Prompt responses, promo codes, and insight into new products make me want to interact with a company via social media. For example, I contacted Bebe on Facebook to find out about an out of stock item. They responded to my comment a full two days quicker than they did to the e-mail I sent them. —Female, age group 18-29, NY

I tend to limit the companies 'subscribe' to on a network because a lot of them post/respond too often. I don't need a daily message from The Gap. I am most likely to engage with a brand that will provide me with some value. Offering either information or discounts would be an incentive to sign on with a company. —Female, age group 40-49, NY

If a brand has a thread where comments are posted and no responses are listed is a turn off it makes you feel like you're wasting your time. Example: One of the local high end stores near me tried to have me participate in a store feed back thread, but I declined due to the fact that they criticized the comments that were posted. If you don't want to know, then don't ask us for feedback. —Female, age group 18-29, NY

3. Ensure your followers know you're really there

Using social media as a service channel is an increasingly popular option for connected consumers. However, some community members expressed a wariness to connect via social because they weren't certain whether anyone at the company was really **listening**. One member noted the difference between calling a 1-800 number and contacting a company online. When they call the number, they hear a voice and know that they have someone's attention, and feel confident that a person can be held accountable for resolving their problem or answering their question. However, when they reach out to a company via social media, they don't necessarily feel that same level of connection. Oftentimes they're not sure who, if anyone, they're connected **to**. It's important for companies to reassure consumers that there are real people who are tied to the company's social media sites, those who are eager and willing to connect directly with them, and be assured that the company wants to truly engage and develop a relationship and offer support.

I don't like to connect via social media because I feel it just isn't personal. You're typing into the ethers and you have no idea who ends up reading it (if at all). —Male, age group 50-59, CA

I have used Facebook to ask a question for both a small company and a national one. This worked out VERY well with the small one because there are only 2 employees and they can address you more personally. With Lululemon I felt I got more of a "general" response instead of one that felt more personal. —Female, age group 18-29, VT

Three Goals to Maximize Social Media in 2013

How Can Companies Make the Most of Social Media in 2013?

The desire among consumers to develop online relationships with companies via social media will continue to grow in 2013. It is imperative that companies leverage available opportunities to establish and maintain consumer communications via social media. The J.D. Power community members were clear in stating that if they take the time and effort to connect with a company via social media, they expect the company to do the same. How can companies ensure consumers perceive value in their social media connections? While this Power Insight outlines some areas on which companies should focus in developing or strengthening that connection, these goals also highlight fundamental business questions regarding the ability to ensure that happens:

- If consumers aren't only looking for coupons or deals what type of content do they want?
- What is the right frequency for posting before consumers tune out?
- What experience do consumers expect when they use social media as a service channel?

To be successful in social media engagements, companies need to find answers for these questions. However, to date there has been no expert source for the information. Instead, companies are flying blind, trying to establish a social presence through trial and error without knowing exactly what it should look like. Based on insights identified through the conversations of the J.D. Power community members, this situation may be alienating more consumers than engaging them. To deliver the most impactful social media experience, companies need to identify best practices and adapt them to their individual organization. Assembling and integrating this information is critical in achieving this goal. Companies must not only understand what consumers want and need, but also the bottom-line impact of effectively leveraging social media. J.D. Power recognizes the need for this level of information to help companies provide the best experience possible, and, as a result, has developed the *J.D. Power and Associates 2013 Social Media Benchmark Study*.SM This study provides a voice for consumer expectations for social media engagement and provides companies with specific information they need to deliver the best engagements possible.



Three Goals to Maximize Social Media in 2013

Upcoming *J.D. Power and Associates 2013 Social Media Benchmark StudySM*

J.D. Power and Associates has developed a new study to address the questions that companies have about creating and delivering the most effective social media strategies. The *J.D. Power and Associates 2013 Social Media Benchmark StudySM* enables companies to understand how their social media efforts compare to others, both within their industry and across industries, in a number of areas.

The study focuses on:

- Consumer motivations for engaging with brands in social media
- Consumers' usage of a brand's social media site for both marketing and service
- Industry-level differences in performance for using social media for marketing and service
- Key Performance Indicators (KPIs) for using social media for marketing and service
- Areas for companies to improve their social media engagement efforts

The study, which examines the credit card, retail banking, airline, automotive, utility and wireless and telecommunications industries, provides unbiased, cross-industry perspectives on what effective social media usage includes and enables companies to maximize their social efforts, as well as create a strategy that resonates with consumers. The study publishes in January 2013.



For more information, please contact:

Jacqueline Anderson

Director, Social Media and
Text Analytics

303.217.8285

Jacqueline_anderson@jdpa.com

The information contained herein has been obtained by J.D. Power and Associates from sources believed to be reliable. However, because of the possibility of human or mechanical error by our sources, J.D. Power and Associates does not guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or for the results obtained from use of such information.

This material is the property of J.D. Power and Associates or is licensed to J.D. Power and Associates. This material may only be reproduced, transmitted, excerpted, distributed or commingled with other information, with the express written permission of J.D. Power and Associates. The user of this material shall not edit, modify, or alter any portion. Requests for use may be submitted to information@jdpa.com. Any material quoted from this publication must be attributed to "J.D. Power Insights: Three Goals to Maximize Social Media in 2013, published by J.D. Power and Associates, ©2013 by J.D. Power and Associates, The McGraw-Hill Companies, Inc. All Rights Reserved." Advertising claims cannot be based on information published in this special report.