

## Social Media Research Integration in the New Norm

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*A J.D. Power and Associates White Paper*

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## Moving from Adoption to Integration

Since its advent as a significant platform for consumer activity, social media has been lauded as either the saving grace or the Achilles heel of many organizations. While the merits of the many social media applications will continue to be debated, it's a simple fact that the social channel has become a mainstay in Voice of the Customer (VOC) programs.

Social media data has been embraced by many companies while at the same time the number of and types of tools used for analysis have quickly evolved. A number of brands began by measuring the frequency and sentiment of consumers' conversations through monitoring tools. Soon, brands realized those customer comments included rich subtext, which required more complex NLP (natural language processing) tools and analysis methods. Today, savvy clients are seeking to use social intelligence,<sup>1</sup> which utilizes robust tools, strong analytics and research expertise to provide meaningful analysis and actionable insights.

A case was made in a 2010 J.D. Power and Associates white paper<sup>2</sup> for incorporating social intelligence into the research mix. According to a recent research industry publication, 68% of respondents have said some part of their budget is now devoted to utilizing social media data, and a majority expects that to grow in the future.<sup>3</sup> Quite simply, as the adoption and proliferation of social media continues its upward trajectory, research in this arena is needed to gain a full picture of consumers. In fact, the upcoming *J.D. Power and Associates 2012 Social Media Usage Study*<sup>SM</sup> finds that just over 90% of online adults report using a social networking site.<sup>4</sup>

This white paper will go beyond identifying the importance of incorporating social intelligence into a company's portfolio to explain the processes, tools, and applications for its use in an organization. Three recent case studies will further demonstrate these points. Next, the barriers, benefits, and limitations of social media research are explored based on an evaluation of myths and truths. The paper will illustrate that social intelligence, by definition, provides the strongest business results when integrated into research programs and coupled with other consumer data.

## The Impact of Social Media Today

- Social networking reaches 1.2 billion users, or 82.4% of the world's online population\*
- Nearly 1 in 5 minutes online is spent on social networks\*
- J.D. Power's database can access more than 24.3 billion social media sound bites from the past 12 months and currently adds an average of 63 million sound bites daily

\*ComScore Media Matrix, March 2007–October 2011

1 "Defining Social Intelligence." Forrester Research Inc. March 12, 2010. The company defines social intelligence as the management and analysis of customer data from social sources, used to activate and recalibrate marketing programs.

2 "Why Social Media Research Should be an Important Part of Your Research Portfolio." J.D. Power and Associates. 2010.

3 "IR Roundtable: Social Media—How is MR Coping?" *Inside Research*, February 2012, p 14.

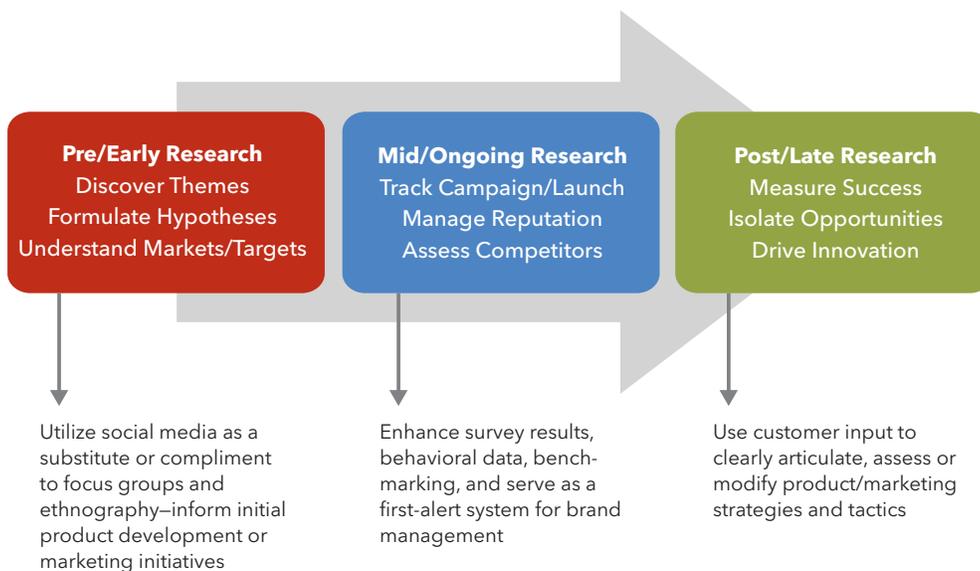
4 *J.D. Power and Associates 2012 Social Media Usage Study*.<sup>SM</sup> Preliminary results; final study to be published early April 2012.

## Research in the New Norm

Ambiguity and volatility have increasingly become markers of the “new norm”—the pace of changes and fluidity of consumer opinion make it a challenge to understand what has occurred in social media, let alone how it will impact the future. However, social media research presents a rare glimpse into the abyss. As adoption of social, mobile, and other technology soars, so does the amount of consumer-generated data—which often contains clues about what consumers think, feel, and do. The right tools and expertise can provide businesses with the power to access, analyze, and apply VOC insights in a more timely and turnkey fashion than ever before by tapping into the streams of data currently generated.

While new tools and methods have emerged in recent years, the basic building blocks of quantitative and qualitative research remain the same. However, innovative businesses are pushing the envelope by integrating the insights gleaned from multiple traditional and emerging research techniques. Through this process, many are recognizing that social media research can be a strong proxy for traditional qualitative methods such as focus groups (see Case Study No. 1) and has the ability to add rich context to metrics such as survey data. This kind of research offers fast, directional, and dynamic insights versus perfect, projectionable, and static findings, and may enhance nearly any research plan.

## Social Intelligence Applications by Research Phase



Source: J.D. Power and Associates

Figure 1

The case studies that follow will illustrate the application of social media research to each of these three phases. In most instances, social media metrics alone cannot address the question at hand. To realize the true value, expert analysts must thoughtfully incorporate these insights throughout the planning, execution, and delivery phases of a project.

Another integration point exists between external and internal customer data: matching observed customer perceptions and behavior from social media and other research to direct consumer input and actions recorded through purchase data, Web or text analytics, and other sources.

## Customer Data Integration



Source: J.D. Power and Associates

Figure 2

For example, a major bank is challenged with understanding and addressing customer service problems. The institution gathers a wealth of customer data from their various channels but has traditionally viewed it through a singular, customer-based lens. By matching the data to information from customer service employees, the bank is able to better understand both the barriers to providing better service and the impact of poor service to customers. This provides a clearer picture of which opportunities or threats are perceived, which are real, and what activities needed to be prioritized or reprioritized, all of which makes it possible for the bank to save time and money.

## Taking the Next Step

For businesses that have dipped their toe in the social media waters and are now ready to swim, what steps can they take to truly integrate social intelligence into their research portfolio?<sup>5</sup>

There are three general stages of social media integration into the research portfolio, which are based on J.D. Power's experience with social media research, both internally and with clients:

- **Experimentation**—Researchers conduct initial pilot projects and test cases to learn more about the data, how it compares to their more familiar methods, and to gain some initial hands-on experience.

- **Application**—Researchers apply this technique to address specific types of research questions and explore deeper insights that include more active comparisons to the results based on their standard methods.
- **Integration**—Researchers strategically blend social media research into the mix based on a solid understanding of the questions it can address, as well as how to blend these insights with those gained from more familiar methods, in order to yield a richer and more complete set of insights to inform the business.

These levels of integration are further described below in terms of the associated structures, tools, and results for each stage.

**Table 1: Stages of Social Media Adoption**

**Experimentation Phase: Explore listening methods, tools, and practices with limited business impact**

| Structure  | Tools/Resources   | Results   |
|--|---|---|
| <ul style="list-style-type: none"> <li>• Ad hoc efforts with limited or sporadic planning</li> <li>• Basic measures (volume, sentiment, sample verbatim)</li> <li>• Little to no established methodology</li> <li>• Very limited organizational acceptance as viable research</li> </ul> | <ul style="list-style-type: none"> <li>• Social media monitoring tool plus manual searches</li> <li>• Basic Web analytics</li> <li>• Dual role or part-time staff, marketing/PR dominant</li> </ul> | <ul style="list-style-type: none"> <li>• Identify and track brand/product/campaign buzz and activity</li> <li>• Listen and report on prominent conversations related to brand at given time, especially threat situations</li> <li>• Inform basic social media planning/outreach efforts</li> </ul> |

**Application Phase: Hone listening skills, introduce stronger research, and apply findings to tactical business decisions**

| Structure  | Tools/Resources   | Results  |
|--|---|--|
| <ul style="list-style-type: none"> <li>• Planning separate from major research efforts</li> <li>• Measures include key conversation drivers, emotions/behaviors, etc.</li> <li>• Loose methodology to guide qualitative/quantitative steps, no statistical thresholds for reliability/validity</li> <li>• Gaining acceptance through brand/marketing and possibly product teams</li> </ul> | <ul style="list-style-type: none"> <li>• Monitoring tool with custom dashboard(s)</li> <li>• Insight mining tool using NLP (natural language processing)</li> <li>• Small, dedicated staff with market research experience</li> </ul> | <ul style="list-style-type: none"> <li>• Quickly grasp the nature and impact of hot topics</li> <li>• Gain a stronger understanding of brand, industry, and target customer climates</li> <li>• Ability to create timely reports on specific topics</li> <li>• Drive tactical marketing and PR decisions, both on/offline</li> <li>• Inform brand and competitive discussions</li> </ul> |

**Integration Phase:** Advanced listening and research skills lead to focused insights that drive strategic decisions

| Structure   | Tools/Resources   | Results   |
|---|---|---|
| <ul style="list-style-type: none"> <li>• Considered as part of and integrated into research plans</li> <li>• Measures are multi-dimensional, comparative, and include established benchmarks</li> <li>• Methodology established for qualitative/quantitative analysis and reporting, evolving to adapt to new opportunities</li> <li>• Established in the organization as a dynamic and reliable research tool</li> </ul> | <ul style="list-style-type: none"> <li>• Monitoring tool with custom dashboard(s)</li> <li>• Insight mining tool using NLP (natural language processing)</li> <li>• Advanced taxonomy/query management tools using Boolean logic</li> <li>• Access to statistical research experts</li> <li>• Consumer insights staff and/or use of third-party vendor</li> </ul> | <ul style="list-style-type: none"> <li>• Constant access to robust/reliable data and team of experts</li> <li>• Identify data integration points/relationships</li> <li>• Insights and recommendations with the power to guide strategic business initiatives</li> <li>• Improved decision-making for multiple layers of the business</li> <li>• Gain foresight with respect to your consumers and marketplace</li> </ul> |

Source: J.D. Power and Associates

The importance cannot be overstated of utilizing trained analysts as part of the evolution from experimentation to integration. Data is only as good as the experts who synthesize it by using knowledge of the brand/product, business goals, and pain points to identify new pathways and opportunities for growth. Four key analyst characteristics need to be embraced in order to leverage the benefits of social media research integration.

## Analyst Expertise for Social Media Integration



Diverse backgrounds in research, computational linguistics, planning, and marketing



Well-versed in complex query development and data synthesis, and adept in critical thinking and trend-spotting



Industry expertise to deliver focused and relevant recommendations



Unbiased approach with the ability to tell stories, illustrate opportunities vs. delivering data and simple findings

Figure 3

## The Business Case for Social Intelligence

Since 2005, J.D. Power has conducted a wealth of social media projects with a wide variety of clients and has amassed a deep experience base on working with companies at all stages of integrating social media research into their research capabilities.

J.D. Power has found that no matter what the stage, companies can realize significant insights and business benefits utilizing the right social media tools, techniques, and analyst support. The following cases studies provide examples of how clients at each of three project phases have gained significant benefits from social media research.

### Case Study No. 1

#### Early Phase Project Profile: Category Driver Assessment

##### THE ISSUE

A leading consumer packaged goods manufacturer operating in the frozen treat space was beginning the first phase of consumer research to inform a high-profile product development effort. The marketplace had been experiencing significant shifts, as consumer trends had evolved rapidly during the past 2 years. This brand wanted to ensure they were strongly positioned, relative to a key competitor, to take advantage of these new and growing trends. There was also a concern that traditional focus group methods might be missing the types of consumers that were important to the project.

##### THE SOLUTION

J.D. Power implemented a Category Driver Assessment of social media data to guide client-driven concept development and focus group research at the onset of the project. The insights and recommendations from the social media assessment were later used to evaluate the focus group findings, validating and/or expanding the final conclusions and opportunities.

##### THE RESULTS

The combination of the findings from social media and focus group research crystallized the key product issues that were a barrier for expanding into new markets. Beyond that, the client team benefited greatly from the clear articulation of three distinct brand opportunities identified by the social media research. Finally, the integration of these two methods provided the confidence needed to drive a challenging conceptual idea into the production phase, ultimately positioning the brand for strong future growth.



### Case Study No. 2

#### Mid-Phase /Ongoing Project Profile: Product Launch Assessment

##### THE ISSUE

A top auto manufacturer needed to gain a clearer picture of consumer reactions and perceptions of their brand and models, both throughout the launch phase and over longer periods of time. Knowing how they compared to key competitors was also crucial to guiding future launch efforts.

##### THE SOLUTION

Taking a comprehensive approach, J.D. Power recommended a strategic Product Launch Assessment to compare the manufacturer's major brand launches with competitive vehicle launches, evaluating reactions to the product and marketing efforts. Overlaying transactional sales data from J.D. Power's *Power Information Network® (PIN)* with social media activity allowed the ability to track the relationship between industry/consumer buzz and sales.

##### THE RESULTS

Key findings and insights from this assessment have illuminated strategic and tactical decisions for several internal teams, from marketing, to engineering, to sales. Foundational reports have established benchmarks for success based on brand and competitive activity through pre-launch, launch, and post-launch phases. Finally, major campaign tactics were evaluated and honed through an in-depth assessment of online buzz relative to marketing efforts. In total, the program has resulted in an indispensable research tool for all of the manufacturer's launch teams.



### Case Study No. 3

#### Latter Phase Project Profile: Industry Assessment

##### THE ISSUE

An identity development/word of mouth (WOM) marketing agency wanted to identify insights, derived from social media data, to fuel the development of a WOM program for a leading fitness franchise client. The overall objective of the marketing initiative was to increase engagement across franchisees, staff, and current/prospective members. The agency was also seeking a means to track program effectiveness through shifts in social media data—volume, sentiment, gender, behavior, perception, and author segmentation.

### THE SOLUTION

J.D. Power and Associates conducted a benchmark Industry Assessment to evaluate a year's worth of gym and fitness conversations in the social media landscape. By isolating and analyzing these online conversations, J.D. Power identified brand, competitive, and consumer insights used to validate and augment the agency's strategic and tactical development of the WOM program. Semi-annual analyses were also requested to track engagement progress and determine program evolution opportunities.

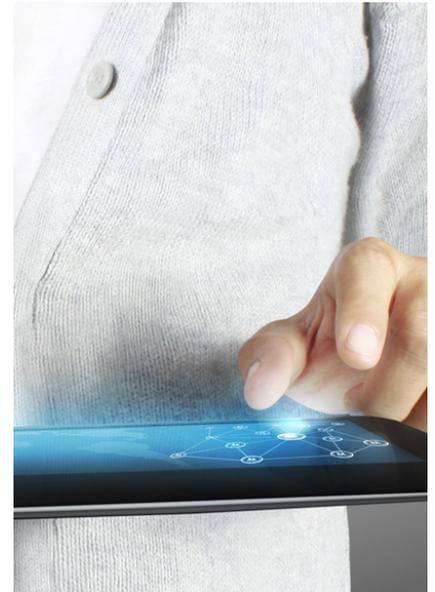
### THE RESULTS

The foundational Industry Assessment successfully validated, as well as built on, secondary research conducted by the agency and the client. Additionally, it provided valuable insights into how consumers communicate online via social media related to their fitness perceptions and behaviors. Findings such as these allowed the agency to better define their target and ideal WOM engagement tactics. Insights from the qualitative and quantitative data ultimately played a vital role in the development of the strategic and tactical framework for the final WOM marketing program.

## Seeing Clearly through the Hype

As stated previously, the merits and pitfalls of social media have been both overstated and understated. J.D. Power has a vested interest in maintaining research excellence and integrity and has worked to remain impartial through the process of vetting social media research data validity and reliability.<sup>5</sup>

The social media research J.D. Power has conducted for more than 100 clients in the past 7 years has identified certain truths about the benefits and challenges associated with both the data and the applications. While it is difficult to account for every subject and question related to social media research, below are the top five topics J.D. Power has most frequently addressed with prospects and clients.



<sup>5</sup> "The Validity of Social Media Data within the Wireless Industry." J.D. Power and Associates. February 2012.

**Table 2: Top Social Media Research Topics and Concerns**

| Subject          | Myth   | Truth   |
|------------------|--|---|
| Data Cleanliness | <p>"There are simply too many irrelevant results or spam in the data to be reliable."</p>  | <p>Accuracy improves greatly with the strength of the queries placed against the data. For instance, a basic query for an ambiguously named brand might yield very low-quality data both in terms of relevancy and levels of spam and other unwanted content. With the addition of complex Boolean logic, the accuracy can meet or exceed 90% on data returned for that brand.</p> <p>Another advantage of the use of complex Boolean logic is that analysts can fine-tune their queries to target specific data segments, e.g., focus on actual consumers vs. general news statements and chatter.</p>   |
| Sample           | <p>"Gen Y accounts for the vast majority of social media users, so it's not right for my efforts with older generations."</p> <p>Or</p> <p>"It's not representative of the general population."</p>                      | <p>While the percentage of reach of social networking for Gen Y exceeds that of other age groups, consumers ages 55+ represent the fastest-growing segment in social networking.<sup>6</sup></p> <p>While a general sample of social data can return as high as ~70% Gen Y comments, this underscores the need for expert research teams that can apply advanced queries and human annotation to derive a sample representative of general population or relevant to the research goals at hand.</p>  |
| Bias             | <p>"The kinds of people that post online don't represent the typical consumer."</p> <p>Or</p> <p>"People only talk about things they love or hate; we can't get the average user experience or opinion."</p>             | <p>With social networking now reaching 82.4% of the world's online population, it's clearly reaching levels that represent every type of individual and consumer.<sup>7</sup></p> <p>While some conversations are more polarizing or passionate, most data sets will deliver a high percentage of neutral/mixed/moderate voices as well. Depending on the research objectives, it's possible to focus on those balanced observations while still understanding the overall nature of the conversation.</p>  |
| Sentiment        | <p>"Sentiment we've seen has been wildly inaccurate—how can we trust anything we get from social media?"</p>   | <p>Sentiment accuracy can vary greatly by data and tool provider, and without careful monitoring and extraction guidelines, the results may be disappointing.</p> <p>The key to obtaining accurate sentiment is, firstly, to use sophisticated and reliable software with language analysis components capable of eliminating ambiguity. Secondly, a process needs to be in place that can reliably and consistently filter out the low-accuracy data that is inevitably present in this medium. With those two components in place, sentiment accuracy of more than 90% can be achieved.</p>   |
| Scalability      | <p>"The data is just too broad to be applicable to our specific brand/product/situation."</p> <p>Or</p> <p>"The data is too specific and doesn't allow us to see the big picture without becoming uselessly obtuse."</p> | <p>When looking through the lens of a standard social media monitoring tool, it's easy to see how this perception is created. However, scaling and targeting the massive amounts of data to fit the objectives of the research is the penultimate benefit of human research and annotation.</p> <p>Computational linguistics cannot account completely for human knowledge of language. Therefore, it's important to employ research experts who can maximize data accuracy and coverage for a specific brand, industry, and a wide range of topics ranging from general ("customer service") to specific ("African-American Hair Care"), which allows reliable research to be conducted on topics regardless of specificity.</p> |

<sup>6</sup> J.D. Power and Associates 2012 Social Media Usage Study.<sup>SM</sup> Preliminary results.; final study to be published early April 2012.

<sup>7</sup> ComScore Media Metrix, Worldwide, October 2011 vs. July 2010.

## Future Indicators

While industry insiders report that the majority of businesses are still in the early phases of social media research, there are strong indicators that 2012 will prove to be the year for significant growth in the space. In fact, 66% of research buyers expect to use social media analytics in 2012.<sup>8</sup> To support the need for advanced research integration methods, enterprise feedback management providers have begun addressing the challenge by creating tools and processes that enable market research to link disparate data sources together, such as survey data to consumer market research data or social media data to consumer market research.<sup>9</sup> As innovative businesses become confident in their social media research and integration practices, the expectation is that these successes will be made public and more will follow.

J.D. Power will continue to seek new and innovative ways to bring the Voice of the Customer to the forefront of key business processes. Identifying relationships and integration points between various types of VOC research is one way to put the power of knowledge back in the hands of decision-makers striving to adapt and grow in the new norm.

## Author and Contributors

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<sup>8</sup> "What Emerging Research Techniques Will Be Used In 2012?" GRIT Sneak Peak. February 2012.

<sup>9</sup> "Prediction 2012: What Will Happen in Market Research." Forrester Research Inc., December 2, 2011

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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 these 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. J.D. Power travel industry customer satisfaction studies (hotel, rental car, airline, and airport) were included in this special report. These studies include some responses from Canadian consumers.

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