Research in Action

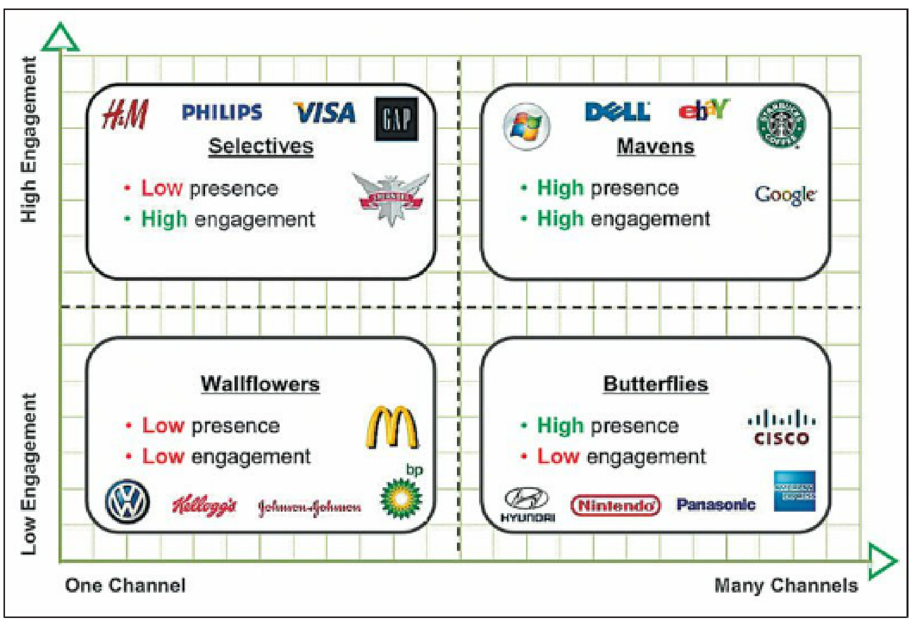
When It Comes to Social Media, Don't Be a Wallflower

Wetpaint, in conjunction with Altimeter Group, conducted a study to examine the relationship between social media presence and financial success. The study showed that the brands most engaged in social media are also experiencing higher financial success rates than those of their non-engaged peers. The study focused on 100 companies from the 2008 Business Week/ Interbrand Best Global Brands survey and their use of the many social media platforms like Facebook, Twitter, blogs, wikis, and forums.

Financial success was measured in terms of percentage revenue growth, percentage gross margin growth, and net margin growth and was treated as the dependent variable. The independent variables were the level and depth of engagement of the companies in social media. Companies were grouped according to their level and depth of engagement into Mavens, Butterflies, Selectives, and Wallflowers and compared as follows:

- Mavens are brands engaged in seven or more channels and have high engagement scores.
- Butterflies are similarly engaged in seven or more channels but have lower-than-average engagement scores.
- Selectives are brands that are engaged in six or fewer channels and have higher-than-average engagement scores.
- Wallflowers are the brands that are engaged in six or fewer channels and have below-average engagement scores.

The researchers segregated the companies into their respective groups and analyzed their respective revenues/ margins, and compared the groups' aggregate averages for each financial metric using analysis of variance. The differences were significant, with Mavens performing the best and Wallflowers the worst in terms of revenue and profit. Thus, when it comes to social media, businesses need to emphasize quality, not just quantity. It is important to keep your Web content fresh while replying to comments as well as building your network and updating your profile status. Don't just check the sites regularly and mechanically: Engage your consumer audience.[8]



Source: "The World's Most Valuable Brands Who's Most Engaged?," from http://engagementdb com/Report, accessed October 4, 2010 Used with permission from wetpaint com