

Cultivating Customers the Social Way

CASE STUDY

To most people, Facebook and Twitter are ways to keep in touch with friends and to let them know what they are doing. For companies of all shapes and sizes, however, Facebook, Twitter, and other social media have become powerful tools for engaging customers, amplifying product messages, discovering trends and influencers, building brand awareness, and taking action on customer requests and recommendations. Half of all Twitter users recommend products in their tweets. It has been said that social media are the world's largest focus group, with consumers telling you what they want every single day.

About 1.3 billion people use Facebook, and more than 30 million businesses have active Brand Pages to develop "fans" of the brand by enabling users to interact with the brand through blogs, comment pages, contests, and offerings on the brand page. The Like button gives users a chance to share with their social network their feelings about content and other objects they are viewing and Web sites they are visiting. With Like buttons on millions of Web sites, Facebook can track user behavior on other sites and then sell this information to marketers. Facebook also sells display ads to firms that show up in the right column of users' Homepages, and most other pages in the Facebook interface such as Photos and Apps.

New Haven Connecticut's Karaoke Heroes bar was started in 2012 and half of its new customers come through Facebook. Karaoke Heroes is the only karaoke bar in the state of Connecticut, and the only superhero-themed karaoke bar in North America. Its customers include college students from the New Haven area, as well as hardcore karaoke and superhero fans, middle-aged couples out for a date night, and Korean and Chinese families that come in to do karaoke in the bar's private rooms.

Owner Andrew Lebwohl and his wife design Facebook ads to appeal to people most interested in karaoke and superheroes and are able to experiment with different Facebook ads for different audiences without spending a great deal of money. For example, ads can target Connecticut residents who are interested in superheroes, mothers of young children interested in hosting parties during the weekend, or people who speak Cantonese, or Mandarin or Spanish, to let them know about the bar's music in

those languages. When Karaoke Heroes runs special events, it can advertise the bar as an event space.

Twitter has developed many new offerings to interested advertisers, like "Promoted Tweets" and "Promoted Trends". These features give advertisers the ability to have their tweets displayed more prominently when Twitter users search for certain keywords.

In addition to monitoring people's chatter on Twitter, Facebook and other social media, some companies are using sentiment analysis (see Chapter 6) to probe more deeply into their likes and dislikes. For example, during the 2014 Golden Globe Awards, thousands of women watching the ceremony tweeted detailed comments about Hayden Panettiere and Kelly Osborne's slicked-back hairdos. Almost instantaneously, the Twitter feeds of these women received instructions from L'Oréal Paris showing them how to capture various red-carpet looks at home, along with promotions and special deals for L'Oréal products. L'Oréal had worked with Poptip, a real-time market research company to analyze what conversations about hairstyling connected to Golden Globe hashtags and other key phrases were appearing on Twitter. When the Golden Globe red-carpet events began, Poptip's software looked for similar chatter and analyzed which conversations were genuine discussions from the appropriate demographic. Poptip determined that the target audience was captivated by slicked-back hairdos, and L'Oréal sponsored tweets to land in those Twitter conversations.

Best Western International, the world's largest hotel chain, worked with Medallia, Inc., a Palo Alto, California-based provider of customer experience management software to create a tool that allows hotels to manage and respond to social feedback and to perform sentiment analysis. For example, a hotel's Internet speed might elicit the most comments, but the software can show that this has a limited impact on guest likelihood to recommend that hotel compared to the cleanliness of guest rooms. These findings help Best Western focus its resources on areas that have the greatest impact on recommendations.

Best Western has both a mobile and desktop Web site with social tools. Both sites pull in ratings from TripAdvisor to let users see what others are saying about a hotel. TripAdvisor, with 200 million monthly visitors worldwide, provides a place for people

to share their experiences about hotels, flights, restaurants and rentals. It is a leading example of social feedback driving customer buying decisions. Additionally, visitors to the Best Western sites can "Like" specific hotel pages on the site.

In addition to talking about themselves, companies have gained from posting good comments about their competitors. General Mills has a 30.1 percent share of the cold cereal market and maintains a strong social presence on Facebook, Twitter, Instagram, and Tumblr. Its Facebook group Hello, Cereal Lovers, has more than 366,000 followers. Although General Mills primarily uses these channels to discuss its own brands like Cheerios and Lucky Charms, it occasionally highlights rival cereals. For example, Hello, Cereal Lovers featured a recipe suggested by a user made with Post Honey Bunches of Oats, while on Twitter General Mills reposted a recipe made with Post Fruity Pebbles and Kellogg's Rice Krispies. Carla Vernón, marketing director for General Mills cereal, believes this "brand agnostic" approach makes the company appear more authentic and inspires better conversations with the people who buy and enjoy its products.

With cold cereal consumed by 92 percent of American households, the market for cold cereal is saturated. A common growth strategy for General Mills and other cereal companies is to increase what marketers call "usage occasions" by promoting how the cereals can be used in recipes, craft projects, or weight-loss programs. General Mills has been using its Web site and social network presence to encourage cereal consumption on these multiple fronts.

TomTom, a company that offers digital navigation and mapping products and services, has been using social media to enhance its product-development process. Like other companies, TomTom closely monitors social media conversations as part of its effort to evaluate performance in marketing and customer service. During this process, a company analyst discovered that users posting on a UK forum were focused on connectivity problems and channeled this information to TomTom's product-development teams. The product-development teams then worked directly and in real time with customers to resolve these problems. Social media helped TomTom improve its processes for research and development (R&D) and product development. TomTom now interacts directly with its driving community for ideas on design and product features, as well as to quickly troubleshoot new offerings.

Still, the results of a social presence can be unpredictable, and not always beneficial, as a number of

companies have learned. Businesses do not have much control in the placement of their Facebook ads, which are largely based on computer algorithms. In late May of 2013, after failing to get Facebook to remove pages glorifying violence against women, feminist activists waged a digital media campaign highlighting companies whose ads appeared alongside the offensive pages. Nissan and a number of small companies temporarily removed their ads from the site and Facebook removed the pages in question.

In November 2013, JPMorgan Chase asked Twitter followers to send questions to an executive using the hashtag #AskJPM. The company believed it was creating an opportunity for college students to communicate with company executives. Instead, JPM was bombarded with a torrent of angry and sarcastic posts, such as "Can I have my house back?" JPMorgan Chase wound up canceling the question-and-answer session.

Companies everywhere have rushed to create Facebook pages and Twitter accounts, but many still don't understand how to make effective use of these social media tools. Traditional marketing is all about creating and delivering a message using communication that is primarily one-way. Social media marketing is all about two-way communication and interaction. It enables businesses to receive an immediate response to a message—and to react and change the message, if necessary. Many companies still don't understand that difference. They flood social media sites with sales and marketing pitches touting themselves and don't engage in conversations with customers where they could collect customer feedback and input. According to Vala Afshar, Chief Customer Officer at Enterasys Networks, most companies are missing the mark with social media because they're too impatient. They want to bombard potential customers with "me, me, me" marketing and sales pitches instead of using social media slowly over time to have conversations and build relationships.

Vistaprint, a Netherlands-based online graphic design and printing firm with U.S. headquarters in Lexington, Massachusetts joined Twitter in 2008 but initially did not get the hang of how to use social media to reach customers. When Vistaprint's first tweets went out, the company learned that its message and tone were wrong. Vistaprint had thought social media were supposed to be used for public relations. The company gradually learned how to use social media to communicate with customers by creating conversations. Now Vistaprint poses marketing advice for small businesses. It does

not expect that the people reading the posts will buy one of its products, such as business cards, right away, only that they will remember Vistaprint when they are ready to buy. Vistaprint is able to demonstrate that using Twitter and Facebook has directly increased profits because it keeps track of sales that come through links from social media sites.

Some companies have not been taking advantage of social media capabilities for capturing customer data for analysis. Even when they have the software tools for social media analytics, they might not know how to ask the right questions. According to Jill Dyche of Baseline Consulting, the problem with social media is when you get it to work, what do you do with it? A social community is buzzing about your flagship product? Great! But now what?

Companies may need to experiment. Pradeep Kumar, vice president and customer intelligence director at advertising firm DraftFCB, believes his social media analytics program will pay off eventually, though he's unsure of how or when. Kumar believes analyzing social media data requires multiple tools and the flexibility to experiment with those tools to see what works and what doesn't. Kumar and others warn that existing tools for sentiment analysis aren't always accurate, often failing to pick up on sarcasm or colloquial language.

Sources: Martin Harrison, Esdras McTayer, and Hugo Sarrazin, "The Strength of 'Weak Signals,'" McKinsey Quarterly, February

2014; Katherine Rosman and Elizabeth Dwoskin, "Marketers Want to Know What You Really Mean Online," *Wall Street Journal*, March 23, 2014; Jeff Orloff, "Importance of Social CRM in Retail," *Inside CRM*, Feb. 20, 2014; "How Karaoke Heroes Builds Awareness of Its Super Business," *Facebook for Business*, July 1, 2014; Andrew Adam Newman, "Online, a Cereal Maker Takes an Inclusive Approach," *New York Times*, July 23, 2013; Aaron Lester, "Seeking Treasure from Social Media: Tracking, Follow the Customer," *searchbusinessanalytics.techtarget.com*, accessed May 17, 2013; Krishn Burnham, "Ten Worst Social Media Meltdowns of 2013," *Information Week*, December 6, 2013; Tanzina Vega and Leslie Kaufman, "The Distasteful Side of Social Media: Lits Advertisers on Their Guard," *New York Times*, June 3, 2013; Tanzina Vega and Nicole Perloff, "Twitter Hackings Put Focus on Security for Brands," *New York Times*, February 24, 2013; and Ashley Smith, "Social Media for Businesses Begs for More Listening and Less Marketing," *SearchCRM.com*, January 22, 2014.

CASE STUDY QUESTIONS

- 10-15** Assess the management, organization, and technology issues for using social media to engage with customers.
- 10-16** What are the advantages and disadvantages of using social media for advertising, brand building, market research, and customer service?
- 10-17** Give some examples of management decisions that were facilitated by using social media to interact with customers.
- 10-18** Should all companies use Facebook and Twitter for customer service and marketing? Why or why not? What kinds of companies are best suited to use these platforms?

MyMISLab

Go to mymislab.com for Auto-graded writing questions as well as the following Assisted-graded writing questions:

- 10-19** Describe the six features of social commerce. Provide an example for each feature describing how a business could use that feature for selling to consumers on line.
- 10-20** What are the main factors that mediate the relationship between information technology and organizations, and that managers need to take into account when developing new information systems? Give a business example of how each factor would influence the development of new information systems.