

Social Media for Customer Interactions: Strategic Advantage or Risk?



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Introduction

Welcome to the second report in our series regarding SM (social media) as a customer engagement channel (“*Social Media for Customer Interactions: Strategic Advantage or Risk?*”). Since the publication of our 1st report six months ago we have received a great deal of positive feedback and encouragement from across the industry. We also received a number of suggestions as to subject matter and focus of upcoming studies.

Based on feedback from the community, the goal of this report is to identify some of the best practices that leading companies in this space have employed, to share the insights gained by these organizations as they have led the way in the area of SM customer engagement and to explore the impact that this emerging channel will have on traditional customer outreach operating models. Topics discussed include:

- The monetization of social media
- Cost/budget trends in social media for customer outreach
- The impact of social media on traditional contact center channels
- Social media customer satisfaction trends
- Risks encountered by organizations that have entered social media customer response channels
- Risk mitigation strategies employed by these organizations
- Demographics of companies utilizing social media for customer outreach (market focus, company size, segmentation, etc.)

Thank you – to all of you as individual contributors and the organizations you represent – for participating in this report’s data gathering process. We appreciate the valuable information and insights you provided. We look forward to continued discussions.

Best Regards,

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Executive Overview

245 executives and industry leaders (members of Execs In the Know, Worldwide Contact Center Professionals and other industry communities) participated in the data gathering survey phase of this “*Social Media for Customer Interaction, Strategic Advantage or Risk?*” report.

Customer Satisfaction Trends

An alarming statistic from the data gathering survey is the fact that 58% of respondent companies do not currently track customer satisfaction related to SM interactions. This basic performance indicator would seem to be one that any organization engaging customers would require as a foundational KPI. This is a further testament to the fact that the industry is currently in the infancy stage in developing capabilities to serve customers via SM channels.

A positive trend reported in the survey data is (and an indicator that should encourage those considering new SM initiatives) of the remaining 42% of respondents, 41% indicated their organizations’ SM initiative has had a positive impact on customer satisfaction. This is an overwhelming endorsement by the customers of these organizations regarding the value of SM as a channel for interacting with companies.

When considering the impact of this statistic on customer relationships and retention, it’s obvious that SM is a channel well suited for “Customer Service” as well as for other types of customer engagement.

Monetization of Social Media

The fact that Marketing Communications (Mar-Com) and Sales functions have led the charge in the development of SM customer engagement initiatives for most companies makes the monetization of the channel an important component of company strategies. Up to this point, advertising views, lead generation and customer saves have accounted for the majority of business case ROI for organizations justifying the funding for SM engagement strategies. However, as indicated in this report, best of breed organizations have also begun sales acquisitions and calculating the cost savings/cost avoidance of SM customer interactions (versus traditional communication mediums).

We believe the intersection of focus by Sales, Mar-Com, Customer Service, Product Development teams and other functional groups represents a tipping point for SM in becoming a true strategic advantage for organizations. The data reported here indicates this tipping point has been reached by a number of early adopters and is beginning to be recognized across the industry as companies formalize their SM strategies. Organizations fully embracing SM as a means for engaging employees, partners, suppliers, customers and other constituencies have created a strategic advantage.

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Industry Cost/Budget Trends

Due to the early stage in the evolution of SM as a customer engagement channel the tracking of costs, allocation of staff and expenditures on technology are inconsistent across the industry. Many companies are currently utilizing highly manual processes and “freeware” to manage customer interactions. However, responses from early adopter organizations indicate best practices and sophisticated transaction management systems developed specifically for the SM channel do exist.

As in the case of traditional channels, the advantages of technology and process automation in social customer engagement are significant. The ability to effectively manage resources, track costs, report customer satisfaction trends and other KPI’s is a key component of the advantage that companies who have automated their SM operating model possess (versus organizations whose SM processes are still highly manual). By way of example, it’s hard to imagine the risk and challenges a customer service contact center would experience in managing customer interactions via traditional channels without the appropriate technology. We believe that technology and process automation are also critical to effectively managing SM customer engagement models.

We find the cost of SM contact management technology is relatively low as compared to traditional CRM, telephony transport and other contact center system costs. These factors combined with the fact well trained staff members, enabled with technology, can typically manage a significantly higher number of customer transactions per day versus staff productivity utilizing traditional communication mediums make SM an attractive budgetary alternative to traditional customer outreach channels.

Risks and Risk Mitigation

Quote from a survey respondent: *“We believe that trying to ‘over-control’ the SM channel has its own risks and is ultimately futile. Therefore - while we have a ‘proactive’ SM strategy, we are ‘reactive’ with regard to risk. Our employees have guidelines with regard to appropriate SM interaction and we expect them to follow them. If they don’t, we take action, but trying to ‘manage the channel’ excessively defeats the purpose.”*

We agree with this community member. The line between being responsive and being overly intrusive is a fine one. Organizations must strive to protect proprietary information and be wary of competitive risks when engaging customers via any channel. However, as our respondent recommends, we believe that attempts to over manage these interactions can result in more harm than good. We suggest that organizations establish comprehensive policies, thoroughly train their SM staff, build a supporting technology platform to track SM interactions and refrain from attempts to over manage.

Respondent Demographics

Detailed demographic information on survey participants and the companies they represent can be found in questions 1 – 10 (below).

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As was the case in the earlier report (“KPI’s for Social Media Response”), the majority of respondent companies were North America based and represented a wide spectrum of company size (annual revenue) and both B2B and B2C market segment focus. In reviewing the functional responsibilities of participants in the data gathering survey, we found significant representation of Mar-Com and Customer Service leaders. We believe that this convergence of interest across functional groups is indicative of the trend found for most companies initiating SM strategies (i.e., Mar-Com leading the way in developing initial SM presence with customer care groups having responsibility for institutionalizing formal processes and scaling SM engagement operating models).

Best Practices for Maximizing SM Strategic Advantages

Based on interviews with industry leading firms and responses to our data gathering survey the following is a short list of best practice approaches (basics) to SM customer engagement:

Getting Started - We recommend a “listen first” strategy for organizations considering new SM initiatives (i.e., monitor activity and slowly begin to engage in proactive communication taking potentially controversial issues off-line). We also suggest investigating industry best practices developed by organizations that have led the way in the SM arena; there are numerous good examples to follow.

Public Information - Historically, companies engaging customers (whether B2C or B2B) have been able to do so on their own terms and on a one-to-one basis. With SM, the majority of interactions are conducted in public... in full view of the world (including: existing/potential customers, competitors, the press, industry regulators, etc.). This visibility raises the stakes and changes the dynamic in the customer interaction game. An added complexity is the fact that these communities are often self- policing and members typically have no problem calling out a company or product that fails to meet commitments and/or the expectation of customers.

Our view is that organizations failing to adapt to this new reality will be at severe risk. It is important for organizations to be conscious of the public nature of SM interactions. Appropriate policies and communication protocols must be established and staff engaging customers via this channel should be thoroughly trained in these protocols.

When to Engage Customers Via Social Media - Information sharing and addressing global issues is appropriate in the public setting. However, in instances where it is deemed appropriate to engage directly with customers to solve problems or address complaints, it is recommended that the conversation be taken off-line (i.e., direct messaging). It is important for organizations to remember that SM forums are designed primarily for networking and personal interaction. Companies engaging in customer outreach activity in these forums should respect this fact and consider themselves invited guests, making every effort to avoid becoming an annoyance to members of the community.

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Crowd Sourcing/Customer Advocates - Many organizations that have been successful in implementing SM engagement strategies have embraced crowd sourcing and customer advocate models. Crowd sourcing in its simplest form is best described as a community serving, supporting and policing itself. SM advocacy is an approach whereby the organization empowers and enables individual community members (subject matter experts) in the support of the community.

Metrics - As described in our earlier report (“KPI’s for Social Media Response”), a number of organizations have led the way in developing metrics, processes and best practices for managing this new form of customer engagement. Establishing metrics by which the success of the channel will be measured and as a means for managing performance improvement is an important factor in the maturity of an organization’s SM strategy. While a number of KPI’s for the channel have been suggested as industry standards, the organizations that have been most successful in this space have incorporated measurable factors that relate to their specific business and objectives for the channel as components of their KPI reporting and operational approaches.

Technology – Technology and service providers are racing to develop solutions that support companies in the build-out of SM customer outreach strategies. Despite the fact that there are a significant number of technology solutions readily available to the industry, in reviewing survey data and comments from respondents we find that the majority of organizations have yet to adopt the systems and type of automation for this channel that are commonplace in more traditional customer engagement mediums. We believe that the long-term success and ability to scale SM strategies for most organizations will be highly dependent on the adoption of technology and automation in support of the effort. We also believe that organizations that do not incorporate technology and automate SM engagement processes put their SM initiatives at risk.

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Conclusions

- As of the writing of this report, Facebook reported over 500 million active users with over half of them logging in on any given day, spending over 700 billion minutes on Facebook each month
- On March 21, 2011 Twitter celebrated its five year anniversary with over 200 million users sending over a billion tweets each week
- On May 17, 2011 YouTube will celebrate its six year anniversary and of this writing reports over 35 hours of video being uploaded every minute of the day and exceeds over 2 billion playbacks per day
- As of the writing of this report, LinkedIn reported over 101 million users worldwide

More than a passing fad, as indicated by the above statistics, the adoption of SM as a means of both personal and business communication has exploded in the past few years. When considering the combination of Facebook, Twitter, YouTube and other leading channels with on-demand access via personal computers, mobile phones and other devices, it isn't a surprise that SM has become an integral part of the daily lives of people across the globe.

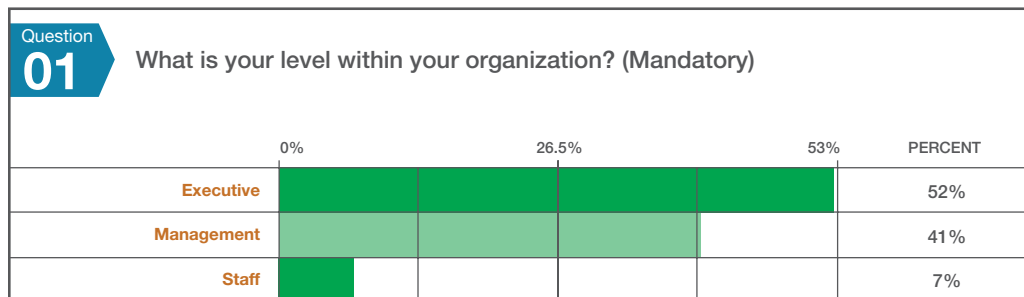
The advent of SM as an increasing customer choice as a means of interaction has caused companies to begin developing strategies and tactical capabilities in the area of SM for customer engagement. Although this process was initiated some years ago by early adopter organizations, SM customer engagement is still in its infancy relative to industry-wide adoption.

Strategic Advantage - We believe that implementing SM customer engagement technologies, formalizing/automating operational processes and providing customer service staff with the tools and training necessary to properly serve customers via SM channels will enable organizations to create a competitive advantage. Furthermore, we believe that the formalization of processes and adoption of technology will be key to identifying and achieving desired ROI for SM initiatives.

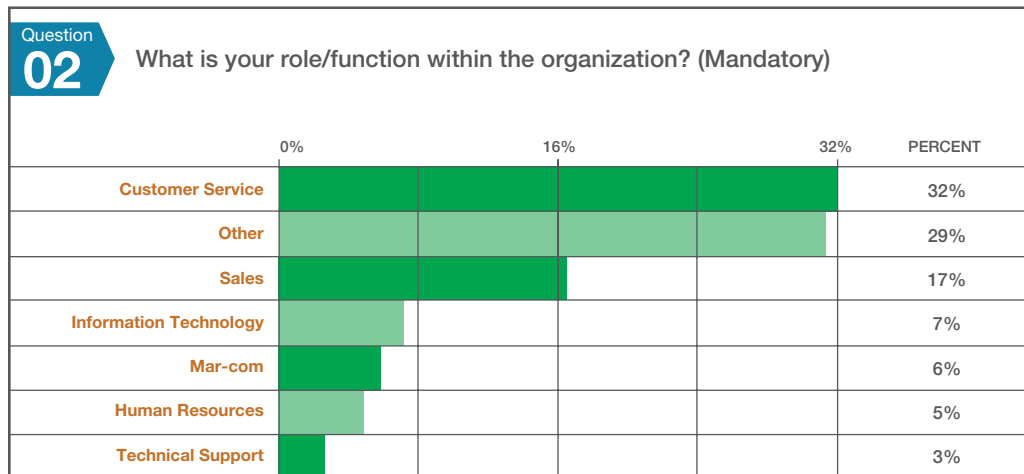
In order to further this effort, the next report in our SM customer engagement series will delve deeper into the systems and solutions that technology companies have developed to assist organizations with this process (i.e., automation of customer interaction processes, reporting of SM KPI's and recording of SM interactions). Providing the industry with a comprehensive guide to features, functionality and best practices of these solutions providers is our goal.

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Survey Results

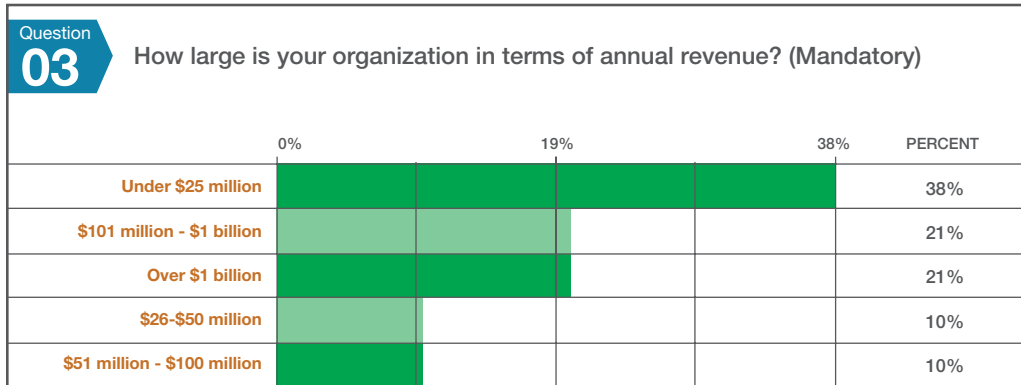


Comment: With 93% of survey respondents being executive or manager level, the participants in this report clearly represent industry leadership. This focus of senior level leaders is an indication of the importance that companies place on the development of SM customer strategies.

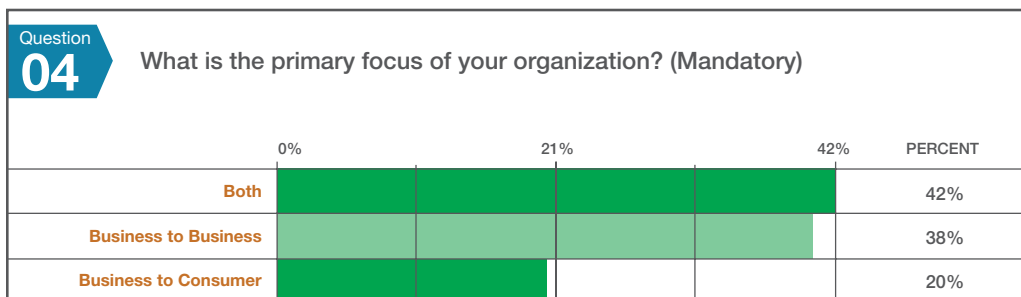


Comment: A significant percentage of survey participants represent Customer Service/Technical Support operations leadership (35%). Beyond that, the functional responsibilities of respondents are diverse. We believe that this is an indication that SM is a cross functional focus for a wide audience within respondent organizations. However, it is clear that many Customer Care functional groups across the industry have begun to take the lead in institutionalizing SM channels and incorporating the medium into their organizations overall customer service strategies.

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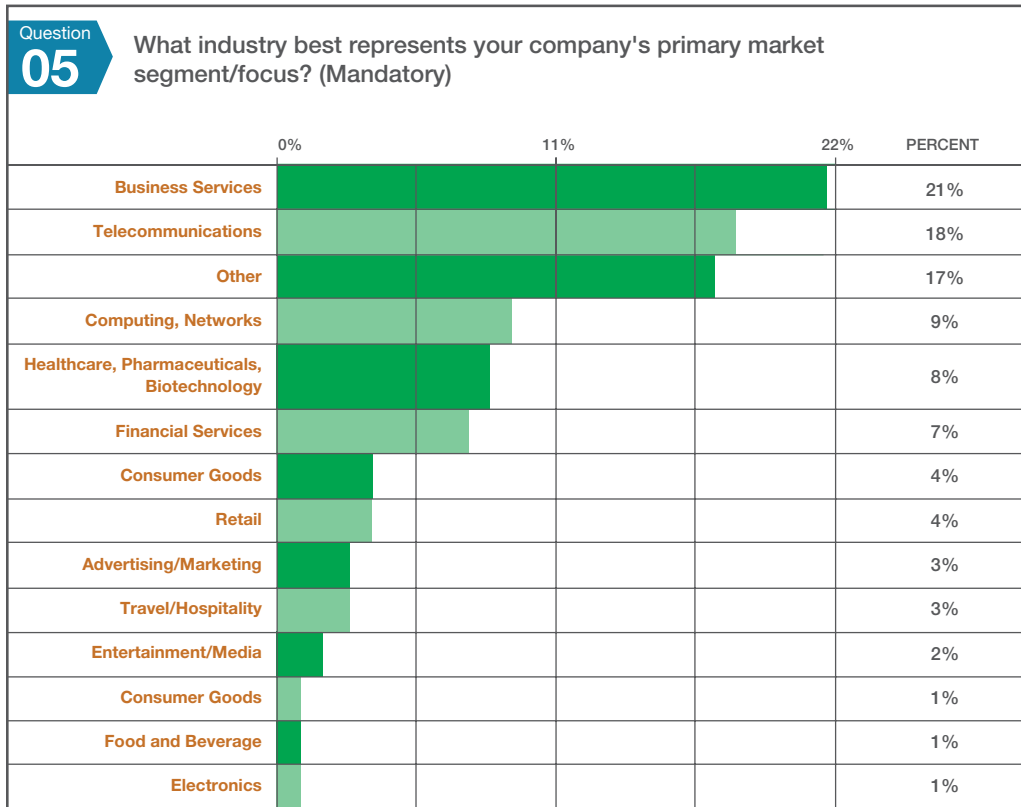


Comment: The wide spectrum of companies represented among survey respondents (annual revenue) is an indication that SM is an important initiative and area of focus for companies of all sizes.



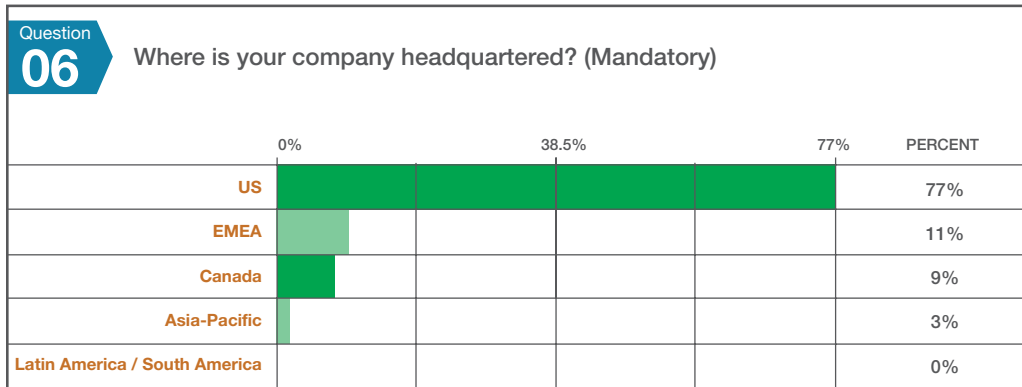
Comment: The high number of respondent companies who indicate that their business focus is B2B is partly an indication of the nature of the communities participating in the survey. However, we believe that SM has quickly become a key customer interaction medium for both B2C and B2B centric organizations. This is due to the fact that customers tend to favor the use of communications mediums for business that they have developed a comfort level within their personal lives.

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Comment: A wide variety of market segments (company business focus) is represented among survey participants. As noted previously, it's clear that both B2C and B2B focused organizations have an interest in developing customer engagement capabilities utilizing SM channels.

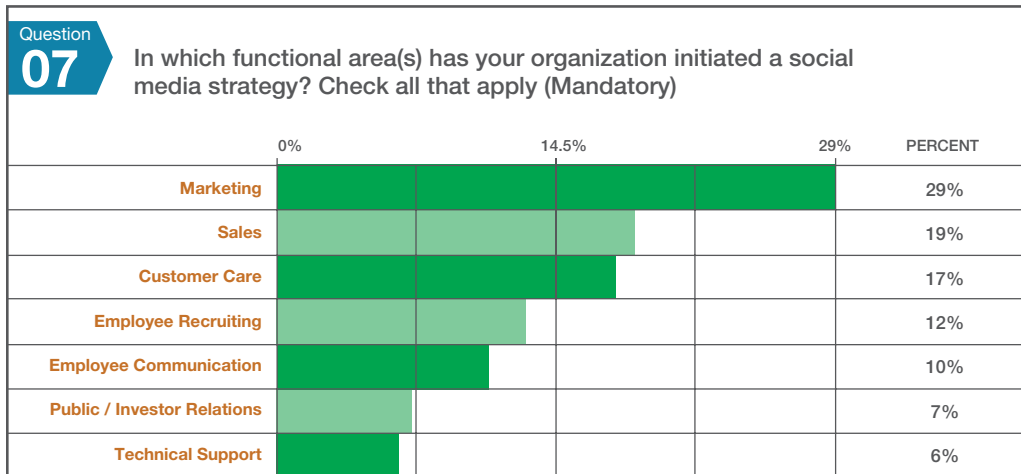
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Comment: As in the case of our previous report on SM for customer outreach, N. American respondents represented the majority of survey participants (86% of responses coming from U.S. and Canadian companies). We believe this is an indication of the makeup of the communities participating in the report survey as well as the maturity of SM as a business communication channel in the Americas.

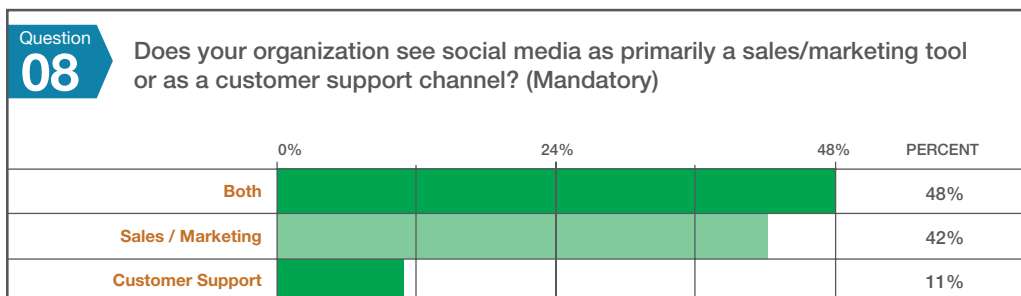
The rest of the world is quickly adopting SM as a means of personal communication and we believe that companies serving those customers will find it necessary to integrate SM into their customer outreach strategies. As in the case of traditional communications channels, N. American organizations tend to be early adopters in translating customer trends into standard business practices with EMEA, APAC and other regions following quickly.

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Comment: As noted in our previous report on SM customer outreach, respondents indicate that Sales and Mar-com continue to lead the way in formulating strategies and leveraging SM as a means of engaging customers. 55% of respondents indicate that Marketing, Sales and PR groups within their organizations reach customers via SM.

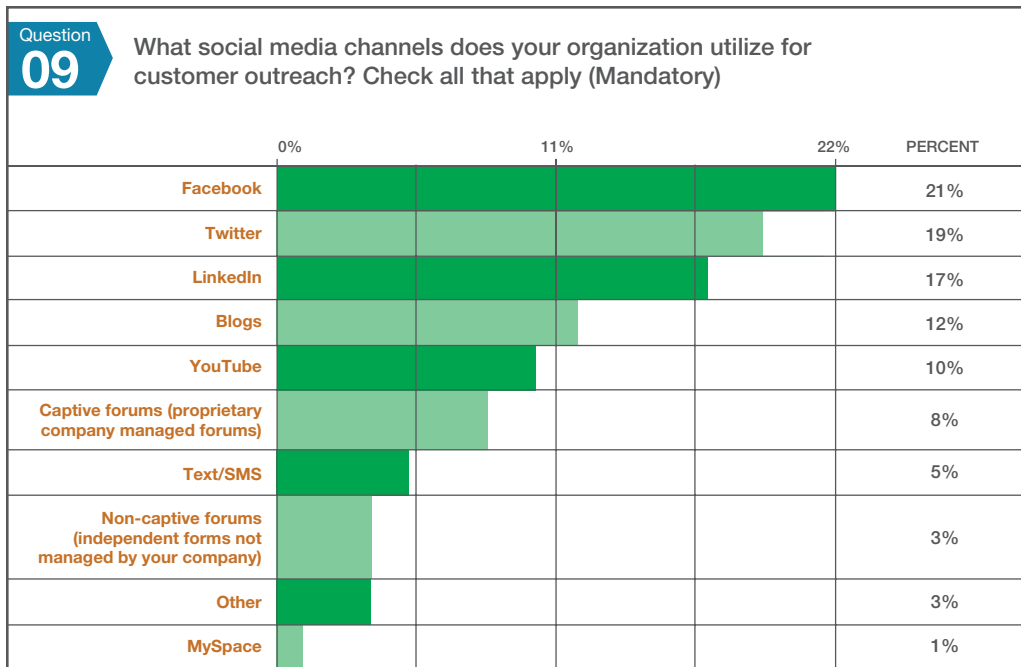
We noted with interest the increased percentage of organizations indicating that SM is a mechanism utilized in recruiting and employee communication (22%) and believe that this represents a growing trend for companies. We were interested to find the increased focus on SM as a means of Customer Care/Technical Support (23%) and believe that the channel represents a significant area of growth and innovation for Customer Service over the course of the next few years.



Comment: The data related to use of SM as a Sales/Marketing channel is consistent with previous findings and is an indication that Sales & Mar-com leaders continue to set the tone in developing organizations' SM strategies.

However, as noted previously, we view SM as an important area of innovation for Customer Service. We believe that customers' growing preference for this medium will drive reductions in Tier 1 phone support and significantly reduce other traditional customer care channel volumes over the course of the next three years. We also project a reduction in traditional support transactions and associated costs, as peer-to-peer support becomes a mainstream method of Customer Service.

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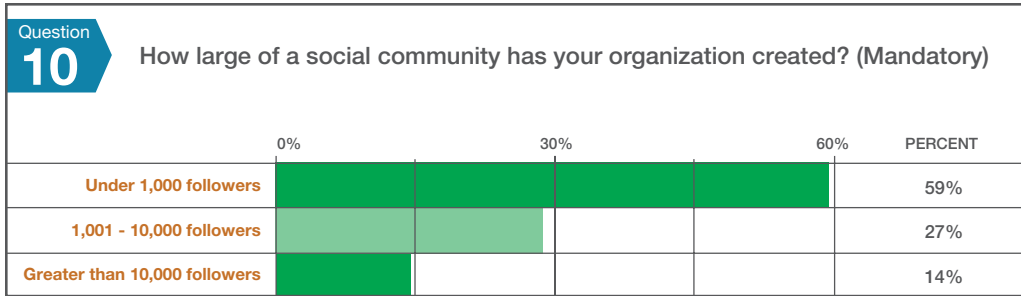


Comment: The four leading SM brands (Facebook, Twitter, YouTube and LinkedIn) represented 67% of survey participants' choice as preferred channels for engaging customers.

As in the case of our previous report on SM customer outreach, respondents indicate that Facebook and Twitter continue to be the leading forums for engaging customers. We note with interest that LinkedIn (which is a B2B contact, professional networking and job sourcing forum) placed third among SM channels utilized by respondent organizations. YouTube also continued to rank high among branded channels represented while MySpace continues to decline as a channel of choice for reaching customers.

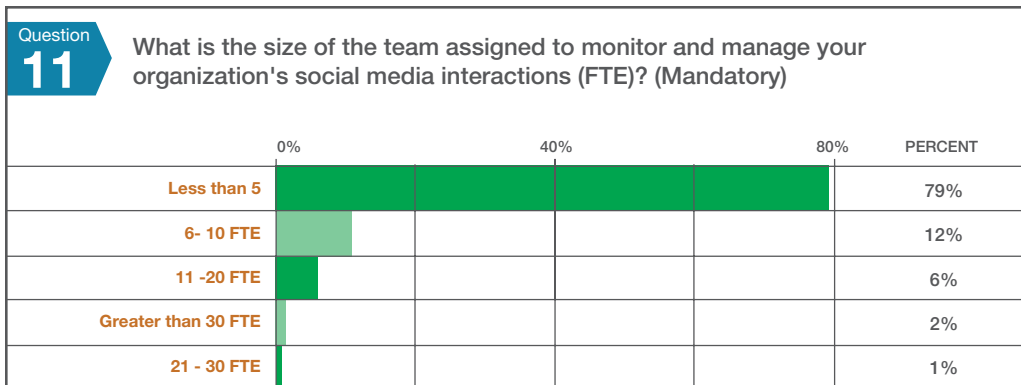
This is a trend that corresponds with MySpace's decline among consumers' choice of SM service providers. It is also an indication that companies need to be watchful of consumer trends and preferences. As consumer choices evolve and, inevitably, as brands fall by the wayside organizations seeking to engage customers must be prepared to adjust their strategies to incorporate emerging channels while minimizing resources expended in reaching customers via waning channels.

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Comment: Survey results are consistent with the data/trend noted in our previous report on SM outreach. Respondents indicate that the majority of company SM communities are relatively small (59% with communities under 1,000 followers). We believe that this is partially due to the nature of some of the organizations participating in the data gathering survey (small business = small SM communities).

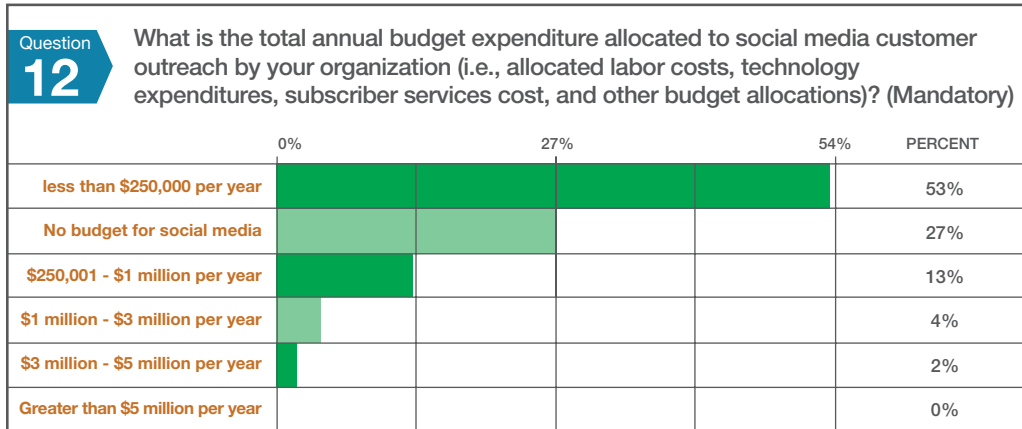
However, we also believe that this is an indication of the early stage in the evolution of SM strategies within the industry. We predict that as the industry matures in this area, as organizations continue to develop and refine their SM customer engagement models, the size and number of communities served will increase.



Comment: The vast majority of respondent companies have yet to form SM response teams of substantial size (91% of respondent companies have 10 or less FTE's assigned to manage SM interactions with customers). We believe that this is an indication of the industry's level of maturity in this area.

However, in reviewing the performance of industry leading companies, we find an indication that these organizations are able to leverage the staff assigned to customer interactions to a greater level of productivity than is found in customer engagement via traditional channels (telephone, email, chat). A best practice (rule of thumb) is that a fully enabled SM FTE can manage a significantly higher number of customer interactions/customer responses on a daily basis. Organizations that we have interviewed reported an increase in productivity (re: contacts handled per FTE) of 8x over traditional mediums.

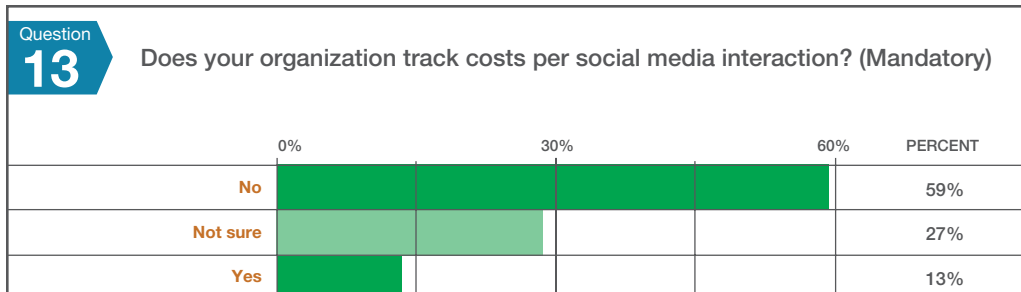
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Comment: As reported in question number 11, the majority of respondent companies' SM initiatives are relatively small in size (low budget allocations in this area). 53% of respondents report a current budget of less than \$250k per year. The number of organizations that have yet to allocate a budget for SM at all (27% - no budget for SM) is also a significant as an indicator of the early stage of the industry's development of this channel as a means for engaging customers.

Based on comments from survey participants, organizations beginning to formulate their SM strategy and build an initial business case to support investments in this channel are seeking guidance and identification of best practices in this area. As in the case of justifying budget expenditures for traditional customer engagement channels, quantifying factors such as: revenue, cost, sales/lead-gen opportunity, customer satisfaction/retention, etc. are recommended. The framework and support in creating a business case/justification is readily available from a number of sources including: industry peers, professional services organizations, technology vendors, etc. We recommend leveraging these resources in formulating a business case.

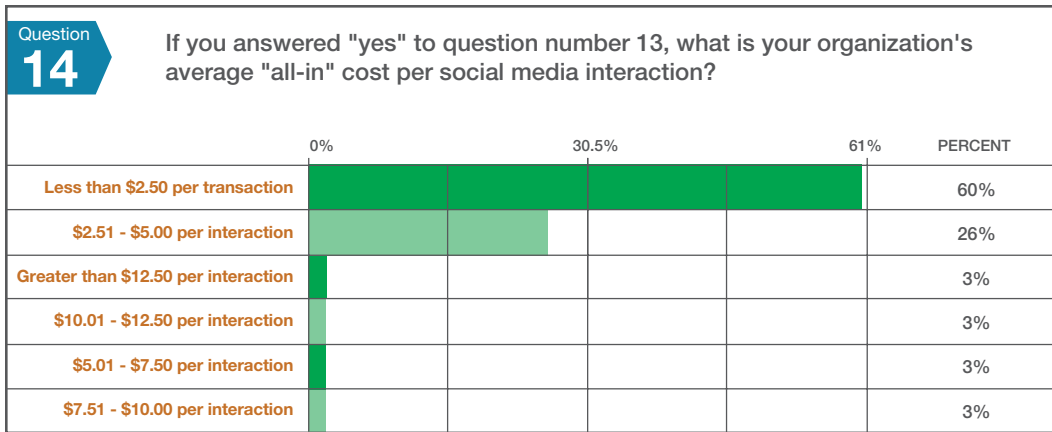
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Comment: The fact that only a small percentage of respondent organizations (13%) have a definitive understanding (track cost) of SM customer interactions is a fairly alarming statistic from a business management perspective. It is hard to imagine a similar statistic in the management and tracking of costs in more traditional channels. Considering the fact that the medium is becoming an integral part of most organizations' customer outreach strategy we project a need for change in this area.

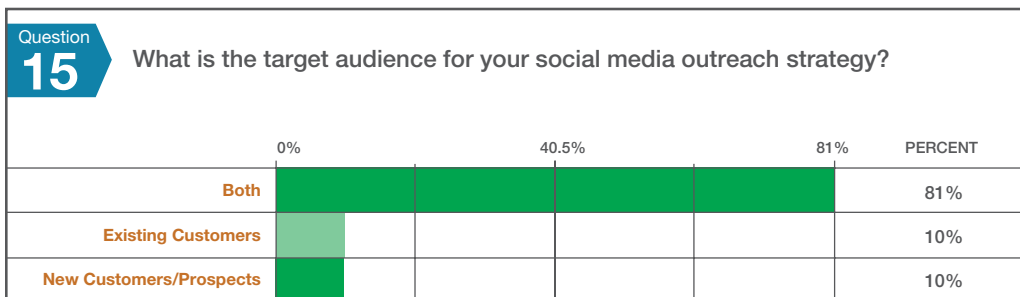
As SM becomes an integral part of organizations' customer engagement strategy, tracking/reporting costs and other KPI metrics will be critical to the success of these initiatives. Technology and automation are important components of driving desired outcomes and reporting results. There are a number of effective eCRM systems and other technology platforms available to assist in this effort. We highly recommend that companies' developing SM outreach capabilities adopt one of these technology solutions.

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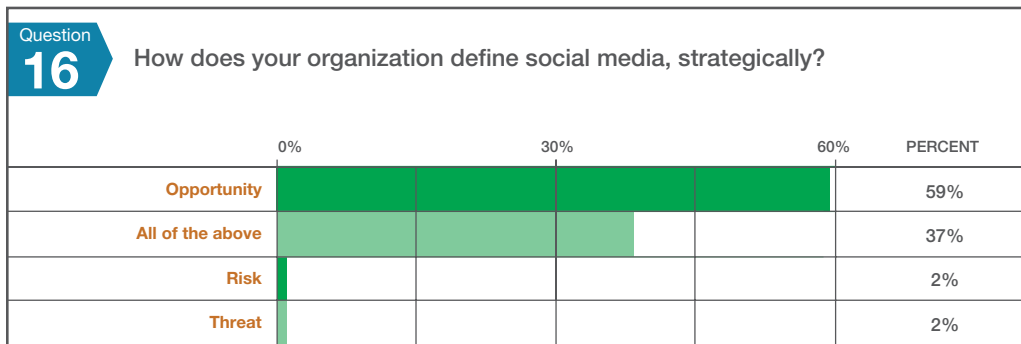
Comment: The majority of respondent companies that do have an understanding of the cost per transaction of their SM interactions (60%) indicate a relatively low cost (less than \$2.50 per transaction). We believe this bodes well for future expansion of SM as an alternative to traditional means of interacting with customers. With average cost per customer support telephone call ranging from \$3.00 to \$14.00 (depending on call type/complexity), the cost of SM interactions would appear to offer a significant economic advantage.

Considering the fact that most organizations currently provide SM support utilizing in-house, domestic/onshore labor and the fact that SM enabled staff is capable of delivering higher productivity (re: FTE transactions handled per day), we believe that there is incremental cost savings available as companies integrate outsourcing and offshore strategies into their initiatives.

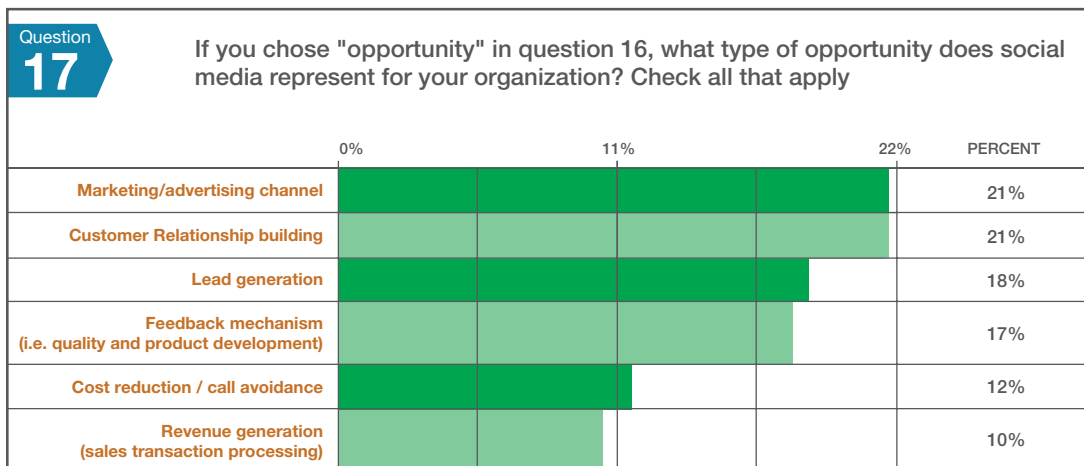


Comment: The majority of respondent companies (81%) report utilizing SM channels to engage both existing and prospective customers. This is an indication that SM is an effective channel for servicing existing customers as well as to marketing and selling to prospects.

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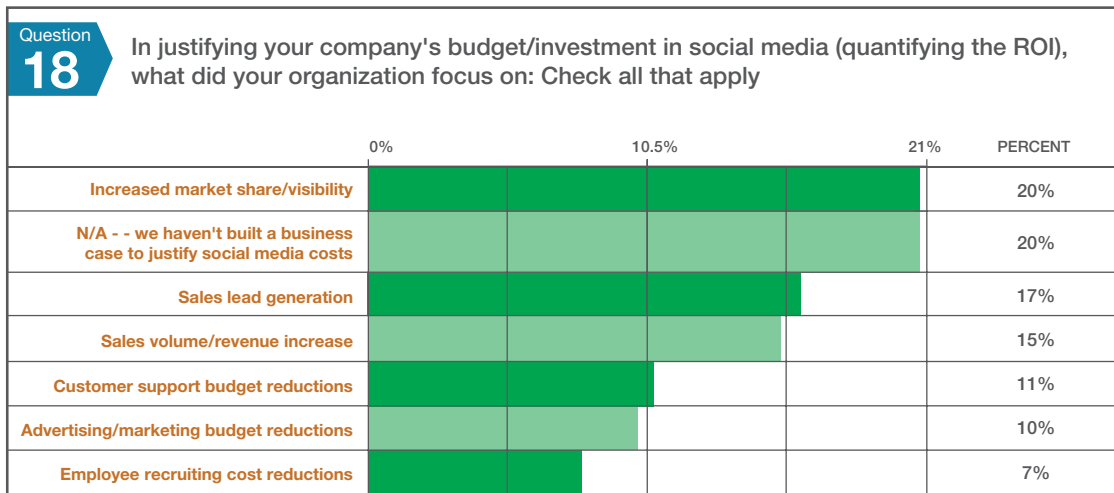
Comment: 59% of survey respondents view SM as an opportunity or competitive advantage, while 41% of respondents also see the medium as a risk or threat to their organizations. We believe that by fully embracing SM as a customer engagement channel and focusing the appropriate resources on this initiative, organizations will find that the risks can be mitigated and opportunities leveraged.



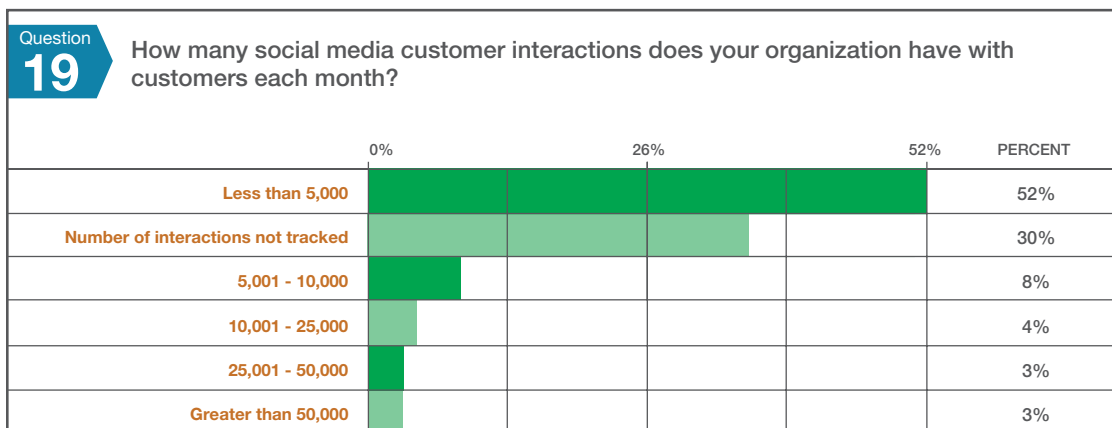
Comment: Respondents reported that SM represents opportunities for their organizations in the areas of marketing, lead/revenue generation, customer relationship building, product feedback and cost reduction. This is consistent with the variety of values one would expect to see in a channel that is leveraged across such a wide spectrum of functional areas and organizations representing diverse market segments.

Our view is that the opportunity to increase sales contacts and realize the ROI associated with cost reductions in traditional channels that SM provides will represent a universal motivator for organizations across all segments.

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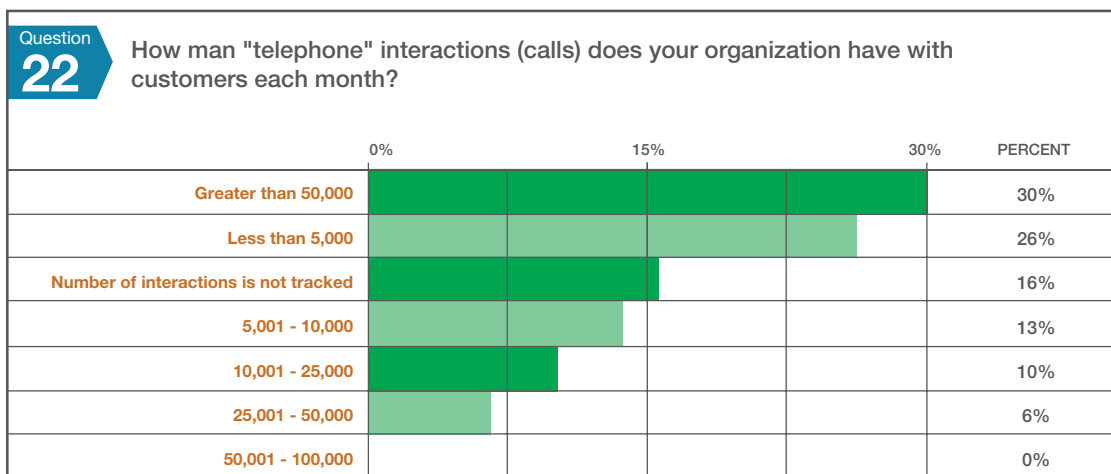
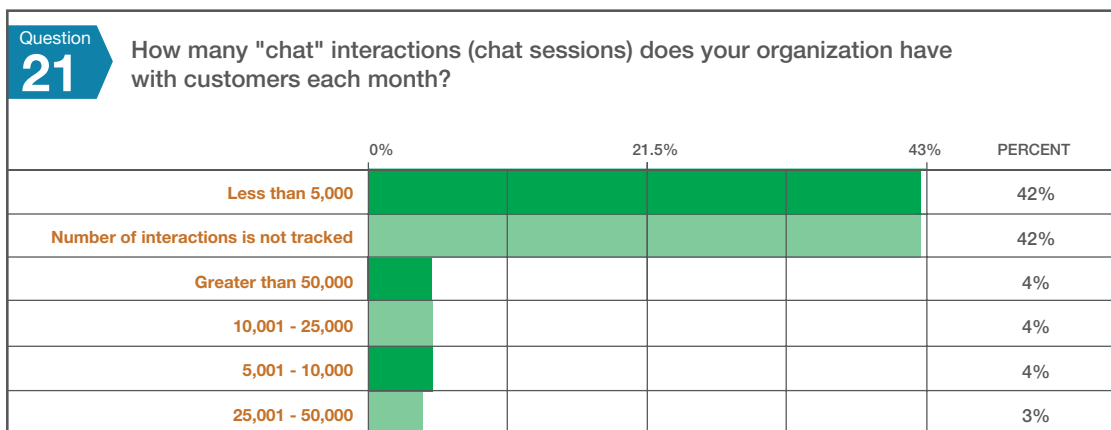
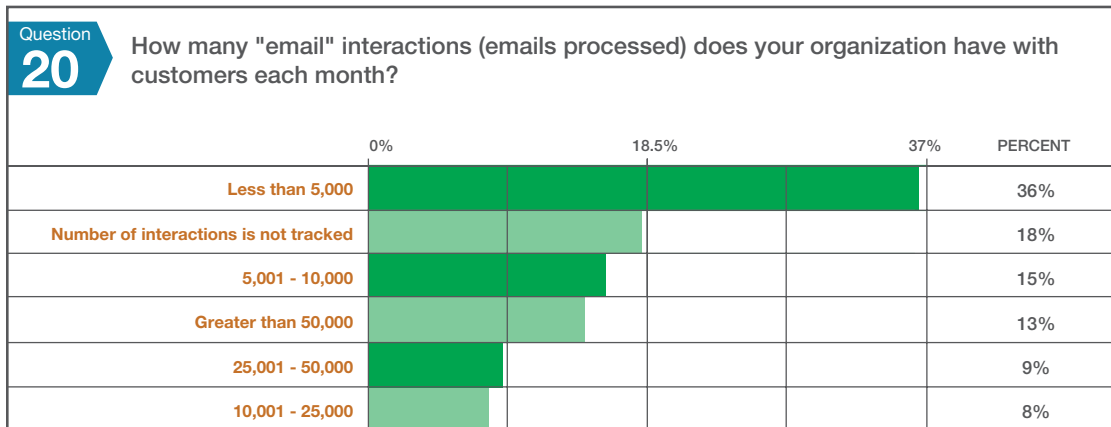


Comments: In building their organizations' SM business case ROI, 62% of respondents focused on Marcom and Sales related benefits. A smaller percentage (20%) have yet to build an effective business case to justify SM initiatives and 18% of respondents based their business case on reduced support or recruiting costs. We believe that, over time, the ROI associated with reductions in traditional channel volume, increases in staff productivity and relatively low cost of peer-to-peer support will result in Customer Support budget reduction becoming a bigger factor in building a comprehensive business case.



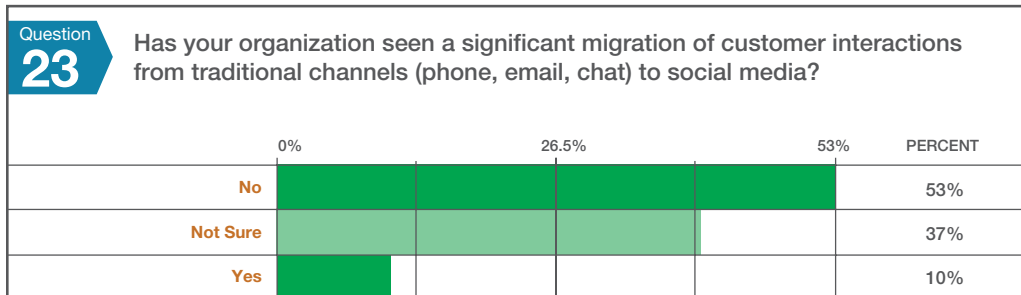
Comment: With the majority of respondents (52%) reporting less than 5,000 customer interactions per month or not tracking these customer interactions at all (30%), it is safe to say that this medium is still in its infancy as compared to traditional customer interaction channels.

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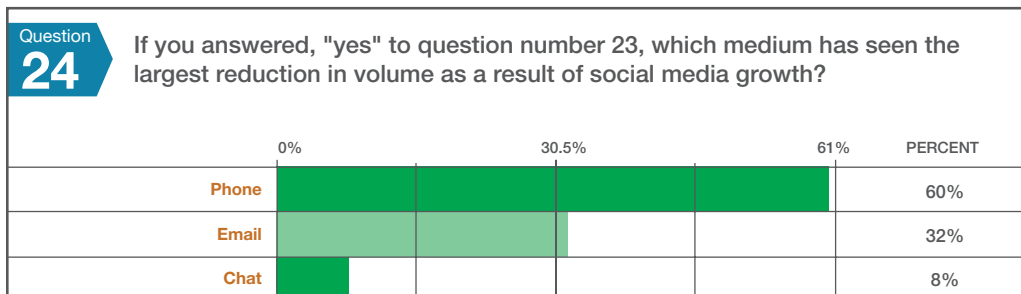


Q20, Q21, Q22 Comment: As would be expected (given the recent adoption of SM as a customer engagement channel), respondents reported significantly higher volume via traditional mediums as compared to SM channels.

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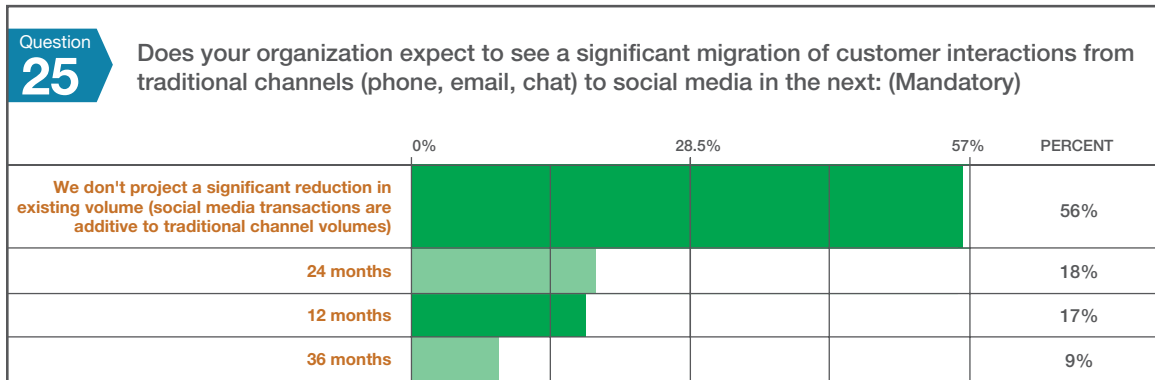


Comment: Respondents indicate that a relatively small percentage (10%) of traditional channel volume has migrated to SM to date. However, we believe that customers' choice of SM as a preferred way of engaging with companies, lower cost per transaction and the wide appeal of the medium across various functional groups within organizations will combine to drive significant shifts in traditional customer interaction volumes to SM over time.



Comment: With telephone interactions representing the largest overall portion of customer volume, it is not a surprise that the migration to SM has impacted this channel to the largest degree (60%).

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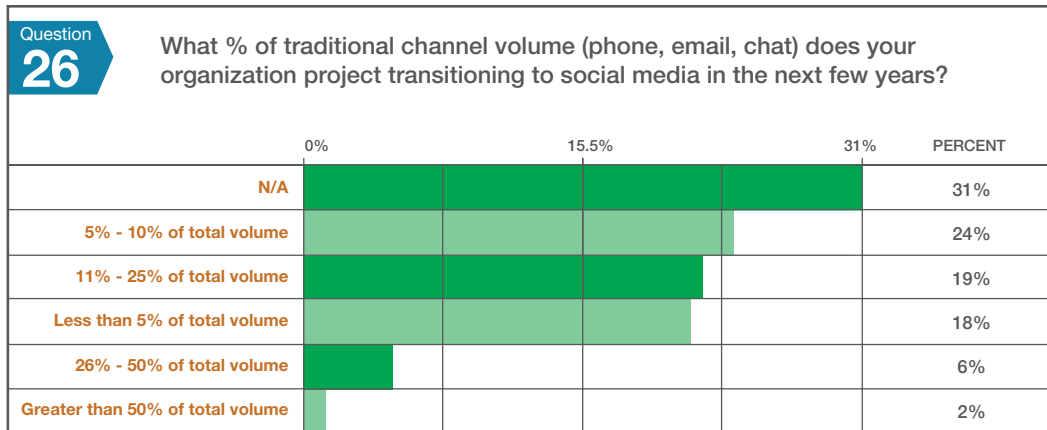
Comment: There is clearly a degree of disagreement within the industry as to the impact of SM on the future of traditional customer interaction volume (at least over the course of the next three years). 56% of respondents don't anticipate a significant shift of traditional channel volume to SM channels in this timeframe. On the other side of the discussion, 44% of respondents indicate that they do project significant volume migration from traditional mediums to SM within 36 months.

This divergence of opinion bears further discussion regarding what is considered "significant volume" and what amount of volume shift we can expect to occur. In years gone by, we would likely agree with the majority opinion. While significant shifts in volume and channel trends have affected the industry, these changes have typically taken longer periods of time to reach critical mass and be considered industry standards.

However, in this case, we agree with the minority opinion. The speed at which SM has become a ubiquitous communication medium for people across the globe and the amount of time it has taken for it to become a material issue for organizations fine-tuning their customer engagement strategies lead us to believe that change will continue to occur at a rapid pace.

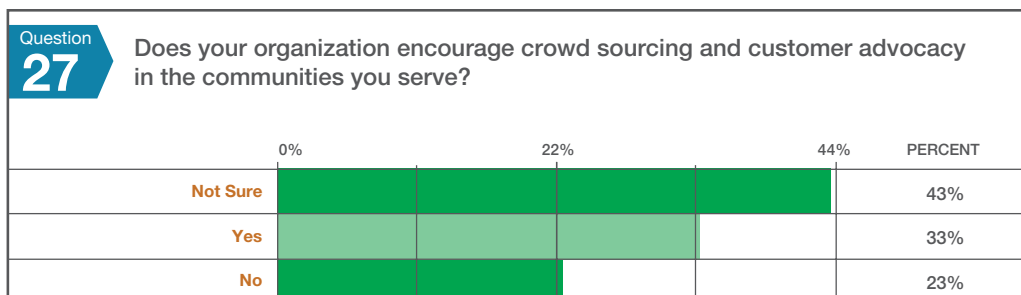
Our projection is that the pace of the SM customer engagement juggernaut will continue. One need look no further than the increasing segment of the population that has grown up with the internet, SM, email and mobile devices as an integral part of their daily lives (the "Technology Generation"). As these individuals seek out companies to do business with, the telephone is far down the list of preferred contact mediums.

Social Media for Customer Interactions: Strategic Advantage or Risk?



Comment: As noted above, the majority of respondents do not project a significant migration of traditional medium volumes to SM in the near term.

*** Please see question 25 comments for our contrary opinion on this topic. ***



Comment: Only 33% of respondent organizations have instituted formalized crowd sourcing and customer advocate strategies in their SM engagement models. This is an indication that there is an opportunity for the majority of respondent organizations to transform their SM strategy to align with the best practices of industry leading companies who are making significant headway in these areas.

Social Media for Customer Interactions: Strategic Advantage or Risk?



Comment: Respondent organizations that have initiated crowd sourcing and customer advocacy strategies have incorporated a variety of methods for recognizing and rewarding advocates. The majority of these recognition efforts represent low cost efforts (i.e., public recognition, information sharing and proprietary forums to facilitate communication between the organization and advocates). We recommend adoption of these industry best practices to companies formulating their SM initiatives.

Social Media for Customer Interactions: Strategic Advantage or Risk?

Question 29		How has your organization monetized social media channels? (Insert comments)			
	0%	26%	52%	PERCENT	
Respondent Input/Summary:					
Lead Gen. (Pipeline/sales result reporting)				51.2%	
Operational cost reduction/call avoidance				23.1%	
Currently developing business model/ROI				15.4%	
Offer social media management products/services				10.3%	

Comments: Sales lead generation represented the highest percentage of respondent SM monetization approaches (51%), with operational cost reduction/call avoidance representing 23% of respondent comments.

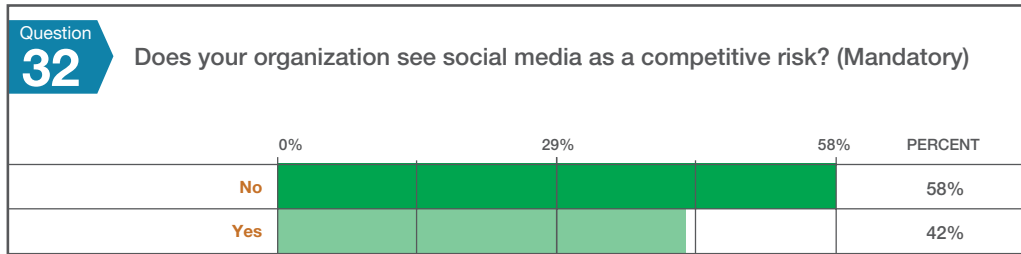
Question 30		Has your organization instituted product and/or service solution selling via social media channels? (Mandatory)			
	0%	36.5%	73%	PERCENT	
No				73%	
Yes				27%	

Comment: The majority of respondent organizations (73%) have yet to institute selling processes via SM.

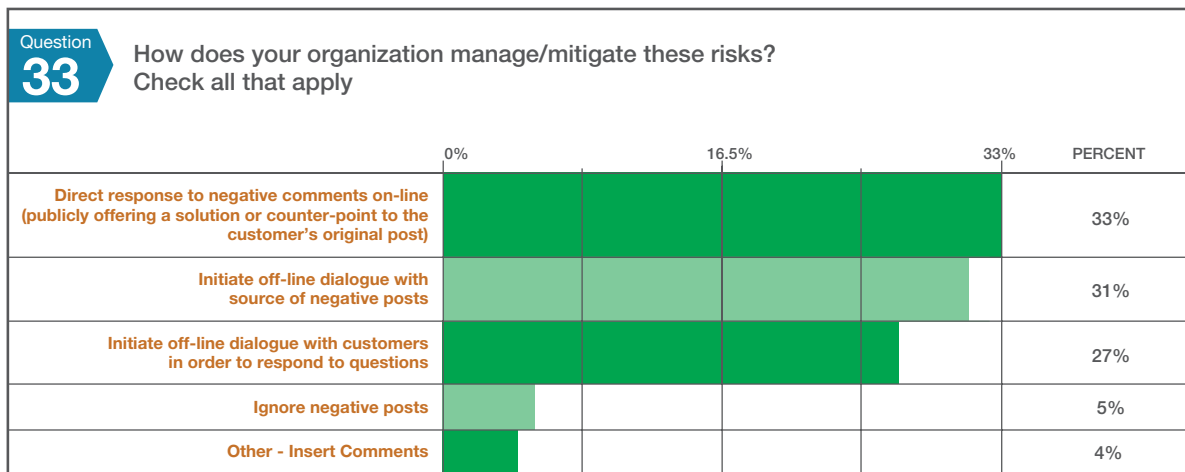
Question 31		If your organization has instituted selling capabilities via social media channels, what is the average \$ value of closed sales transactions?			
	0%	46.5%	93%	PERCENT	
Not Sure				92%	
\$ ____ (insert value below) - B2B avg. sale price per social media channels)				4%	
\$ ____ (insert value below) - B2C avg. sale price per social media channels)				3%	

Comment: Organizations that have instituted selling strategies via SM report a wide range of sales transaction value (ranging from \$27.00 for monthly subscription to \$24,000.00 for technology product sales). This is an indication of the wide variety of B2C and B2B organizations participating in the data gathering survey and the fact that SM is a channel for serving both consumer and business customers.

Social Media for Customer Interactions: Strategic Advantage or Risk?

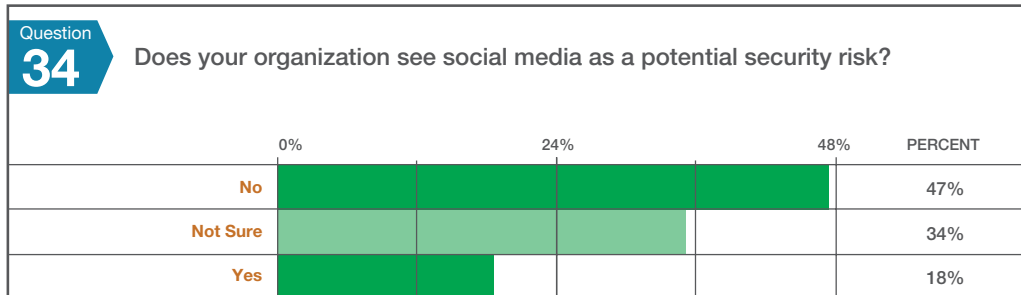


Comment: As indicated above, a significant number of respondent organizations view SM as a competitive risk. Survey participants specifically mention visibility to product problems and customer dissatisfaction as high-risk areas. Respondents also called-out the competitive risk associated with competitors having more effective SM engagement strategies in place.

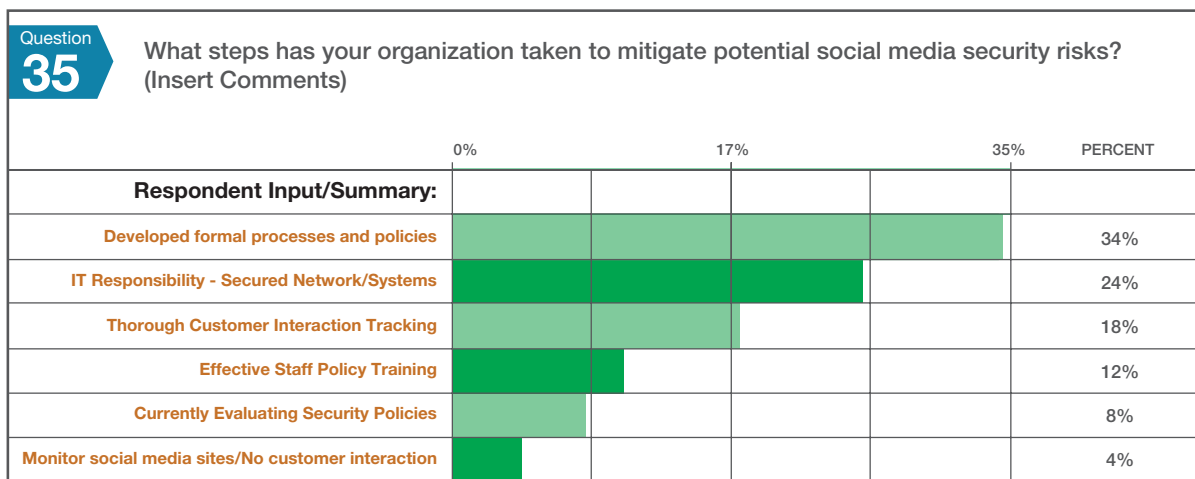


Comment: Most respondents (58%) indicate that they attempt to take inquiries or complaints from customers off-line (i.e., initiate a one-to-one conversation with the customers involved) while 33% of respondents respond publicly to customers utilizing the channel or forum in which the original customer comment/question appears.

Social Media for Customer Interactions: Strategic Advantage or Risk?

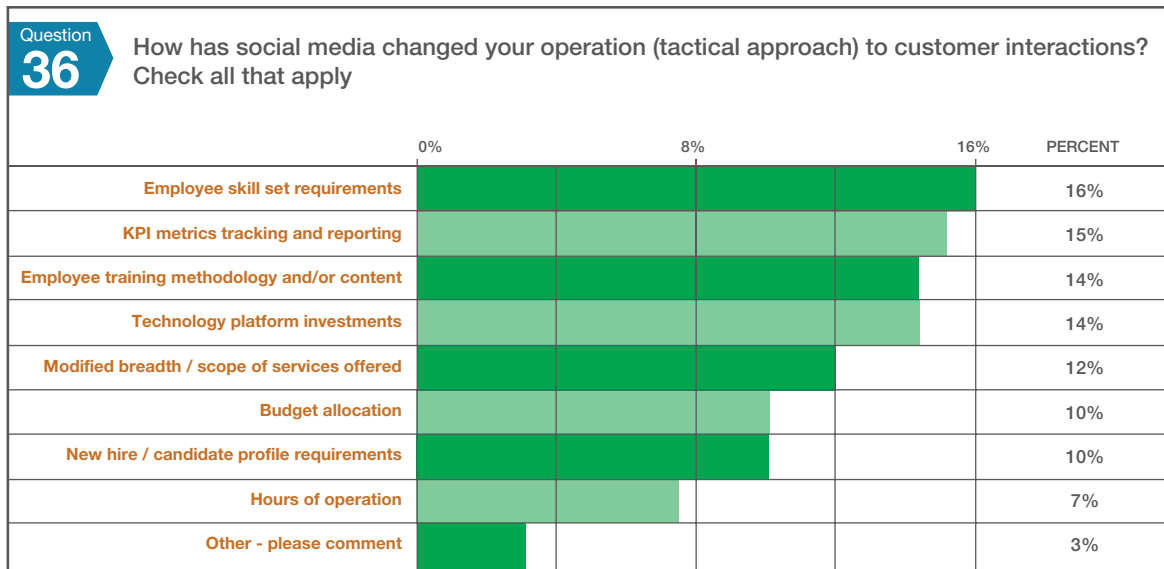


Comments: A small percentage (18%) of respondents view SM as a security risk for their organization.



Comments: The development of standard processes and the training of staff on policies represent 42% of respondent comments, with secure network and systems (24%) and thorough tracking of all customer interactions (18%) representing the second and third most suggested risk mitigation approaches.

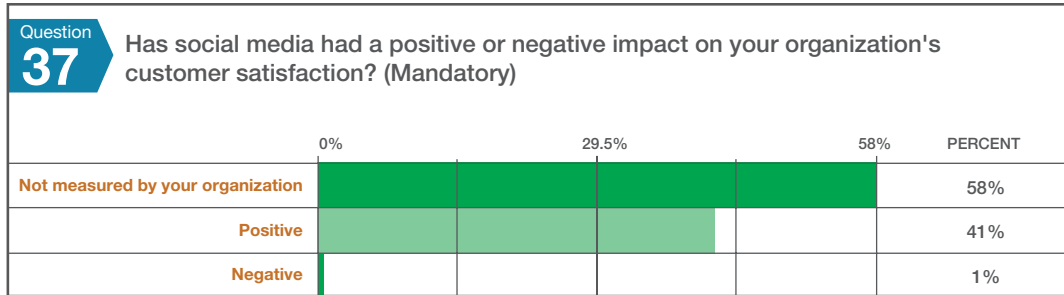
Social Media for Customer Interactions: Strategic Advantage or Risk?



Comment: 40% of respondents indicate that SM has impacted the operational approach to their business by causing them to modify their Human Resource strategies (i.e., new hire/candidate profile requirements, employee training processes and employee skill set requirements).

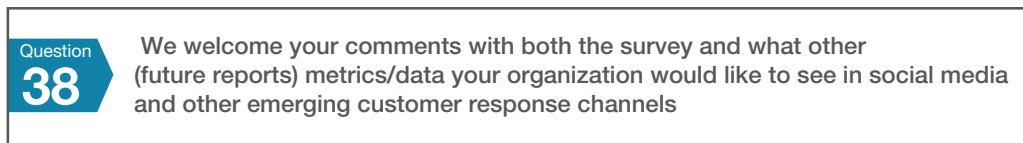
Respondents also indicate that service and support scope/hours of operation (19%), KPI metric tracking (15%), technology investments (14%) and budget allocation (10%) have been affected by SM initiatives. Historically, the industry has experienced similar changes as new channels or products have been introduced. In the case of SM engagement, these changes are more profound and are happening at an expedited rate. Many organizations find themselves behind the transformation curve and are in "catch up" mode.

Social Media for Customer Interactions: Strategic Advantage or Risk?



Comments: The majority of respondent organizations (58%) currently do not track customer satisfaction resulting from SM channel interactions. The fact that such a significant percentage of respondent companies fail to track this critical metric speaks to the relative early stage in the evolution of this medium as a means for customer engagement.

We believe this will change as the medium continues to evolve and comes to represent a more significant component of each companies' approach to engaging customers. It is important to note that among the 42% of respondents whose organizations do track these interactions, the overwhelming majority (41%) indicated that a SM presence has had a positive impact on customer satisfaction.



Comments: We received a number of constructive comments and suggestions from survey participants. We appreciate this feedback and will incorporate these thoughts into future reports in this series.



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Social Media for Customer Interactions: Strategic Advantage or Risk?