

# Strategic Uses of Social Media for Businesses

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Social media present businesses with many opportunities for interacting with customers, potential customers, and other stakeholders. Company sponsored blogs, forums, and wikis and uses of Facebook, LinkedIn and Twitter create new ways for companies to engage in a wide variety of activities ranging from product development to direct sales and marketing.

Because they rely on web and mobile platforms already in place, their technical and distribution costs are relatively low and easily scalable because the infrastructure is provided and paid for by others. They do, however, require investments of company effort and personnel time that are costly but can be cost effective if used strategically and performance is measured and improved.

Many companies are now using social media for brand building, customer loyalty, product improvement, testing ideas, immediate sales, investor relations, and other purposes that are served with conversations with customers and other users and businesses in their value chains. Many firms operate multiple social media functions aimed at different people and groups with whom they interact such as customers, retailers, developers, etc.

It must be recognized that not all social media are equally effective for all types of companies or strategic functions so each platform and use needs to be driven by strategy, a clear understanding of what the company is trying to achieve, and with what types of persons it is trying to interact.

Concurrently, firms need to establish performance metrics to ensure performance in meeting those strategic purposes. These include benefits measured through effects on brand value, sales, and idea generation, as well as user measures such as fans, followers, number driven to other company platforms through click throughs, etc. On top of this clear cost allocation is necessary to determine with the extent to which desired returns on investments are being achieved and at what cost.

The presentation suggests ways for conceptualizing and developing strategy for uses of social media and ensuring that its uses serve clear business purposes with firms and organisations.