Graeme Foux

is founder CEO at Knexus (<http://www.knexusgroup.com>), a social software company. The company's innovative social platform makes content social. Knexus works with global companies like Cadbury, Dell, Ingram Micro, Nokia and Shell. Before Knexus, Foux was founder CEO at pioneering Internet consultancy, Momentus (est. 1996), with clients including Goldman Sachs, Nomura, Morgan Stanley and McGraw Hill. Following a successful trade sale in 2000, he became a senior partner at Chicago-based consultancy firm Diamond Management & Technology Partners.

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Graeme Foux
Knexus
Lynton House
7-12 Tavistock Square
London WC1H 9BQ
United Kingdom
E-mail: graeme.foux@knexusgroup.com
[Http://www.knexusgroup.com](http://www.knexusgroup.com)
[Http://uk.linkedin.com/in/graemefoux](http://uk.linkedin.com/in/graemefoux)
[Http://twitter.com/graemefoux](http://twitter.com/graemefoux)

Opinion Piece

Integrating social into your business

Graeme Foux

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Abstract

In late 2005, I wrote a paper for this journal entitled 'Customer communities herald new ground rules for successful marketing'. At that time, the terms 'social networking' or 'social media' had yet to enter the mainstream. Instead, the digerati talked about 'Communities', which along with content and commerce were the three Cs identified in the emerging days of the internet. Online content came of age in the late 1990s and commerce in the early nineties. Communities were therefore the laggard in development, only beginning to build mass market momentum in 2005. Four years later the world is a very different place: internet access is a prerequisite for most, and social media vies with mobile for hottest topic among digital marketers. Social activity has exploded online, with time spent on social networks growing at three times the overall internet rate. Most critically, the 'social customer' has emerged in record time, turning the world of marketing upside down and challenging companies to fundamentally adjust their approach.

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Facebook, twitter ...

Since 2009, the social media landscape has been dominated by the extraordinary growth and popularity of social networks like Facebook, Twitter and LinkedIn, bringing together hundreds of millions of people every day to share, interact and network. The master of this universe is Facebook, which, through several years of hyper-growth, has amassed more than 340 million unique visitors, making it the fourth largest site in the world. Only the combined properties of Google, Yahoo and Microsoft attract more traffic. Facebook's stated objective is to have one billion active users.

The allure of such a vast audience for marketers is beyond doubt, especially as the demographics have moved beyond the earlier adopter profile of college students to cover other key audience segments. For example, the fastest-growing demographic on Facebook is now women in the age group 45–55 years, who are the key spenders when it comes

to family expenditure. In fact, so popular has Facebook become that in the USA, almost one-third of the total population is active on Facebook each month.

Social-enabling sites

At the same time, brands are increasingly aware that integrating social features into their own sites opens up considerable opportunities to create new value, from increasing sales to enhancing customer loyalty.

A sound social media strategy combines engagement through social networks like Facebook with building social capabilities into a brand's own sites. Today, the marketing community appears to be split in its approach to social media. On the one hand, there are the 'traditionalists', who combine a well tested but traditional mindset on how marketing works with 'a new channel' that is, social media. On the other hand is a new generation of marketers that see social media not only as a new channel, but as a completely new way of approaching marketing. This division simplifies a complex and changing picture, but at a macro level, holds true. Those who sit in the traditional camp are inclined to look primarily at external social networks and focus on how to reach these huge audiences to build brand advocacy and protect brand reputation. The new generation are taking a more holistic and radical approach, considering how to connect external social network engagement with their own social-enabled sites to increase commerce, trust and loyalty, deliver greater insight, etc. In other words, the new generation understands that the emergence of the social customer impacts many areas of sales and marketing, and that successfully integrating these capabilities into their businesses will be critical to success. The following are some key areas of focus and opportunity when assessing where and how to integrate social into your business.

A sound social media strategy includes engagement through external social networks and a brands own site

Social commerce

For marketers with limited involvement with social media to date, the question they ask most frequently is 'how do I achieve an Return On Investment (ROI) on my social media investment?' Social commerce offers one of the most direct routes to demonstrate a return for organizations with e-commerce operations, by applying the concept of word-of-mouth to e-commerce. Social commerce is all about giving online shoppers the confidence to purchase through sharing the experience of other shoppers and having access to engaging content that supports effective decision making, for example, how-to video.

As more internet users have become familiar and confident with e-commerce, their expectations have increased and become more sophisticated. Shoppers expect more engaging and informative product-related information together with greater transparency and interaction. Hence, the most common social commerce features are reviews and online ratings. Increasingly, decisions on everything from travel to consumer electronics are made based on feedback from other

Social commerce can directly improve site conversion rates

shoppers. E-commerce sites are also integrating with sites like Facebook and Twitter to tap into existing communities and promotional opportunities. (I'll examine this cross-over between a company's own social-enabled sites and social networks in more detailed later.)

The ultimate benefit of social commerce is improved conversion rates. But this approach also has potential to deliver several other benefits. First, search-optimized social content, whether professionally or user generated, is a powerful method to improve natural search engine page rankings and pull in new online visitors. Content can be brand, product or lifestyle related. For example, a sports leisure retailer providing content on 'How to run quicker' can expect to attract users searching on related terms from sites such as Google.

Other benefits of implementing a social commerce strategy include increasing engagement and creating profitable conversations. In my previous paper, we talked about the idea of 'customer evangelists' creating a virtual salesforce for your company. At the time the ideas were quite theoretical. However, now we see that online shoppers place a huge importance on the opinions of other 'consumers' when considering product or service features and benefits. According to the Nielsen Global Online Consumer Survey of over 25,000 internet consumers from 50 countries, recommendations from personal acquaintances or opinions posted by consumers online are the most trusted forms of advertising. The report indicated that 90 per cent of consumers surveyed noted that they trust recommendations from people they know, while 70 per cent trusted consumer opinions posted online.

Site owners are able to provide shoppers with tools to interact with content, such as blogs, forums, photos, videos and recommendations. These can then be used in a variety of ways, for example, by brand advocates to share their product experiences or to build up a base of trusted information to answer questions from prospective purchasers. There is also increasing evidence that where a company listens and responds actively to comments and feedback, it can improve customer satisfaction, build trust and extract a rich source of insight to drive product development and service improvements.

Social CRM

Social CRM can build relationships sooner than traditionally

Social CRM is the integration of CRM systems with social media, and is one of the clearest examples of how 'social' is and will become increasingly integral to how companies operate. Once again, it is based on stimulating conversations with and between customers, and using these to build relationships sooner than would traditionally have taken place, in order to manage a pipeline of opportunities more effectively and produce a higher return. The emergence of social CRM is seeing social vendors integrating with CRM vendors such as salesforce.com, while the CRM vendors build social features or integrate social channels such as Twitter.

**An unhappy customer
can destroy a
company's brand with
one click**

Customer support

Business 2.0 has changed the challenges companies face with customer service, as in so many other areas. Good customer service has always been important to company reputation and product image, but with customers empowered to share their opinions, recommendations and grievances across the internet as the click of a button, the risks associated with bad word-of-mouth have multiplied.

Chuck Ganapathi, VP Marketing at salesforce.com, explains the dynamic 'The rules of customer service are being rewritten. Web 2.0 consumers, who have become accustomed to the instant access and gratification of the internet, now expect the same level of speed and ease in their customer service interactions. They trust their social networks, and they look to their peers online for information and advice. An unhappy customer has the power to destroy a company's brand with a single click'.

There is also a direct correlation between customers who wish to interact with a company online and their propensity to be bloggers, use social networking sites or contribute to Forums. As such, if a company fails to provide a satisfactory online experience, their reputational risk is amplified.

The most progressive and customer-centric organizations create their own social-enabled sites and communities to invite feedback and enable customers to help one another deal with frequently asked questions. This approach is also favoured by companies that have identified moving customer support services online and turning customers into problem solvers as a substantial potential cost savings. With the emergence of specialized social software vendors and the flexibility of integration via a hosted Software-as-a-Service (SaaS) solution, companies can move relatively quickly to introduce forums, reviews, recommendations, etc. The key challenges in adopting this approach is less about deploying the technology, and more about aligning the organization in terms of processes, resources and culture.

Many other companies have moved during 2009 to invest in online reputation management tools that monitor websites, social networks, blogs, etc, and 'listen' to what customers, as well as would-be customers, are saying about the organization's brand, products and level of customer service. This feedback can help organizations understand customer attitudes and opinions towards its offering, and enable proactive engagement in response via participation in online discussions or replying to consumer postings.

The potential benefits include bolstering the brand by embracing social media and being ready to listen, being able to address issues and concerns in their infancy and turning agitators into evangelists by demonstrating that the company is paying attention to customer concerns and cares about addressing them.

Product innovation

As the global economy emerges from recession and begins a new business cycle, companies look increasingly towards innovation and product/service development as a way of capturing market share.

Look beyond the enterprise to customers for active participation in product development

In a fiercely competitive business environment where change is constant and customers increasingly set the agenda, achieving innovation and creating successful new products requires new techniques and approaches. First and foremost, this means looking beyond the enterprise not only to partners, but most crucially to customers for active participation in product development.

By harnessing the power of social networks to get closer to customers and invite their active involvement in the product development process, savvy companies reduce the risks of failure in product development and gain access to invaluable customer opinions and insights. Customer participation in product/service development can be represented as a perpetual improvement loop, with customer feedback/insight and new/enhanced products and services connecting the customer and the organization.

While the concept of applying customer insight in improving how business is done may not be new, online community environments facilitate and hasten access to this insight. Some of the most popular examples of this approach include:

Dell IdeaStorm community

Dell continues to take a lead in social media

Dell IdeaStorm community was launched in 2007 to help Dell more effectively listen to customers and implement their direct feedback into the company's products. A 60,000-strong community generates thousands of conversations and ideas about Dell products and how the company can make them better.

IdeaStorm has been recently updated with a new look and feel together with the introduction of 'Storm Sessions', which are Dell-initiated, topic-specific and time-bound idea-generating sessions for users to participate in. The approach is also being extended beyond consumers to embrace business customers.

Dell has not only benefited from access to customer ideas, but has won plaudits for its innovative approach and readiness to listen. Feedback from within Dell suggests that one of the biggest challenges the company has in exploiting this asset is getting the internal organization geared up to respond effectively. This highlights the ripple effect of integrating social into a business, which goes beyond innovative technology and new ways of interacting with customers to redefining internal processes and company culture to be more responsive.

Starbucks — MyStarbucksIdea

Launched in March 2008, MyStarbucksIdea adopts a similar approach to Dell, taking suggestions from customers on what changes they would like to see Starbucks make. The community then votes on their favorites, and comments on them.

According to a Starbucks representative, the site has received over 80,000 ideas and 50+ new ideas have been launched based on the input. However, there are indications that some users feel Starbucks only uses the forum to take ideas that fit into their corporate agenda and that this has led to some alienation and disillusionment within the

Innovation through crowd sourcing and competitions is proving a powerful approach

community. In any social business environment, it's very important to ensure openness and trust is upheld and companies must not be seen to abuse or exploit the involvement of customers in this type of an environment.

Intel — Connect this

This is a different approach to Dell and Starbucks, with a limited time, online competition to generate fresh ideas for an intelligent, connected, embedded device. The proposition is aimed at developers and tech enthusiasts. In addition to submitting ideas, for which there's a \$10,000 prize, participants also have the opportunity to vote on ideas.

There are many advantages in building customer communities that foster close relations with customers and use the insight gleaned in product/service development. For the company they include:

- A product/service that fits with customer expectations and a resultant increase in customer satisfaction
- A continual 'freshness' of ideas
- A reduction in the risk of development
- A deeper understanding of customer wants and needs
- A reduction in market research, product development and testing costs
- An acceleration in product/service development and shorter time to market
- First mover advantage over competitors less tuned in to the customer
- Less negative customer feedback and improved reputation
- More effective usage of company resources — R&D effort and know-how can be used to better serve
- The company purpose/goals

From a customer perspective, benefits include:

- Customers feel valued and listened to and resultantly are more loyal.
- Customers benefit from peer support. For example, in configuring a Nike shoe, customers can turn to fellow community members for advice, support and opinion.
- Customer evangelists (people who are loyal to your products and keen to talk about their virtues) will be attracted to contribute to and bask in any perceived power by association.

In summary, no longer does the customer just play the role of King, he is now chief market researcher, R&D manager and product development leader too. Organizations today have two choices — they can lock themselves behind the corporate wall and rely on traditional intra-organizational sources for innovation, or they can entice customers into the product development discussion and reap the benefits.

Having reviewed some of the key business opportunities to integrate social into an organization, I've identified four important trends that companies embarking on social media investments should be aware of and consider as part of any decision-making process.

How a company bridges social activity between its own sites and popular social networks is key to success

Open API's make integrating technology much simpler

Social bridging

With sites like Facebook, Twitter and LinkedIn drawing in huge audiences of users, it's no surprise that marketers are building their social media strategies around these opportunities. However, forward-thinking companies recognize that social media is not something that can only be adopted at arms' length through engagement with external social networking sites. Instead, companies need to social-enable their own sites to provide a consistent brand experience and meet the changing expectations of customers. Combine these two activities to create a compelling social media strategy.

In order to maximize the value of investment in these two pillars of a social media strategy, companies need to look at how they can connect their sites to the most popular social networks such as Facebook, LinkedIn and Twitter. This approach, sometimes referred to as 'social bridging', can quickly enhance the user experience and unlock new value. Rather than requiring users to create new profiles in different communities, their profiles become portable, as do their network of friends. Similarly, users can easily take content and experiences back to their Facebook or other social network environment. The benefits can include increasing site traffic leading to customer acquisition, improved customer engagement from enriching the community and enhancing the brand.

The role of Open APIs

As technology has weaved its way over the past 25 years ever more forcefully into every aspect of how we do business, it has often been the case that marketers would rather not talk about technology and technologists about customers and sales. However, today, through the internet and web 2.0, technology sits in the middle of our relationship with customers. The good news is that as part of this revolution, the technology has become much more flexible and easier to deploy. As such, without being drawn into techno-babble, it's important for marketers to understand a few of the key drivers in this shift, in order to appreciate the opportunities these present.

The term 'Open API' (API stands for Application Programming Interface) is used to describe sets of technologies that enable websites to interact with each other. Open APIs are important because they make it much more viable to integrate social into a company's existing business and systems for a relatively affordable investment, versus needing to 'start again' with technology investment as has often been the case in previous phases of major technology-driven change with companies. Using Open APIs, companies can connect new social software with existing systems and pull together different solutions already available in the marketplace to deliver best-in-class capabilities while providing a compelling user experience. It's a quicker approach because you don't have to build applications from scratch and it's less expensive because there needn't be major aborted IT investment.

Pioneers of this approach have included Facebook, who incorporated an open API into their business model in the summer of 2007.

Facebook created a huge community of interest around their platform by taking this step. Most recently, Facebook has introduced its Open Stream API that provides even greater flexibility for users to access their Facebook environment, helping Facebook move towards their objective of being a service rather than a social networking destination.

Other important API initiatives include OpenSocial, which is being developed by Google in conjunction with a range of other social media companies, with the ultimate goal for any social website to be able to implement the APIs and host third-party social applications.

Software-as-a-service lowers investment costs and complexity

Software-as-a-Service

A second technology-related characteristic of the social media marketplace worth highlighting is SaaS. With a SaaS deployment, the vendor licenses an application to customers for use as a service on demand. Generally, the SaaS software vendor will host the application on their own web servers. Many of the new, innovative social software vendors operate via a SaaS model of delivery. But why is this important to a marketer focused on sales, brand value and customer experience, not how technology is delivered? Well it matters because this approach has some considerable benefits. It is potentially hugely liberating, particularly in larger enterprises where the IT function can appear frustratingly slow for marketers trying to keep up with the break-neck speed of changing customer expectations online, and where putting together a business case to get started with social media initiatives may be challenging in a tough budgetary climate.

SaaS applications are subscription based, and therefore there are no license fees, which means lower initial costs (therefore easier to get initial funding). In addition, because the SaaS vendor manages the IT infrastructure, there aren't additional costs for hardware, software and expensive people resources to manage it all. Furthermore, the IT overhead at the company level is reduced ongoing, as the SaaS vendor takes care of updates and upgrades.

The SaaS model is also highly flexible, allowing companies to scale as fast and as much as required without the need for infrastructure investment or additional resources. This flexibility is highly advantageous in a social business environment where piloting concepts and regular changes are to be expected.

Mobile becomes a huge enabler

2009 was truly the year when mobile finally came of age, driven forward by smartphone adoption and in particular the huge success of Apple's iPhone. The rapid growth and adoption of smartphones moves the internet closer to an 'always on, always connected' user experience, and directly fuels social networking popularity.

The number of subscribers accessing social networking sites via mobile devices will grow to 607.5 million worldwide by 2013, representing 43 per cent of global mobile web users, according to recent forecast from global research firm eMarketer. It also anticipates

Always on, always connected is the future of the internet

that mobile social networking will grow 46.8 per cent CAGR between 2008 and 2014, increasing from 76 million users worldwide to 760.1 million over the 7-year period. The report estimates 13.3 per cent of all global mobile subscribers will access social media sites by 2014.

Increasingly, social networking features are preloaded into mobile phones, and in 2009 mobile social networking accounted for almost half of all mobile web usage in the USA.

Most organizations will have to integrate social into their business to remain relevant and competitive

Summary

Social media has made huge strides forward in the past few years. And yet for most companies, the business impact and changes required have only just begun. Ultimately, most organizations will have to integrate social into many parts of their business to remain relevant and competitive. The more forward-thinking companies understand the potential value and competitive advantage of creating and implementing a comprehensive social business strategy. While some traditional factors for success remain true in this environment, for example developing a sound strategy and ensuring robust execution, many others are new in terms of how technology solutions are put together, finding the right partners with combined business and technology skills and repositioning company culture, processes and resource deployment to respond to the newly empowered, social customer.