

# Social Business Fundamentals

*Arriving at Bengaluru International Airport in India in June 2009, I found my checked bags on the luggage carousel within seven minutes. Wow! I tweeted that. Leaving Seattle in April 2010 I discovered that I'd mistakenly requested a flight on Wednesday, but showed up on Tuesday expecting to fly home to my son's Little League game in Austin that evening. Continental Airlines made it happen, without charge, in less than 30 seconds. Wow! I wrote a blog post about that. This is social business in action: Running your organization in a way that generates the conversations you want. Read on to find out how these businesses did it, and how you can too.*



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# Social Media and Customer Engagement

*Given the visible impact of Web 2.0 in marketplaces around the globe—or more correctly, the marketplace of the globe—social technology is now considered a “given” in business. So many have assumed that social media and a presence on the Social Web are “must haves” that a sort of land rush to build communities and create brand outposts in places like Facebook and Twitter has resulted, too often without fully understanding the long-term organizational impact and the business opportunity that these efforts—done in a systematic manner—actually offer. This chapter tackles the basics of what makes social business work.*

# 1

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## The Social Feedback Cycle

For a lot of organizations—including business, nonprofits, and governmental agencies—use of social media very often begins in Marketing, public communications, or a similar office or department with a direct connection to customers and stakeholders. This makes sense given that a typical driver for getting involved with social media is a slew of negative comments, a need for “virality,” or a boost to overall awareness in the marketplace and especially in the minds and hearts of those customers increasingly out of reach of interruptive (aka “traditional”) media. In a word, many organizations are looking for “engagement,” and they see social media as the way to get it.

The advent of Web 2.0 and the Social Web is clearly a game-changer, on numerous fronts. Given the rush to implement, and the opening focus on marketing specifically versus the business more holistically, many “social media projects” end up being treated more like traditional marketing campaigns than the truly revolutionary ways in which a savvy business can now connect with and prosper through collaborative association with its customers. As a result, the very objective—engagement, redefined in a larger social context—is missed as too many “social media campaigns” run their course and then fizzle out.

Whether that’s right or wrong is another matter, and the truth is that a lot of great ideas have given rise to innovative, effective, and measurable social business programs. But these are still the exceptions, which is unfortunate as social technology is within the reach of nearly everyone. The collaborative technologies that now define contemporary marketplaces—technologies commonly called “social media,” the “Social Web,” or “Web 2.0”—offer a viable approach to driving changes in deeper business processes across a wide range of applications. There is something here for most organizations, something that extends very much beyond marketing and communications.

This chapter, beginning with the Social Feedback Cycle, provides the link between the basics of social media marketing and the larger idea of social technologies applied at a “whole-business” level. As a sort of simple, early definition, you can think of this deeper, customer-driven connection between operations and marketing as “social business.”

Beginning with the emergence of Web 2.0 technologies—the set of tools that make it easy for people to create and publish content, to share ideas, to vote on them, and to recommend things to others—the well-established norms of business marketing have been undergoing a forced change. No longer satisfied with advertising and promotional information as a sole source for learning about new products and services, consumers have taken to the Social Web in an effort to share among themselves their own direct experiences with brands, products, and services to provide a more “real” view of their research experience. At the same time, consumers are leveraging the experiences of others, *before* they actually make a purchase themselves. The impact on marketing has been significant, to say the least.

Figure 1.1 shows the classic purchase funnel, connected to the Social Web through “digital word-of-mouth” (aka social media). This loop—from expectation to trial to rating to sharing the actual experience—is now a part of most every purchase or conversion process. Whether consumer-facing, B2B, for-profit or nonprofit, people are turning to people like themselves for the information they need to make smart choices. These new sources of information are looked to by consumers for guidance alongside traditional media; advertising and traditional communications are still very much a part of the overall marketing mix. The result is a new vetting that is impacting—sometimes positively, sometimes negatively—the efforts of businesses and organizations to grow their markets.

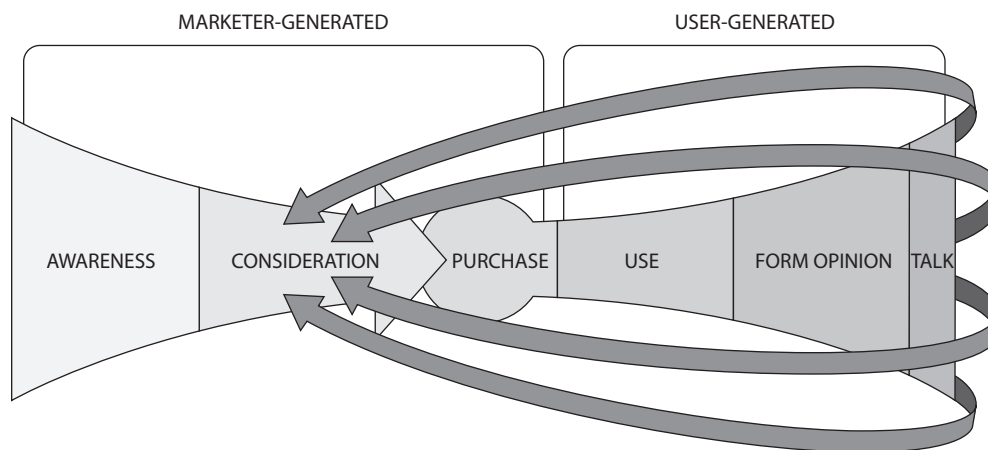


Figure 1.1 The Social Feedback Cycle

## Open Access to Information

The Social Feedback Cycle is important to understand because it forms the basis of social business. What the social feedback loop really represents is the way in which Internet-based publishing and social technology has connected people around business or business-like activities. This new social connectivity applies between a business and its customers (B2C), between other businesses (B2B), between customers themselves, as is the case in support communities and similar social applications, and just as well between employees.

As such, this more widespread sharing has exposed information more broadly. Information that previously was available to only a selected or privileged class of individuals is now open to all. Say you wanted information about a hotel or vacation rental property: Unless you were lucky enough to have a friend within your personal social circle with specific knowledge applicable to your planned vacation, you had to consult a travel agent and basically accept whatever it was that you were told. Otherwise, you faced a mountain of work doing research yourself rather than hoping blindly for a good

experience in some place you'd never been before. Prior to visible ratings systems—think Yelp.com here—you could “ask around” but that was about it, and “around” generally meant “nearby,” friends, family and perhaps colleagues

The travel agent, to continue with this example, may have had only limited domain expertise, lacking a detailed knowledge of rental versus hotel properties, for example. This knowledge, or lack of it, would be critical to properly advising you on a choice between renting a vacation property and booking a hotel. Austin's Homeaway, which brings tens of thousands of rated and reviewed vacation properties within a click of booking, has built an entire business around empowering consumers looking for vacation rentals as an alternative to hotels and resorts, a market that itself only blossomed post-Internet 1.0.

Even more to the point and beyond the issue of specific knowledge, an intermediary in a transaction may or may not have *your* best interests in mind when making purchase recommendations. The same certainly applies to a company or organization wanting to sell you something. This has long been an issue—correctly or incorrectly—that has dogged pharmaceutical and insurance sales: Is the recommendation based on the needs of the customer, the incentive offered by the drug's manufacturer or insurance underwriter, or some combination? From the consumer's perspective, the difference is everything.

At Progressive Insurance, where I worked for a number of years as a Product Manager, we implemented a direct-to-consumer insurance product as an alternative to policies sold through agents. We created this product specifically for customers who wanted to take personal control of their purchases. This made sense from Progressive's business perspective because the degree of trust that a customer has in the sales process is critical to building a long-term *trusted* relationship with its insured customers. While many insurance customers have solid and long-standing relationships with their agents, it is also the case that many are seeking additional information, second opinions, and outright self-empowered alternatives. This reality is now commonplace across a range of businesses, and it is driven by the choice that easily accessible, web-based information brings.

Where information beyond what was provided to you at or around the point of sale was relatively difficult to access only 10 years ago, it is now easy. Look no further than the auto sales process for an indication of just how significant the impact of scalable, connected self-publishing—ratings, blog posts, photo and video uploads—really is. It is this access to information and the opinions and experiences of others, along with the outright creation of new information by consumers who are inclined to rate, review, and publish their own experiences that is driving the impact of social media deeper into the organization.

### **Social Business: The Logical Extension**

Social business follows right on the heels of the wave of interest and activity around social media and its direct application to marketing: Social business is the logical extension of

social technology throughout and across the business. Social business takes social concepts—sharing, rating, reviewing, connecting, and collaborating—to *all* parts of the business. From Customer Service to product design to the promotions team, social behaviors and the development of internal knowledge communities that connect people and their ideas can give rise to smoother and more efficient business processes. Social business—viewed in this way—becomes more about change management than marketing. That’s a big thought.

Take a step back: Social media marketing—properly practiced—seeks to engage customers in the online social locations where they naturally spend time. By comparison, social business picks up on what they are talking about and what they are interested in and connects this back into the business where it can be processed and used to create the next round of customer experiences and hence the next round of conversations.

It’s important to understand the role of the customer—taken here to include anyone “on the other side” of a business transaction: It might be a retail consumer, a business customer, a donor for a nonprofit organization, or a voter in an election. What’s common across all of these archetypes—and what matters in the context of social business—is that each of them has access to information, in addition to whatever information you put into the marketplace, that can support or refute the messages you’ve spent time and money creating.

But, as we say, “Wait. There’s more.” Beyond the marketing messages, think as well about suggestions for improvements or innovation that may originate with your customers: As a result of an actual experience or interaction with your brand, product, or service, your customers have specific information about your business processes and probably an idea or two on how your business might serve them better in the future.

Consider the following, all of which are typical of the kinds of “outputs” a customer or business partner may have formed after a transaction, and will quietly walk away with unless you take specific steps to collect this information and feedback:

- Ideas for product or service innovation
- Early warning of problems or opportunities
- Awareness aids (testimonials)
- Market expansions (ideas for new product applications)
- Customer service tips that flow from users to users
- Public sentiment around legislative action, or lack of action
- Competitive threats or exposed weaknesses

This list, hardly exhaustive, is typical of the kinds of information that customers have and often share amongst themselves—and would readily share with you if asked. Ironically, this information rarely makes it all the way back to the product and service policy designers where it would do some real good. Importantly, this may be

information that you don't have, information that precisely because you are so close to your business you may never see. Collecting this information and systematically applying it is in your best interest.

For example, someone may find that your software product doesn't integrate smoothly with a particular software application that this customer may also have installed. How would you know? This information—and the ensuing pleas for help expressed in online forums—is something you can collect through social analytics (tools and processes). It can then be combined with the experiences of other customers, as well as your own process and domain knowledge, to improve a particular customer experience and then offered generally as a new solution. This new solution could then be shared—through the same community and collaborative technologies—with your wider customer base, raising your firm's relative value to your customers in the process and *strengthening your relationship* with the customers who initially experienced the problem.

The resultant sharing of information—publishing a video, or writing a review—and its use *inside the organization* forms the stepping-off point from social media marketing and social analytics into social business. From a purely marketing perspective—as used here, meaning the MarCom/advertising/PR domain—this shared consumer information can be very helpful in encouraging others to make a similar purchase. It can enlighten a marketer as to which advertising claims are accepted and which are rejected, helping that marketer tune the message. It can also create a bridge to dialog with the customer—think about onsite product reviews or support forums—so that marketers can understand in greater detail what is helping and what is not.

Prior to actually making process changes, this listening and information gathering—treated in depth in Chapter 6, “Social Analytics, Metrics and Measurement”—falls under the heading of “more information” and so drives a need for enhanced social analytics tools to help make sense of it. It's worth pursuing. Access to customer-provided information means your product or service adapts faster. By sharing the resulting improvement and innovations while giving your customers credit, your business gains positive recognition.

Although customers can provide an invaluable source of information, you should be aware of the impact anonymous—and often negative—comments can have. It is imperative to understand the role of your customer as both a recipient and publisher of the content that circulates on the Social Web. Is a specific voice within a conversation that is relevant to you coming from an evangelist, a “neutral,” or a detractor? It is important that you know. Is it coming from a competitor or disgruntled ex-employee? The same holds true: You need to know, so that you can plan your response. While the overall trend on the Social Web is away from anonymity and toward identity, it's not a given—at least not yet—that any specific identity has been verified. This means you need to dig deeper.

This persistent anonymity opens the door for “comment and rating abuse,” but social media also provides for a general raising of the bar when it comes to establishing

actual identity. More and more, people write comments *in the hopes that they will be recognized*. With this growing interest and importance of actual identity, in addition to marketplace knowledge, social business and the analytical tools that help you sort through the identity issues are important to making sense of what is happening around you on the Social Web. Later sections tie the topics of influencer identification and the use of the “social graph,” the inner working of the linkages that connect people and the status updates that tell you what they are doing now, into business formally. For now, accept that identity isn’t always what it appears, but at the same time the majority of customer comments left are done so for the dual purpose of letting you know what happened—good or bad—and at the same time letting you know that it happened to someone in particular. They signed their name because they want you (as a business) to recognize them.

*“As people take control over their data while spreading their Web presence, they are not looking for privacy, but for recognition as individuals. This will eventually change the whole world of advertising.”*

ESTHER DYSON, 2008

### **Social Business Is Holistic**

When you combine identity, ease of publishing, and the penchant to publish and to use shared information in purchase-related decision-making processes, the larger role of the Social Feedback Cycle and the practice of social business emerges: Larger than the loop that connects sales with marketing—one of the areas considered as part of traditional Customer Relationship Management (CRM)—the Social Feedback Cycle literally wraps the entire business.

Consider an organization like Freescale, a spin-off of Motorola. Freescale uses YouTube for a variety of sanctioned purposes, including as a place for current employees to publish videos about their jobs as engineers: The purpose is the encouragement of prospective employees—given the chance to see “inside Freescale”—to more strongly consider working for Freescale. Or, look at an organization like Coca-Cola: Coke is reducing its dependence on branded microsites in favor of consumer-driven social sites like Facebook for building connections with customers. Coke is also directly tapping customer tastes through its Coca Cola Freestyle vending machines that let consumers mix their own Coke flavors. Comcast and many other firms now use Twitter as a customer-support channel. The list of examples of the direct integration of collaborative and shared publishing applications in business—beyond marketing—is growing rapidly.

I explore all these applications of social technology in business in greater detail in subsequent chapters. For now, the simple question is, “What do all of these applications have in common?” The answer is, *“Each of them has a larger footprint than*

*marketing.*” Each directly involves multiple disciplines within the organization to create an experience that is shared and talked about favorably. These are examples not of social media marketing, but of social business practices.

Importantly, these are also examples of a reversed message flow: The participation and hence marketplace information is coming *from* the consumers and is heading *toward* the business. Traditionally, over mass media it’s been the other way around. In each of the previous examples of social business thinking and applications, it is the business that is listening to the customer. What is being learned as a result of this listening and participation is then tapped internally to change, sustain, or improve specific customer experiences. When subsequently tied to business objectives, the practice of social business becomes holistic indeed.

### **The Connected Customer**

The upshot is that the customer is now in a primary role as an innovator, as a source of forward-pointing information around taste and preference, and as such is *potentially* the basis for competitive advantage. I say “potentially” because customers having opinions or ideas and actually getting useful information from them and then using it are two different things. Here again, social business and the related technologies step in: Where social media marketing very often stops at the listening stage, perhaps also responding to directly raised issues in the process, social business takes two added steps.

First, social business practices provide formal, visible, and transparent connections that link customers and the business, and internally link employees to each other and back to customers. This is a central aspect of social business: The “social” in “social business” refers to the development of connections between people, connections that are used to facilitate business, product design, service enhancement, market understanding, and more. Second, because employees are connected and able to collaborate—social business and Web 2.0 technology applies internally just as it does externally—the firm is able to respond to what its customers are saying through the social media channels in an efficient, credible manner.

Before jumping too far, a point about fear: fear of the unknown, the unsaid, the unidentified, and even the uninformed saying bad things about your brand, product, or service that aren’t even correct! Fear not, or at least fear less. By engaging, understanding, and participating, you can actually take big steps in bringing some comfort to your team around you that is maybe more than a bit nervous about social media. Jake McKee, a colleague of mine and the technical editor for this book, attended one of Andy Sernovitz’s way cool social media events. The group toured an aircraft carrier *while it operated in the Pacific*. One of the things Jake noted was that even though the deck of an active aircraft carrier—considered among the most dangerous workplaces on earth—was to the untrained eye chaotic and therefore scary—it was surprisingly

fear-free. Everyone knew their place and everyone watched out for each other (and especially for Andy's tour group). F-18s were launching 100 feet away: Average age of the crew? 19. Fear? Nope. The point is this: You can overcome fear with structure and discipline—on the deck of an active aircraft carrier or in business on the Social Web. Chapter 5, “Social Technology and Business Decisions,” Chapter 6, “Social Analytics, Metrics and Measurement,” and Chapter 7, “Five Essential Tips When Starting Out,” provide insights into the organizational adoption of social technology along with the best practices and essential quick-start tips to put you at ease.

## The Social Web and Engagement

This next section provides a conceptual starting point in understanding how the critical activities of engagement and response are enabled through the adoption of social technology and supporting processes. Beware: It's a different viewpoint than that which applies to “engagement” in traditional media. Engagement is redefined by consumers when acting in an open, participative social environment. This is a very different context than the “read-only” setting in which traditional media defines “engagement,” so take the time here to understand the four stages of engagement.

Engagement on the Social Web means customers or stakeholders become *participants* rather than viewers. It's the difference between *seeing* a movie and participating in a screening of “The Rocky Horror Picture Show.” *The difference is participation.* Engagement, in a social business sense, means your customers are willing to take their time and energy and talk *to you*—as well as *about you*—in conversation and through processes that impact your business. They are willing to participate, and it is this participation that defines engagement in the context of the Social Web.

The engagement process is, therefore, fundamental to successful social marketing and to the establishment of successful social business practices. Engagement in a social context implies that customers have taken a personal interest in what you are bringing to the market. In an expanded sense, this applies to *any* stakeholder and carries the same notion: A personal interest in your business *outcome* has been established. This applies to customers, to partners, to employees, to anyone and everyone who can express and share an opinion or idea somewhere along your path to market.

Consider the purchase funnel shown in Figure 1.1. As customer conversations enter the purchase cycle in the consideration phase of the sales process, there is a larger implication: Your customer is now a part of your marketing department. In fact, your customers and what they think and share with each other form the foundation of your business or organization.

The impact is both subtle and profound: Subtle in the sense that on the surface much of “social business” amounts to running a business the way a business ought to be run. Businesses exist—ultimately—to serve customers through whose patronage the founders, employees, shareholders, and others derive (generally) an economic benefit as

they are ensured a future in running that business. At times, however, it seems the customer gets dropped from that set. The result can be seen on Twitter most any day by searching for the hashtag #FAIL.

It's also a profound change, however, in the sense that the stakes in pleasing the customer are now much higher. Customers are more knowledgeable and more vocal about they want, and they are better prepared to let others know about it in cases of over-delivery or under-delivery. On top of that, not only are customers seeing what the business and the industry are doing, they are building their own expectations for *your* business based on what *every other* business they work with is doing. If Walmart can quickly tap Bazaarvoice and put ratings and reviews on any product it sells, the expectation is that American Airlines will prominently place customer ratings on every flight it flies. Think about it: If flight attendants, by flight, were rated according to service and demeanor by past fliers and that information was used to make future flight choices in the same way as on-time performance, how would the flying experience overall change? It happens in restaurants: We all have a favorite waitperson. If this seems a stretch, consider that Southwest, Alaska Airlines, and Continental have all placed emphasis on exactly this service point, and they enjoy higher than average Net Promoter scores partly as a result.

Social business, therefore, is about equipping your entire organization to listen, engage, understand, and respond directly through conversation and by extension in the design of products and services in a manner that not only satisfies customers but also encourages them to share their delight with others. If social media is the vehicle for success, social business is the interstate system on which it rides into your organization.

Share their *delight*? What scares a lot of otherwise willing marketers is the exact opposite: sharing dismay, or worse. The fact is, negative conversations—to the extent they exist, and they do—are happening right now. Your participation doesn't change that. What does change is that those same naysayers have company—you. You can engage, understand, correct factual errors, and apologize as you address and correct the real issues. Watch out for what Paul Rand has labeled "Determined Detractors." See the sidebar "Respond to Social Media Mentions" for a response flow chart. It's simple, and it works. Be confident, Grasshopper.

### Respond to Social Media Mentions

Wondering how to handle a negative mention or whether or not to say "Thank You" for a nice compliment? The United States Air Force developed a flow chart that formed the basis of Altimeter's recommended responses in various social media scenarios. You'll find the chart here:

<http://www.web-strategist.com/blog/2008/12/31/diagram-how-the-air-force-response-to-blogs>

In Chapter 8, “Engagement on the Social Web,” and Chapter 9, “Social CRM,” I show how the basic principle of incorporating the customer directly into the marketing process extends throughout the product lifecycle. In this opening chapter, I focus only on the supporting concepts and techniques by which you can build these principles—now—into your business processes. For example, encouraging participation in discussion forums, or helping your customers publish *and rate* product or service reviews can help you build business, and it can put in place the best practices you’ll need to succeed in the future. Social business includes product design, pricing, options, customer service, warranty, and the renewal/re-subscription process and more. All told, social business is an organization-wide look at the interactions and dependencies between customers and businesses connected by information-rich and very much discoverable conversations.

So what is it that gets talked about, and why does it matter? Simply put, anything that catches a consumer or prospective customer’s attention is fair game for conversation. It may happen between three people or three million. This includes expectations exceeded as well as expectations not met, and runs the gamut from what appears to be minutiae (“My bus seems really slow today...”) to what is more obviously significant (“My laptop is literally on fire...right now!”).

How do these relate to business? The bus company, monitoring Twitter, might tweet back “Which bus are you riding on right now?” and at the least let its rider know that it noticed the issue. At most, it might discover a routing problem and improve its service generally. As for the laptop on fire, if I were the brand manager and it were my product line, I’d want to know about this as soon as possible and by whatever means. That most certainly includes Twitter.

News travels fast, and nowhere does it travel faster than the Social Web. In his 2009 *Wired* article “Twitter-Yahoo Mashup Yields Better Breaking News Search,” writer Scott Gilbertson put it this way: “Whenever there’s breaking news, savvy web users turn to Twitter for the first hints of what might be going on.” What’s important in a business context is this: In both the bus schedule and laptop fire examples, the person offering the information is probably carrying a social-technology-capable, Internet-connected mobile phone. It is very likely that Twitter or a similar mobile service *is also this person’s first line of communication about any particular product or service experience!* The respective service and brand managers could easily track this using real-time social media analytics tools and thereby become immediate, relevant participants in these conversations. This kind of participation is both welcomed and expected to be present by customers. The great part of all of this is that by connecting, engaging, and participating, as a business manager you tap into a steady stream of useful ideas. See Chapter 12, “Social Applications,” for more on idea-generation platforms and their application in business.

The Social Web (aka Web 2.0) revolves around conversations, social interactions, and the formation of groups that in some way advance or act on collective knowledge. Social media analytics is focused on understanding and managing specific attributes of the conversation: sentiment, source, and polarity, for example. Social business takes it a step further and asks “How or why did this conversation arise in the first place?” For example, is the conversation rooted in a warranty process failure? The practice of social business is helpful in determining how to fix it. Is a stream of stand-out comments being driven by a specific, exceptional employee? Social-business-based processes will help your organization create more employees like that one. From the business perspective—and Marketing and Operations are both a part of this—understanding how conversations come to exist and how to tap the information they contain is key to understanding how to leverage the Social Web and to move from “So what?” to “I get it!”

Social business processes and technologies share insights generated by customers, suppliers, partners, or employees through collaborative applications in ways that actually transform a conversation into useful ideas and practical business processes. Social business is built around a composite of technologies, processes, and behaviors that facilitate the spread of experiences (not just facts) and engender collaborative behavior.

An easy way to think about social technology and its application to business is in its conveyance of *meaning* and not just attributes such as “polarity” or “source” or “sentiment,” and in what a business can do in response to this information. Social business is built around collaborative processes that link customers to the brand by engaging them as a part of the Product Development Cycle. Consider the social business framework now in place at Dell.

Dell, hit hard by Jeff Jarvis’s August 2005 “Dell Hell” reference in his Buzz Machine blog posts, needed to become a brand that listened and engaged with customers, employees, and suppliers across the Web. Dell employees like Bob Pearson, now CEO of The Social Media Business Council and Sean McDonald, now a principal with Ant’s Eye View, believes that people spent a lot of time on the Web, but not necessarily on *your* domain buying *your* product. So, the engagement strategy has to begin with going out onto the Web and meeting them on their terms and on their turf. In other words, it’s better to fish where the fish are, not where you wish the fish were.

The team at Dell built on the strength it found in its customers: There were 750,000 registered users in the Dell Community at the time, with a good portion “highly engaged.” *These customers wanted Dell to participate.* Dell quickly realized that engaged users were stronger contributors and more vocal advocates of the brand. This realization was the breakthrough for the wide range of social media programs that Dell offers today. Dell’s programs are built around its customers (not just the brand), and they actively pull customers and their ideas into Dell where Dell employees collaborate and advance the product line, completing the customer-business information cycle.

Social business includes the design of an external engagement process in which participants are systematically brought into the social processes surrounding and

supporting the business. This is achieved within the communities frequented by stakeholders through the implementation of the community and associated software services presented throughout this book. These social applications include the internal business processes that link across the organization and connect consumers and employees with the business as a whole and facilitate the process of customer engagement.

## The Engagement Process

Engagement is central to the effective use of social technology and the creation of social business. Unlike traditional media and the business processes of selling based on it, social technologies push toward *collaboration* rather than *exposure and impression*. In the first wave of social technology—social media and the rise of personal activities (e.g., friending) that occurred on the Social Web, collaboration between consumers took off as they recognized that by sharing experiences they could (collectively) make better purchase decisions.

In the context of social business, the process of engagement is expanded to include not only the collaborative activity that occurs between customers, but also the activities that connect the business with its customers as well as those that connect the employees inside the business, where this connectivity fosters sharing and collaboration so that employees may more effectively respond to customers' needs. The social engagement process moves customers and similar participants in brand, product, or service-related conversations beyond the act of consumption (reading an article about a product, for example) and toward the shared act of working together (customers alongside employees) to collaborate and produce an experience that improves over time.

Following a methodology practiced at 2020 Social, a firm I am associated with in New Delhi, the upcoming sections present a set of fundamental “social action” building blocks (shown in Figure 1.2) that make it easy to step through the *engagement* process of tapping customer conversations and turning them into useful insights. These insights give rise to a systematic process for moving customers to increasingly engaged states. These foundational blocks lead to and support a ladder-type engagement model with customer collaboration—not simply content consumption—as the end point. As such, they are useful in understanding the various ways in which technologies and strategies can be combined to drive smart tactical, business-building processes in both marketing and operations.

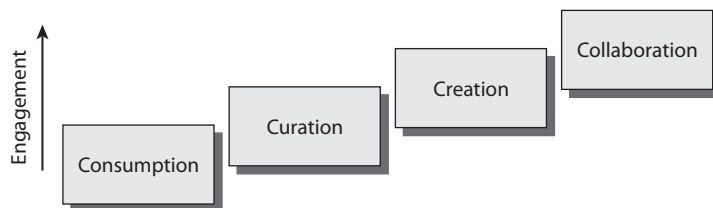


Figure 1.2 Structured Engagement

## Consumption

The first of the foundational blocks in the process of building strong customer engagement is *consumption*. Consumption, as used in the context of social media, means downloading, reading, watching, or listening to digital content. Consumption is the basic starting point for nearly any online activity, and especially so for social activities. It's essentially impossible (or at least unwise) to share, for example, without consuming first: habitually retweeting without first reading and determining applicability to your audience, for example, will generally turn out badly.. More practically, if no one reads (or "consumes") a particular piece of content, why would anyone share it? Further, because humans filter information, what we share is only a subset of what we consume. As a result, consumption far outweighs any other process on the Social Web: It's that cliché that holds the majority of the people on the Web are *taking* (consuming) rather than *putting back* (creating). It's often said that the Web makes everyone a publisher: I guess a lot of people are just too busy consuming to create!

You can take a tip from this reality: If you want your audience or your community members to move beyond consumption and into activities like content creation, then short of irritating them (which works, but not in the way you want it to and certainly not in the way that sand in an oyster shell produces a pearl), you've got to encourage them and empower them to create. It's really important to help move participants beyond consumption and into creation: The remaining social action building blocks are keys to getting beyond the "media property/page view" model of monetization of interactive web applications, which really isn't "social" at all.

### Interactive Versus Social: What's the Difference?

A simple distinction between interactive and social was drawn by Gaurav Mishra, CEO, 2020 Social: "Interactive websites connect customers with software applications: Social sites connect customers with each other." As an example, compare social listings from CitySearch in the United States or India's Burrp with the more socially connected Eventful. Although all have great listings, the latter offers significantly more opportunity for social interaction between visitors.

You can follow Gaurav on Twitter (@Gauravonomics) and read more from him at his blog:

<http://www.gauravonomics.com>

The move beyond consumption is an important realization in the development of your social business: Content consumption without a direct consumer/audience role in creation—think TV, radio, print—is an interactive but not necessarily social approach to building a successful business. In a content-driven interactive media site, the content is the draw and the consumption of it is the primary activity. In a social application,

the content still matters—no one wants to hang out in a vacuum—but the interactions and conversations that the content enables between members take center stage.

## Curation

*Curation* is the act of sorting and filtering, rating, reviewing, commenting on, tagging, or otherwise describing content. Curation makes content more useful to others. For example, when someone *creates* a book review, the hope is that the review will become the basis for a subsequent purchase decision. However, the review itself is only as good as the person who wrote it, and only as useful as it is relevant to the person reading it. Reviews become truly valuable when they can be placed into the context, interests, and values of the person reading them.

This is what curation enables. By seeing not only the review but also the “reviews of the reviewers” or other information about the person who created the review, the prospective buyer is in a much better position to evaluate the applicability of that review given specific personal interests or needs. Hence, the review is likely to be more useful (even if this means a particular review is rejected) in a specific purchase situation. The result is a better-informed consumer and a better future review for whatever is ultimately purchased, an insight that follows from the fact that better informed consumers make better choices, increasing their own future satisfaction in the process.

Curation also happens more broadly, at a general content level. Curation is an important social action in that it helps shape, prune, and generally increase the signal-to-noise ratio within the community. Note as well that curation happens not only with content, but also between members themselves. Consider a contributor who is rewarded for consistently excellent posts in a support forum through member-driven quality ratings. This is an essential control point for the community and one that all other things being equal is best left to the members themselves: Curation “of the members and by the members,” so to speak.

Of note, the process of curation is the first point at which a participant in the social process is actually *creating* something. Consumption, as defined here, is a one-directional action: You read, you download, you listen, etc. Consumption, by itself, does not drive social interaction.

Curation is, therefore, a very important action to encourage. *Curation teaches people to participate, to create, in small, low-risk steps that are easy to grasp.* It’s a lot like learning to dance: Fear, concern of self-image, and feelings of awkwardness all act as inhibitors of what is generally considered an enjoyable form of self expression and social interaction. Introducing your audience to curation makes it easy for them to become active members of the community and to participate in the later creative and collaborative processes that drive it over the long term. That’s how you build a community.

## Creation

Beyond curation is what is more generally recognized as “content creation.” Unlike curation, a great first step that requires little more than a response to an event—you indicate your like or dislike for a photo, for example—content creation requires that community members actually offer up something that they have made themselves. This is a significantly higher hurdle, so it’s something for which you’ll want to have a very specific plan. “You can upload your photos!” by itself is generally not enough.

How do you encourage creation? Step 1 is providing tools, support, help, templates, samples, and more. The less work your members have to do the better. Does your application require a file of a specific format, sized within a given range? You can count on a significant drop in participation because of that. When someone has taken a photo on a now-common 6- or 8-megapixel phone camera, stating “uploads are limited to 100 Kbytes is tantamount to “Sorry, we’re closed.” Instead, build an application that takes *any* photo and then resizes it according to your content needs and technology constraints. Hang a big “All Welcome” sign out and watch your audience create.

When MTV’s Argentinean business unit sought to extend its consumer presence in the social spaces, it teamed up with Looppa, a firm I work with in Buenos Aires, to create online communities that encouraged content creation and sharing. Using the content tools, participants created in excess of 300,000 photos and 200,000 comments. Over 30,000 videos were uploaded and shared by members within the community. It is this sort of active content creation that marks the shift from the read-only traditional brand community—come and play our games, read our announcements, and buy our product—to the socially participative Web 2.0 community.

Driving this content creation is a simple underlying theme: People like to share what they are doing, talk (post) about the things that interest them, and generally be recognized for their own contributions within the larger community. Reputation management—a key element in encouraging social interaction—is based directly on the quantity *and quality* of the content created and shared by individual participants. The combination of easy content publishing, curation, and visible reputation management are the cornerstones of a strong community.

### Looppa: A Connected Community Platform

Based in Buenos Aires, Looppa provides a set of social technologies that enable the creation of branded social communities built around passions, lifestyles, and causes. You can find out more about Looppa on the Web. (In the interest of full disclosure, I should mention I’m associated with Looppa as a shareholder and an Advisory Board Member.)

<http://www.looppa.com>

## Collaboration

Finally, at the top of the set of the core social-business building blocks is collaboration. Collaboration is a key inflection point in the realization of a vibrant community and the port of entry for true social business. Here's why.

The collective use of ratings aside, consumption, curation, and creation can be largely individual activities. Someone watches a few videos, rates one or two, and then uploads something. That can build traffic, can build a content library (hey, it built YouTube, right?), and can drive page views, all important aspects of a media property. But they aren't necessarily strong *social* actions. Collaboration is.

Collaboration occurs naturally between members of the community when given the chance. Blogging is a good example. Take a look at a typical blog that you subscribe to, and you'll find numerous examples of posts, reinterpreted by readers through comments—that flow off to new conversations between the blogger and the readers. Bloggers often adapt their “product” on-the-fly based on the inputs of the audience.

Blogging and the way in which participant input shapes the actual product is a deceptively simple example of what is actually a difficult process: Taking *direct input* from a customer and *using it* in the design of your product. Many effective bloggers take direction from readers' comments and then build a new thought based on the reader's interests and thoughts. This is actually a window into what social business is all about: Directly involving your customers in the design and delivery of what you make. How so? Read on.

Consider a typical newspaper, online or off. A journalist writes an article, and the subscribers read it. The primary feedback mechanism—Letters to the Editor—may feature selected responses, but that's generally the end of the line. The original journalist may never again come back to these individual responses much less visibly build on them in future stories. Traditional media is “one way.”

Now move to a blog or a blog-style online paper, something like the Huffington Post, Pluggd.in, or Mashable. With the online publications of these businesses, audience participation is actually part of the production process. The comments become part of the product and directly build on the overall value of the online media property. The product—news and related editorial and *reader* commentary—is created collaboratively. As news content in particular moves to increasingly capable hand-held and Internet-connected devices like the iPad, news will increasingly find its way back to the living room where it may again be discussed socially—even if in the “online living room”—with the (also digital) social commentary continuing to become an increasingly important part of the content.

Back on the business context, taking collaboration into the internal workings of the organization is at the heart of social business. This is equally applicable to the design of physical products, long-lived (multiyear) services, and customer relationship and maintenance cycles. By connecting customers with employees—connecting parents

with packaging designers for kids' toys—your business can literally leapfrog the competition and earn favorable social press in the process.

### The Engagement Process and Social Business

Taken together, the combined acts of consumption, curation, creation, and collaboration carry participants in the conversations around your business from readers to talkers to co-creators. Two fundamentally important considerations that are directly applicable to your business or organization come out of this.

First, your audience is more inclined to engage in collaborative activities—sharing thoughts, ideas, concerns—that include you. It may be a “negative” process: your audience may be including you in a conversation whose end-goal is a change in your business process that improves a particular (negative) experience they've had. Or, it may be simply “We love you...here's what else we'd like to see.” The actual topics matter less than the fact that your customers are now actively sharing with you their view of the ways in which what you offer affects them. By building in social behaviors and inviting customers into these processes, your business or organization is in a much better position to identify and tap the evangelists that form around your brand, product, or service.

Second, because your customers or other stakeholders have moved from reading to creating and collaborating, they are significantly closer to the steps that follow collaboration as it leads to engagement: trial, purchase, and advocacy. The engagement process provides your customers with the information and experiences needed to become effective advocates, and to carry your message further into their own personal networks.

As examples of the value customers and organizational participants will bring as they gather 'round and talk, consider the following:

- You don't get to the really good results until you go through the necessary venting of people you've previously ignored: Opening up a dialog gives you a natural way to enable venting and healing.
- The way you deal with negative issues is an exhibition of your true character: become a master and reap the rewards.
- It's your job to understand what was really meant, given whatever it was that was actually said. “I hate you” isn't always as simple as it sounds: This kind of seemingly intense negativity may arise because the customer involved *likes you enough* to actually *feel* this way when things go wrong.
- Ultimately, your customers *want* to see you do well: They want your product or service to please them.

Looking ahead at the engagement end goal—advocacy—note that the benefits of advocacy apply beyond the immediate customers involved. Advocates gather around

your brand, product, or service to spread their experiences for the purpose of influencing others. For you, it's a double payoff: Not only does it make more likely the creation of advocates through collaborative social applications, but because these and other social applications exist, the advocates that emerge are actually *more able* to spread their stories.

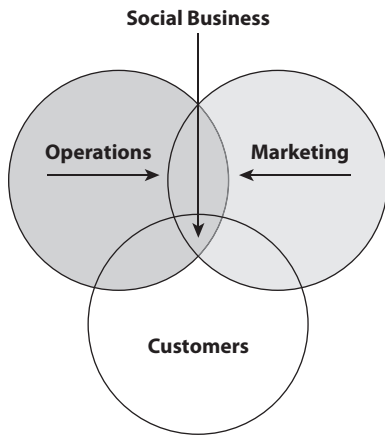
In the end, the engagement process as applied to social business is about connecting your customers and stakeholders with your brand, product, or service, and then tapping their collective knowledge and connecting into your organization to drive innovation and beneficial change. With this linkage in place, the larger social feedback loop is available to you for use in ways that can—and do—lead to long-term competitive advantage.

## The Operations and Marketing Connection

So far this chapter has covered two primary topics: The importance of understanding the mechanics of the Social Web and the Social Feedback Cycle, and the *collaborative* inflection-point within the larger *social* engagement process. Engagement has been redefined for social business as a more active (participative) notion compared with the decidedly more passive definition of engagement—reading an ad or mechanically interacting with a microsite—typically applied in traditional media, where terms like “Engagement Ad” literally means “an ad you can click on to see more promo copy.” That’s not what participants on the Social Web think of as “engaging,” as the Social Web is a distinctly participation-centric place.

The final section ties the mechanical processes of the social technologies together with the acts of participation and collaboration, and establishes the foundational role of the *entire business or organization* in setting up for success on the Social Web. The Social Feedback Cycle—the loop that connects the published experiences of current customers or other stakeholders with potential customers or other stakeholders—is powered by the organization and what it produces. This is a very different proposition from a traditional view of marketing where the message is controlled by an agency and the experience is controlled—in isolation—by the product or services teams and others.

Figure 1.3 shows the alignment that needs to occur between what can be loosely be called “Operations” and the Marketing team in support of Customers. Included in “operations” are the functional areas that control product design and manufacturing, customer service and support policies, warranty services and similar. In other words, if Marketing is the discipline or function within an organization that defines and shapes the customer’s expectation, then Operations is the combined functional team that shapes and delivers the actual customer experience.



**Figure 1.3** The Marketing-Operations Connection

The connection between the disciplines of marketing and operations and social media—and in particular the conversations, ratings, photos, and more that circulate on the Social Web—is this: The majority of conversations that involve a brand, product, or service are those that arise out of a difference between what was expected and what was delivered or experienced. After all, we tend to talk more about what was *not* expected than what was expected. In this simple relationship between expectation and actual experience, the folly of trying to control conversations on the Social Web becomes clear: Conversations on the Social Web are the artifacts of the work product of someone else—a blogger, a customer, a voter, etc.—who typically doesn’t report to the organization desiring to gain control! You can’t control something that isn’t yours to control.

Instead, it is by changing the product design, the service policy or similar in order to align the experience with the expectation or to ensure the replicable delivery of “delight,” for example, as Zappos does when it upgrades shipping to “Next Day” for no other reason than to delightfully surprise a customer. At Zappos, it’s not just a story of an occasional surprise upgrade that got blown out of proportion in the blogosphere. When bloggers—and customers—rave about Zappos, it’s for good reason: Zappos creates sufficient moments of delight that many people have experienced them and gone on to create and share content about them. It’s expensive—and Zappos isn’t always the lowest cost shoe retailer. But in the end, delight wins. Zappos set out to build a billion-dollar business in 10 years. As a team, they did it in eight. Ultimately, it is the subsequent customer experiences—built or reshaped with direct customer input—which will drive future conversations and set your business or organization on the path to success.

### **Connect Your Team**

Social media marketing is in many ways a precursor to social business. Social media marketing is most effective when the entire business is responsible for the experiences

and everyone within the organization is visibly responsible for the overall product or service. When engagement, for example, is considered from a customer's perspective—when the measure for engagement is the number of new ideas submitted rather than the time spent reading a web page—the business operates as a holistic entity rather than a collection of insulated silos. The result is a consistent, replicable delivery experience that can be further tuned and improved over time.

When it comes to rallying the troops to support your organization-wide effort, there is no doubt that you'll face some push back. Very likely, you'll hear things like this:

- We don't have the internal resources and time.
- We lack knowledge and expertise.
- Not till you show me the value and ROI.
- We don't have guidelines or policies.
- It's for young kids—not for our business.
- Our customers will start saying bad things.

You'll hear all of this, and more. Of the first tasks you are likely to face when implementing a social media marketing program and then pushing it in the direction of social business is the organizational challenge of connecting the resources that you will need. The good news is that it can be done. The not-so-good news is that it *has to be* done.

When you're a marketer, one of the immediate benefits of a social media program is gaining an understanding of what people are saying about your brand, product, or service (listening); analyzing what you find to extract meaning (social media analytics) that is relevant to your work; and then developing a response program (active listening). This information can be presented internally, and done so in a way that is inclusive and draws a team around you. Listening is a great way to start: As you move toward social business, it will become clear rather quickly that this is best done through an effort that reaches across departments and pulls on the strengths of the entire organization. Anything you can do to get others within your business or organization interested is a plus. As a starting point, listening is the low-hanging fruit.

Each of the above—listening, analyzing, and some aspects of responding—can be done without any direct connection to your customers or visible presence with regard to your business or organization on the Social Web: In other words, it's very low risk. While it may not be optimal, the activities around listening and analyzing, for example, can be managed within the marketing function. With workflow-enabled analytics tools—for example, using a listening platform that automatically routes tweets about warranty issues to customer service—you can certainly make it easier to oversee all of this.

Building on this approach, when you move to the next step—responding to a policy question or product feature request—you'll be glad you pulled a larger team

together and built some internal support. Otherwise, you'll quickly discover how limited your capabilities inside the marketing department *to respond directly and meaningfully to customers* actually are, and this will threaten your success. How so?

Suppose, for example, that you see negative reviews regarding the gas mileage of a new model car you've introduced, or you see those posts about an exceptional customer service person. In the former case, you can always play the defensive role—"True, but the mileage our car delivers is still an improvement over...." Or, you can ignore the conversation in hopes that it will die out or at least not grow. In the case of the exceptional employee, you can praise that particular person but beyond the benefit of rewarding an individual—which is important, no doubt about it—what does it really do for your business? What would help you is delivering more miles per gallon, or knowing how to scale exceptional employees, or how to create *more* exceptional employees from the start.

Ignoring, defending, and tactically responding in a one-off manner doesn't produce sustainable gain over the long term. Instead, the information underlying these types of events needs to get to the product teams, to Customer Support or Human Resource (HR) managers or whomever it is that is responsible for the experience that is being talked about. In the case of the mileage, someone needs to determine whether there is a design problem: Does hot weather cause mileage dips, and are your Texas auto dealers leading in sales? Or, is it an application mismatch (such as buying a Hummer to run back and forth to the gym or tanning salon) or simply an unrealistic customer expectation (set by, gee, I don't know...maybe those EPA estimates that appear in bold type in automobile advertisements?). All of these are real examples.

To address these kinds of issues, action is required, and the action has to connect the source of the experience to the actual solution. This generally means involving a team beyond marketing. Otherwise—if the root cause is not addressed, the current conversations will continue.

What you are really after—and where social business practices can actually deliver—is in understanding, validating, and implementing the processes or process changes needed to move the conversation in the direction that supports your business objectives. In the case of the exceptional employee, what is this person's history? To whom does this person report? How can your organization encourage more people to adopt the specific behaviors that drove the positive comments? These are the types of issues that a holistic approach to social business can impact.

In all of these cases, the take-away is this: Faced with an issue of interest coming off of the Social Web, your next step—armed with the conversational data and some analysis—is likely going to take you outside of marketing. You'll want to have a larger team in place, so the activity of encouraging support among colleagues and internal influencers and decisions makers must begin early.

Who is that larger team, and how do you build it? The answers may surprise you: Your best allies may be in unlikely or prior unconsidered places. Consider, for example, the following:

- Your legal team can help you draft social media and social computing policies for distribution within the organization. This is great starting point for team-building because you are asking your legal team to do what it does best: Keep everyone else out of trouble.
- You can connect your customer service team through social analytics tools so that they can easily track Twitter and similar Social Web conversations, and using low-cost listening tools and the USAF response matrix you can enlist your corporate training department to teach service representatives what to do.
- You can outsource the development of a relevant business application for your Facebook business page or other community site to a qualified technology partner (and not your cousin or an intern who will be gone in 6 weeks).
- Enlist your own customers. Most business managers are amazed at how much assistance customers will provide when asked to do so.

### **Your Customers Want to Help**

While it may surprise you, your own customers are part of the solution. They are often the biggest source of assistance you've got. Flip back to the engagement process: Consumption, curation, creation, collaboration. At the point that your customers are collaborating with each other, it is very likely that they are also more than willing to provide direct inputs for the next generation of your product or service, or offer tips on what they think you can quickly implement now. Starbucks' customers have been busy using the Salesforce.com-based "My Starbucks Idea" platform. Since implementation in 2008, about 80,000 ideas have been submitted with over 200 direct innovations as a result. Based on direct customer input, Starbucks has been averaging two innovations introduced per week. That's impressive, and it pays off in business results.

Ideation and support applications are discussed in Chapters 9 and 12. They are among the tools that you'll want to look at, along with social media analytics and influencer identification tools covered in Part II of this book. However you do it, whether planning your social business program as an extension of an in-place marketing program or as your first entry into social technology and its application to business take the time to connect your customers (engagement) to your entire team (collaboration).

### **Review and Hands-On**

This chapter connects the current practice of social-media-based marketing—a reality in many business and service organizations now—with the more fundamental

application of the same technologies at a “whole-organization” level. In other words, social business is the next generation of customer engagement: it connects customers to employees, links unstructured conversational data to structured business data, and recognizes that the same desire to collaborate in the pursuit of better decisions exists both inside and outside your firm.

### Review of the Main Points

This chapter focused on social media and social technology applied at a deeper business level for the purpose of driving higher levels of customer engagement. In particular, this chapter established the following fundamentals:

- There is a distinct social “engagement” process: Beginning with content consumption, it continues through curation, creation, and collaboration. The final stage—collaboration—can be used to form an active link between you, your colleagues, and your customers.
- Operations and Marketing teams must work together to create the experiences that drive conversations. The Social Feedback Cycle is the articulation of the relationship that connects all of the disciplines within your organization around the customer experience.
- Collaboration—used to connect customers to your business—is a powerful force in effecting change and driving innovation. Collaboration is, in this sense, one of the fundamental objectives of a social *business* strategy.

Now that you’ve gotten the basics of the engagement process and understand the usefulness of social applications along with the ways in which you can connect your audience, employees, and business, spend some time looking at the following real-world applications. As you do, think about how the engagement process is applied, and about how the resultant interactions leverage the larger social networks and relevant communities frequented by those who would be using these applications.

### Hands-On: Review These Resources

Review each of the following, taking note of the main points covered in the chapter and the ways in which the following resources demonstrate or expand on these points:

- Starbucks’ “My Starbucks Idea” ideation application:  
<http://mystarbucksidea.com>
- The blog of Gaurav Mishra, on the topic of social business:  
<http://www.gauravonomics.com>
- The blog of Peter Kim, on the topic of social business:  
<http://www.beingpeterkim.com>

## **Hands-On: Apply What You've Learned**

Apply what you've learned in this chapter through the following exercises:

- 1.** Define the basic properties, objectives, and outcomes of a collaborative application that connects your customers to your business and to your employees.
- 2.** Define an internal application that connects employees and enables efficient resolution of customer-generated ideas.
- 3.** Map out your own customer engagement process and compare it with the engagement process defined in this chapter.

