

SOCIAL ENGAGEMENT: **TRENDS, CASES & THE** **NEW MODEL IN ACTION**

PART ONE

The Evolution of Social Media as a Business Tool

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THE EVOLUTION OF SOCIAL MEDIA AS A BUSINESS TOOL

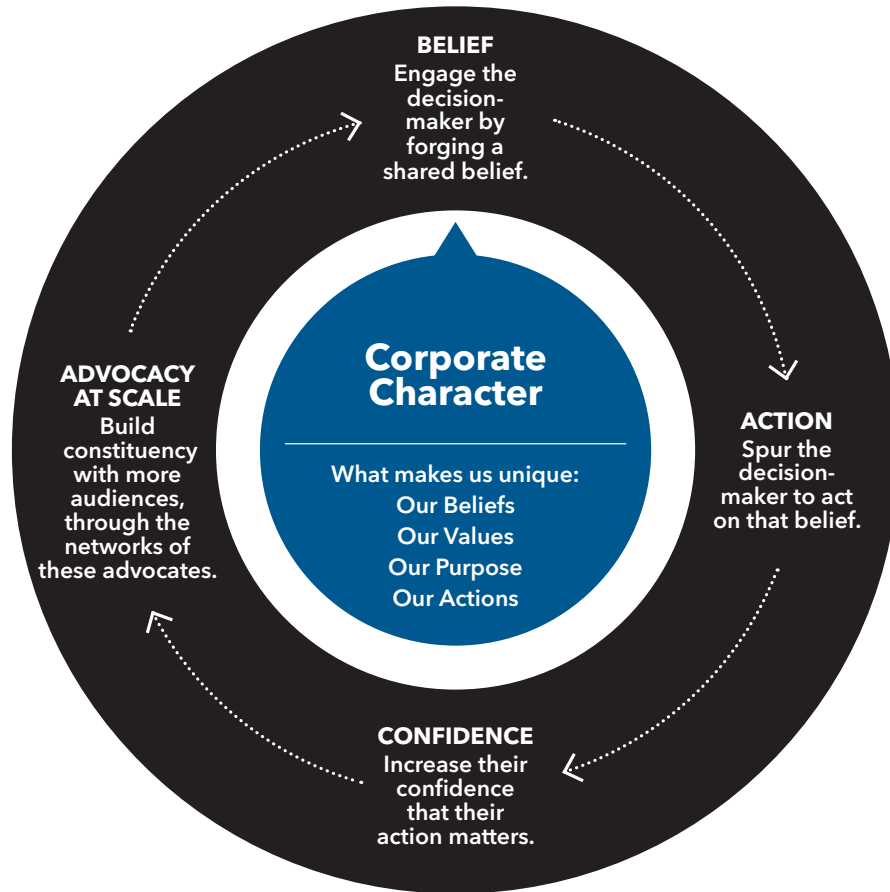
There's no doubt that business enterprises have discovered the value of social media and, to varying degrees, are embracing it and moving toward full social engagement. In *The Economics of the Socially Engaged Enterprise*¹ it was found that less than a fifth of surveyed organizations could be labeled "Observers." What accounts for this dramatic migration of businesses to what, until relatively recently, had been perceived as a time waster for individuals and too frivolous for business?

Business' embrace of social media represented a confluence of several factors. One was the demographic shift in the workplace, where a generation of young people who have grown up with the Internet and who use social media extensively in both their personal and professional lives have brought those habits to work with them. At the same time, the technologies that originated as purely personal applications – such as Facebook, Twitter and other social networking applications – began to evolve into business tools with ever more sophisticated analytic opportunities. Moreover, some of the technical barriers to corporate social media engagement, particularly security issues, began to be addressed (though not entirely overcome) and companies became more sophisticated about adopting social media policies for employees that went beyond "don't." In addition, the degree to which social media lends itself to tracking and measurement, compared with many other forms of advertising, appealed to increasingly quant-oriented chief

marketing officers (CMO), along with chief financial officers (CFO) and chief executive officers (CEO).

These are all manifestations of drivers of the "New Model," with social media playing an important role in the construction, communication, maintenance and evolution of "corporate character" – that is, the enterprise's unique identity, differentiating purpose, mission and values. Indeed, one of the essential attributes of a successful social media program – speaking with an authentic voice – directly relates to the larger conception of the "authentic enterprise," the principle upon which *Building Belief* and the New Model are based. Indeed, the New Model notes that the CCO is best placed to serve as the "curator" of corporate character, "who must lead the company in establishing and implementing management systems to define and activate corporate character. In doing so, he or she is supporting the most central role – not just of communications, but of the CEO."

¹ *Economics of the Socially Engaged Enterprise*, 2012, a study conducted jointly by PulsePoint Group and the Business Intelligence Unit of The Economist, www.pulsepointgroup.com/sites/default/files/SEE_Paper_4_27.pdf



Corporate leaders also began to recognize the importance of “building advocacy at scale,” another central element of the New Model. The Internet, and social media in particular, has created entirely new groups of influencers and a new ecosystem through which customers navigate before making their purchase decision. This new ecosystem provides the opportunity to “influence the influencers” and apply the ancient business practice of developing “word of mouth” at an entirely new scale and with much greater speed than anything previously experienced. Achieving this goal requires not merely the traditional attributes of “awareness, preference, and purchase,” but shared belief and a sense of mutually exchanged value.

A Journey to Engagement

Enterprises do not become fully engaged on social media overnight. The journey involves various stages of engagement. The challenge for many organizations is to determine where they are in that journey and how to rise to the next level. Some organizations initially stumble, not fully realizing the extent to which traditional forms of marketing and communication may be ineffective – or counterproductive – in a social media setting. One-way communications of impersonal content tend to be ineffective. But enterprises can learn from early mistakes. As *Building Belief* noted, “credibility, trust and authority will only be conferred on those who are actually expert at what they do, and who share that expertise in helpful ways.”

An example of an organization that traveled that journey rather than giving up after an early setback is World Wrestling Entertainment, Inc. The company's first effort to use social media to "continue the storyline" between its four-times-a-week telecasts, known as WWE Universe, was shut down after attracting only 750,000 fans. Now, WWE creates 1,500 pieces of original content each week, optimized across multiple social networks including Twitterviews (live Twitter interviews with its biggest stars) and over 100 unique Facebook accounts. WWE now has a worldwide fan base of over 17 million, many of whom are highly active on WWE's Facebook pages. And the WWE Digital Strategy Team focuses its efforts on going "where people are nesting" rather than wasting money and effort trying to lure those people to branded content on WWE's own web assets.

A Cultural Evolution

The *Economics of the Socially Engaged Enterprise* study also found that the largest single reported factor in an enterprise's social media success is gaining C-Suite buy-in, which often requires a cultural change both at the top and throughout the organization. Not coincidentally, this parallels a major theme of the New Model, which calls for a cross-C-Suite effort to define or reaffirm the enterprise's corporate character and tasks the CCO with engaging the C-Suite in establishing progressive social business policies, programs and management systems.

A successful outcome also may require a sustained effort by the CCO or the CMO to convince the CEO of the importance of social engagement. When the CEO is fully committed, results can be significant. Former Burberry CEO Angela Ahrendts encouraged the use of social media to create a consistent vision of the brand across all popular platforms. She even talks with her sales teams through a branded Chatter platform, BurberryChat. After 2007, when Ahrendts shifted

more than half of Burberry's media budget to social, annual sales more than doubled and its stock price approximately tripled. The company acquired more Twitter and Facebook followers than any other luxury apparel brand. "You have to be totally connected with everyone who touches your brand," Ahrendts says. "If you don't do that, I don't know what your business model is in five years."²

It is often the case that there is an initial fear of losing control, skepticism of social media's value and entrenched negative opinions. Legal obstacles, real or imagined, are also significant, especially in financial services, pharmaceuticals and other highly regulated industries. In one instance at a financial services firm, the COO built the business case for social media by having senior management spend a full day with outside experts, and the experience proved game changing.

This cultural transformation is enabled by technology but driven by a conviction that the business case has been made for social engagement. Sometimes, "let me show you what the competition is doing" helps change skeptical attitudes. It is clear that until minds are aligned and senior management lets go of some of its fears about loss of control, enterprises are unlikely to fully realize the benefits of full social engagement.

Multiple Objectives

The migration to social media has taken place for a variety of business objectives, from sales and marketing to reputation management. The following examples highlight how leading companies have addressed that spectrum of objectives:

Brand Loyalty

Domino's Pizza CEO Patrick Doyle has said, "To us, social media drives everything. Consumers own the brand, we don't own the brand."³ Domino's uses location-based Foursquare, offering free pizzas to "mayors" and free side dishes for those

² "Access All Areas' Enterprise 2.0 - Just How Many Businesses Are Comfortable With That?," by Michelle Carvill. Published February 13, 2013 on Business2Community.com. Accessed at: <http://www.business2community.com/marketing/access-all-areas-enterprise-2-0-just-how-many-businesses-are-comfortable-with-that-0129545>

³ "Patrick Doyle: How Domino's Pizza Used Social Media to Change its Reputation," by Lizzy Alfis. Published February 21, 2013 by The Ann Arbor News. Accessed at: <http://www.annarbor.com/business-review/patrick-doyle-how-dominos-pizza-used-social-media-to-change-its-reputation/>

who checked in and spent more than \$14.50. Domino's considers its social media activity a major factor in a revenue increase of 29%, or \$26 million.

Customer Service

Citibank Singapore tailored its Clear Platinum card to younger users, and understood that this generation expects social media interaction. A Facebook-based app provides rewards and also helps resolve customer issues without the customer being sent offline. As of 2012, the card had seen yearly growth of 20%.

Philanthropy and Thought Leadership

Chase Community Giving, a philanthropic arm of J.P. Morgan Chase, launched a Facebook page to allow users to help select charities that would receive Chase grants. Customer engagement via Facebook helped Chase learn what causes were most important to its customers.

NetApp, a data storage and management company, created a Facebook campaign for "Be the Match," a charity that maintains a database of potential donors for leukemia and lymphoma patients. After achieving its goal of accumulating 1,000 facts on how technology saves lives, NetApp donated a data storage system to the charity.

Panera Bread, the restaurant and bakery chain, launched a "Food Chain Reaction" Facebook app in partnership with Feeding America, a hunger relief organization. The app allows customers and others to create social circles, and for every circle established, Panera donates a bowl of soup to Feeding America. The initiative is relatively new but fairly quickly reached 10,000 users and is generating a conversation among Panera's customer base while associating its brand with a worthwhile cause.

Issues and Reputation Management

Delta Air Lines continually identifies social media influencers and keeps its database current. It tracks interactions with those influencers and watches what they are saying about the brand. Delta media relations manager Susan Elliott has said, "@DeltaNewsRoom has been critical in getting Delta's side of the story out whenever the airline faces any public relations challenge."

Crowdsourcing

Delta has also been a leader in crowdsourcing. Its "Ideas in Flight" program was launched in 2011 at TEDActive with videos on Facebook and YouTube. The program gave Delta customers and TED participants the opportunity to submit and share ideas to improve the travel experience. The program generated 50,644 new Delta Facebook fans and 500 shared ideas. When customers saw Delta implementing the most popular of those ideas, they knew the company was genuinely listening. "Ideas in Flight" led to a 10% increase in ad recall, a 15% increase in brand favorability and a 20% increase in brand recommendation.

Vitamin Water, the drink maker, involved its audience in the creation of new flavors, in part to generate excitement among its younger users. The campaign used Google News, Twitter, Flickr and Foodgawker and led to the design of 40,000 virtual bottles. Facebook fans increased by 1,000% and spent an average of seven minutes on the design app.

Similarly, Heineken, the Dutch brewer, created a global design challenge for a limited edition bottle to celebrate its 140th year in business. The 2012 contest was so successful that it was repeated in 2013 to create another limited-edition bottle, with the finalists showcased during Milan Design Week in April 2013. Online conversation around the brand has been significantly higher since the first contest launched.

Social Media Policies

As companies have become more experienced with social engagement, they have developed more sophisticated policies. Some initial policies said little more than “don’t do it,” or were excessively restrictive, particularly regarding the [use of social media at the office](#). More recently, the trend appears to be moving toward sophisticated approaches that are geared to optimizing the enterprise’s social media participation rather than a sole focus on preventing problems.

At the same time, those social media policies have had to navigate an increasingly active government. The U.S. Federal Trade Commission, Food and Drug Administration and Securities and Exchange Commission have all provided guidance on social engagement related to those agencies’ various statutory responsibilities.

And the National Labor Relations Board has admonished a number of excessively restrictive social media policies that it believes infringe upon employees’ statutory right to communicate with each other about wages, benefits and other conditions of their employment. Most notably, the blanket prohibitions on discussing company business without prior authorization, which was a common feature of early social media policies, have been overturned. Most companies have already come to the conclusion, even without the government’s help, that while social media may pose some risks, it also offers enormous opportunities. Just as companies would seldom attempt to completely prohibit their employees from discussing their work with their friends, or from being “brand ambassadors” in conventional communications, smart companies now realize it makes no sense to do so online.

CASE STUDY



"Becoming a Social Enterprise" How USAA is Advancing from Social Media Participation to Unlocking Social Business Innovation

The Challenge:

USAA originally began as a word-of-mouth company more than 90 years ago when a group of military officers decided to insure one another's vehicles. Since that time, USAA has grown to serve more than 10 million service members and their families, primarily through word-of-mouth advocacy.

Like most major brands in the mid-2000s, USAA established a presence in social media communities and third-party platforms (i.e., Facebook, Twitter, LinkedIn), focused on increasing brand affinity and enhancing and protecting USAA's reputation.

It soon became clear that simply maintaining a presence in external social media was not enough to remain a leader in word-of-mouth advocacy. USAA realized there was an opportunity to make social a more holistic and integral part of the fabric of USAA to drive a deeper set of enterprise benefits. Originally, the suggestion to be bold in social was met with skepticism and risk aversion, likely influenced by USAA's insurance origins and reputation as a private community for the military. The idea of "opening up social" through expanded business use and increased transparency was daunting. Compounding the hesitation was the suggestion of encouraging employee engagement in social, especially in light of the highly restrictive regulatory environment around financial services.

"Building advocacy at scale is at the core of how USAA began as a word-of-mouth advocacy company in 1922 and how the organization has grown to more than 10 million members. Social business technologies and practices are foundational to further enabling us to achieve our mission in serving members in today's always-on, always-connected society."

- Wendi Strong
Executive Vice President &
Chief Communications Officer,
USAA Enterprise Affairs

The focus on making a bolder social effort increased due to several external environment factors. Those factors included increasing pressure from competing financial institutions and a rapidly changing demographic of both USAA's membership and a growing millennial and Generation Z workforce. The organization began to realize the impact that digital technologies and social media adoption rates would have on the future growth of its business and industry.

By early 2011, it became clear: USAA needed to examine how social business could help achieve its mission. A case could be made for evolving from simply having a social media presence to becoming a social enterprise – one that is

relevant, collaborative, agile and well positioned to anticipate and exceed the needs of members, employees, stakeholders and communities.

The Solution:

Through development of a comprehensive business plan, USAA established that social business could create value for members and the organization when social technologies, principles and practices are embedded into the ongoing activities of the enterprise.

To build the plan, USAA formed a team of functional experts from across the enterprise and teamed up with an external consultant. Together they conducted a benchmark study of how the company was leading, lagging or at parity relative to those best-in-class across a comprehensive set of social capabilities. One outcome was the creation of a social business vision and a supporting business plan, which made recommendations for USAA to execute social business more fully across four key areas: organizational design, a program roadmap, a technology review and a financial business case.

The role of communications is foundational. The social business function resides in Enterprise Affairs (the corporate communications organization) at USAA. There is a centralized team of social business internal strategists and community managers that provide consistent leadership and guidance to a distributed team of representatives from across the various lines of business with social responsibilities as part of their jobs. As Assistant Vice President of Social Business, Renée Horne said, “At USAA, we believe that social business is everyone’s business. We are taking purposeful steps to infuse social into the ongoing practices of engaging with members and our employees to maintain relevance, both in the marketplace and workplace.”

The overall business plan and case was led by the social business group in partnership with an enterprise cross-functional working group. As part of the social business plan, USAA chose a distributed organizational design for embedding capabilities and closing process and technology gaps across the enterprise. This approach allows for acceleration of a sustainable set of practices, as opposed to concentrated social engagement within a single area or among a few community managers. In the distributed model, a small, dedicated social business team serves as internal consultants to the rest of the business units, which are then responsible for embedding social into their own workflows. The detailed program roadmap includes specific foundational infrastructure and business programs for implementation over a two-and-a-half-year planning horizon, with emphasis on achieving quick wins as well as medium- and long-term benefits for members and the association. The overall business plan is further backed with a detailed financial business case that demonstrates quantitative and qualitative benefits.

To activate the overall plan, USAA organized a social business governance committee and a cross-functional working group from across the enterprise. This committee provides oversight of the social business strategy implementation and has further enabled shared accountability for achieving the social business vision.

In addition, the organization undertook a critical review of its existing social media policy and took deliberate steps to revise it. The new social media policy and supporting guidelines address the fears of engaging in social head-on. As a result, USAA repositioned social engagement as an empowering opportunity to unleash the voices of more than 25,000 employees as potential brand advocates in social channels.

Lastly, through its Chief Technology Office, USAA developed a highly visible social hub. The Chief Technology Office reports into the Chief Information Office. It is a subset of IT, but has large responsibility for driving the company's technology architecture in support of the business.



The [USAA Social Exchange](#) is an interactive viewing area in a highly trafficked section of the home office, which will help enable employees to understand and experience social at USAA. Social Exchange includes large-screen views of real-time social conversations about USAA and its competitors, along with internal newsfeeds from USAA's intranet. This experience will be combined with a social innovation lab environment, where the IT team will partner with various business units to test, learn and rapidly deploy social innovations into the business and new product development processes.

The plan has enabled direct linkage to the business and, more importantly, is shaping the way USAA will conduct business in the future. Social business is enabling USAA to be more agile, and has shown tangible benefit to the association's ability to deliver on multiple fronts, including the following:

- Anticipating, detecting and delivering exceptional member experiences;
- Expanding financial advice opportunities;
- Driving product innovation and improving productivity;

- Increasing effectiveness of marketing;
- Engaging current employees and recruiting the best prospective employees;
- Advancing the brand and protecting/enhancing reputation; and
- Responding to and engaging stakeholders on any social platform.

Key Learnings:

- **Develop a strategy:** USAA treated development of a social business strategy no differently from other business strategies. It began with a vision in support of the USAA mission, a clear set of objectives and a strategy that articulated how to achieve the company's vision and objectives. This strategy was further supported with a road map of clear deliverables and programs to achieve quick wins, and medium- and long-term outcomes.
- **Build a relevant business case:** Developing a holistic strategy with a clearly defined set of business benefits for both the member and the company has been essential to gaining support for USAA's social business journey. Far too often, measurement of social is based on the number of "likes," "fans" or "followers." On the opposite extreme, many are just beginning to understand how social networks and peer-to-peer recommendations and influences drive purchasing decisions and can lead to revenue. USAA developed an in-depth business case with quantitative and qualitative benefits over a three- and five-year horizon. The business case included return on investment, net present value and payback measures, just as any traditional business case would. The difference was that the value drivers resulted from infusing social into the ongoing activities of the enterprise as opposed to product sales alone. In some cases, the value drivers were cost savings, productivity gains, increased collaboration and employee

engagement. Other cases featured revenue projections associated with member value gained through peer networking. Overlaying these benefits with the upfront investments in people, processes and technology enabled business-focused discussions on metrics, as opposed to a debate about soft, feel-good or lofty opinions. Presenting a business case has garnered greater support and credibility while also overcoming misperceptions that social is too soft to measure.

- **Expose and educate both leadership and line employees:** As part of the 2012 USAA strategic planning conference, there was a dedicated “Social Day,” where a captive audience of senior leadership obtained a hands-on experience with social. Throughout the day, the leadership team was exposed to a panel of experts, a social tradeshow demonstrating current capabilities, live moderation and a future state of social highlighting the art of the possible. The day also included a preview of social listening technologies and videos simulating experiences that USAA could bring to members via a social business environment. The highlights of “Social Day” included bringing in early adopters, thought leaders and best-in-class social business practitioners to help demystify social business and answer lingering questions. Use of strategic partners and experiential learning has been key to closing education gaps on what social business is and is not. Using others to tell the story of their social business journey and share key learnings provided a sense of calm and comfort for what it could mean at USAA. Topics ranged from safe employee engagement, mitigating information security

risks and identity theft to flattening hierarchies, better enabling customers to help each other and having real conversations about the need to embrace social on a larger scale. Closing gaps on these topics while articulating the business benefits led to greater senior-level support, extending from the CEO to his direct reports and other members of the executive management team who are key to the success of social business at USAA.

Frontline employees are being immersed as well, just in a different way. For frontline employees USAA is driving awareness and education of the revised social media policy and guidelines. For example, USAA is exposing employees to the impact of social on its brand by making the Social Exchange a very open and transparent venue for showcasing social commentary about the organization and its competitors gleaned from social listening using Radian 6 dashboards.

For leadership, middle management and all employees, USAA is implementing core and specialized social business education curricula as well. The curricula covers Social 101 through how to incorporate use of social into job functions where relevant.

- **Tell the Story, Sell the Story:** Communications has a key role in helping alert/awaken, socialize and educate the business on the value of being social. Communications should also work with the legal and compliance department to ensure that social media policy is made simple, useful and also encourages employee participation, while still maintaining regulatory compliance.

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