



INTRODUCING THE SOCIAL CUSTOMER

PART 1: WHO IS THE SOCIAL CUSTOMER?

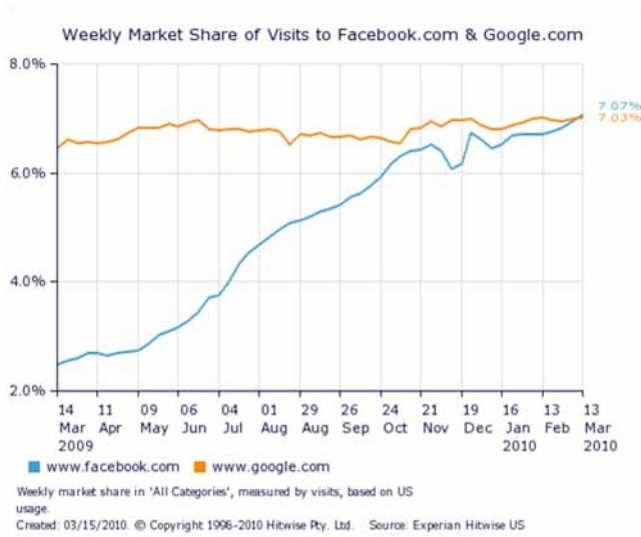
The era of the passive customer has come and gone. The time of the social customer is here, and she has a lot to say. She is hyper-connected, creative and collaborative. She expects to customize her products: "make it mine". She is connected to her social and professional circles via phone, email, SMS, Facebook, Twitter, blogs and forums. She is critical of claims made by brands, influenced more by friends, family and "people like her". She wants to make sure that brands are listening, and will go to great lengths to make sure they are. The fundamental shift in the relationship between the traditional customer and companies is driven by the social web; it is here to stay, and is the biggest shift yet in the history of business. Understanding her is critical to the success of your business.

The social web, or web 2.0 as it's also referred to, has caused an historic shift in how customers interact with companies and their brands. How and why customers make decisions to purchase products and services is not as clear as it once was. For example, customer service and experience often trump price and quality; this is the new normal. The change we have seen from customer to social customer is a cultural shift, enabled by both technology and peer influence. The social customer no longer cares about which department the brand representative is from, as long as her problem is solved; her patience is short. Companies will shift from developing products they think will work, to collaborating with customers and taking those insights to develop products and

services that they actually want and ask to be made. We are moving from an inside-out approach to an outside-in approach. The social customer, in addition to changing how she consumes information and interacts with brands and companies, also has a powerful voice not only to speak to a company but also to speak with peers through a public and unstructured medium. In other words, the social customer is a producer and can now share her ideas or complaints with the entire world through a variety of channels. Most businesses are unprepared for this power shift towards the social customer.

The implications for companies today are profound. Customers can and will choose how they want to interact with company representatives, and where and when they interact with them. Think about your current organization and how it does business. Chances are that your company still treats and services customers the same way today as it did ten years ago. Knowing and understanding the social customer, how can companies afford to not change their game plan? Customers have adapted and changed, and it's time that companies do so as well. According to the Edelman Trust Barometer, trust and transparency are as important to company reputation as is the quality of products and services that a company has to offer. (Source: 2010 Edelman Trust Barometer)

The Social Customer is a Consumer of Information

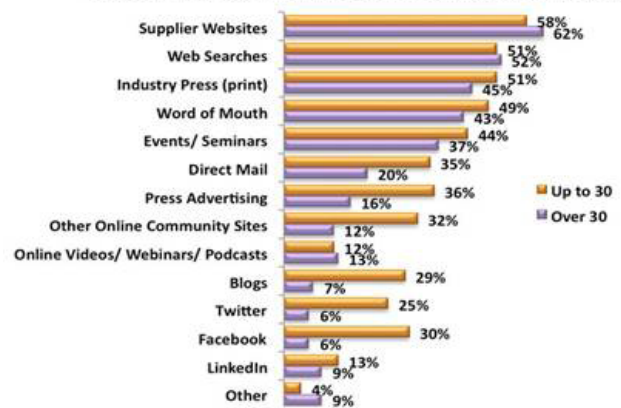


The social customer has become extremely efficient at curating information. Curation and meritocracy of content allows her to zero in on what is relevant, with a 'like me' filter already in place. Because she connects to like-minded individuals in her social networks, she trusts this filter to help her navigate through the excesses of information. The filter is important, because there is an overwhelming amount of information available including website links, tweets, posts (blogs and forums), videos, podcasts and reviews. Seventy percent of people polled trusted consumer opinions posted online⁽¹⁾, and according to Erik Qualman's Socialnomics, 78% of consumers trust recommendations from their "social graph" only⁽²⁾. When solid data from her own network exists, the social customer treats it like gold. The same Nielsen report states that "ninety percent of consumers surveyed noted that they trust recommendations from people they

know". Being able to tap into her network for recommendations not only adds a layer of trust, but also enables her to leverage its wisdom on the fly. Take away: people like me are knowledgeable, collaborative and are trustworthy.

It's important to note that the notion of the social customer includes the business-to-business buyer as well. Research has shown that B2B buyers have also started to lean away from company-furnished advertising. "Some 90% of buyers trust peer reviews and 70% trust online reviews," according to the American Marketing Association. Meanwhile, only 15% of buyers say they trust traditional advertising."⁽³⁾

Channel usage in B2B purchasing cycle by age



Note: we take the expanded view of the customer, to include both: your current and future customers. The business implication of this view across time is that you need to be seeking feedback from your current customers, non-customers and former customers.

1 Source: Nielsen: Global Advertising: Consumers Trust Real Friends and Virtual Strangers the Most

2 Source: Eric Qualman: Statistics Show Social Media Is Bigger Than You Think

3 Source: Base One: Buyersphere Survey of B2B Buyers' use of Social Media

The Social Customer is a Producer of Information

Not only does the social customer (consumer or business) trust her network for news, recommendations and reviews, she also doles out information liberally. When directed at your company, there is an expectation that the information shared will have an impact. A happy social customer is a powerful marketing vehicle, as she tells her friends immediately about her experience. Depending on the richness of her network and the level of influence and trust placed in her, that message has the potential to ripple through her network and get amplified by its members to their own networks. The important thing to note about the social customer is that she is going to share her feedback in an unfettered and vocal way, whether it's positive or negative, so your focus as a company needs to become on providing positive and memorable experiences for your customers, as well as working with your most loyal customers to collaborate and develop advocacy programs). More polarized negative and positive feedback is usually shared, as these experiences are noteworthy; neutral and run-of-the-mill experiences typically do not incite enough passion to be shared publicly. This shift from consumer to producer is a shift that companies need to embrace. No longer are customers passive recipients of messaging; the social customer is an active participant.

The Social Customer is Mobile

Smartphone shipments began to outpace PCs shipments in 2009 (Gartner, IDC) - a staggering number of people are accessing the Internet on mobile devices. Reaching and engaging consumers on their mobile devices is a growing and important channel. This unique platform offers many opportunities to engage with the social customer because mobile devices are nearly always within their reach. Solving the pain point at the point of pain is the new gold standard; access anywhere is that gold standard. For example, if you provide a service that compares prices on consumer goods across several online merchants, it used to be enough to just have a web-based version of your application. However, it is no longer enough. Because the social customer is highly mobile, now you also need to have a mobile application for the customer to access from her smart device. According to a recent Comscore study⁽¹⁾, mobile browser use has increased 111% and application use has increased 112%. The study also points out, that smartphone users are more engaged than feature phone users, with 78% accessing their browser in April 2010 and 80% accessing mobile applications (the figures are 19% and 17% for feature phone users). So it follows that you should design your mobile applications with the smartphone user in mind.

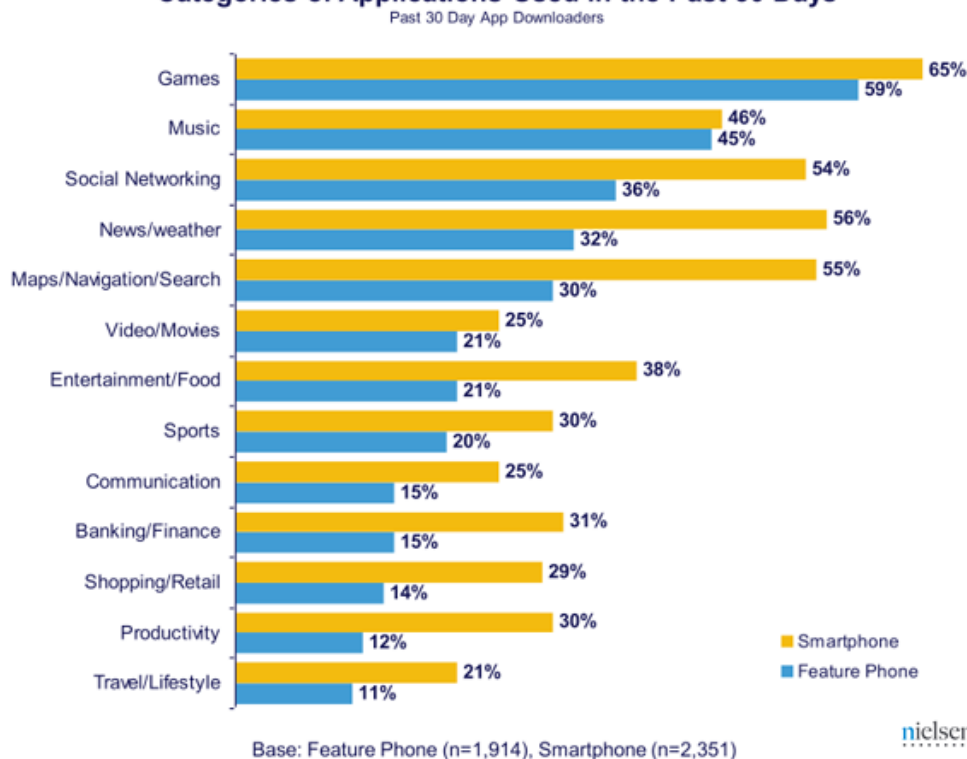
1 Source: Comscore: Social Networking Ranks As Fastest-Growing Mobile Content Category

Of all mobile usage, more use browsers than applications (73 million, to be exact) - mobile users tend to access social networking sites (30 million users), bank accounts (13.2 million users) and online retail (7.3 million users). Although a mobile site is definitely a step in the right direction, native apps are always preferred because of deeper engagement and functionality. An ideal mobile app would leverage the phone's native capabilities, such as phone, GPS, email. So in our price comparison application example, the mobile application would go a step further than just letting you comparison shop, to actually letting you know where the lowest priced item is in relation to your current location. To any extent that you can leverage mobile social networking, it may be worth your while to explore.

The Comscore study shows that social networking experienced the strongest growth in app access, increasing 240% to 14.5 million users. News apps, sports information apps and bank account apps also cater to large audiences, with 9.3 million, 7.7 million and 5 million users, as of April 2010 ⁽¹⁾.

What we are recommending is a robust and functional presence in channels where your customers are active (and remember, the social customer includes your current and future customers). If your customers use mobile and web (as is the case with most, based on the data we shared), you need to be active in both: the web and mobile spaces.

Categories of Applications Used in the Past 30 Days



1 Source: Comscore: Social Networking Ranks As Fastest-Growing Mobile Content Category

PART 2: A HOLISTIC RELATIONSHIP

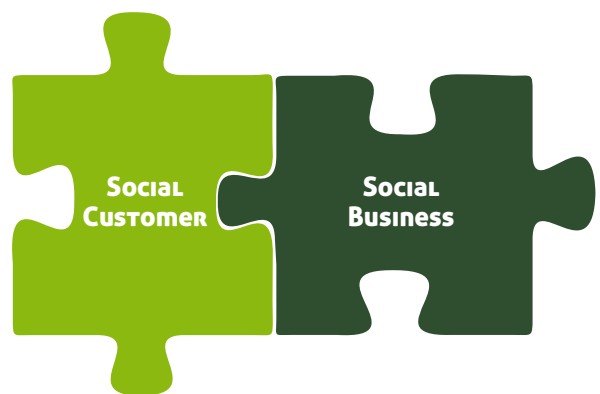
Ultimately, the customer wants a company to meet her specific needs and wants. If she can help a brand achieve this through her provision of input and insight into the product or service development in order to get what she wants, she will happily comply. This ability to co-create and thus giving her a higher stake in the future of the product, allows the social customer to be supportive of the two-way nature of this new collaborative relationship. This strategic joining of social customer and company objectives creates advocates from customers, increasing their positive word-of-mouth messaging.

If you are a company, the social customer is looking for informational, supportive, non-intrusive and relevant communication from you, not a one-way broadcast or SPAM. When she speaks about or to a company, she expects that the company reps are listening and will respond with open, honest, and helpful feedback and solutions. To gain her trust and loyalty, it is paramount that the company be reliable. A huge frustration for any customer, whether online or bricks and mortar, is an inconsistent experience or empty promises with no follow through. Earning her trust and loyalty takes time; she wants to develop a relationship with the company first, and possibly with several competitive companies before she chooses to support one. She will engage in a dialogue with them to help her make her purchasing decision, and will naturally shy away from those that exhibit traits that go against how she wants to relate to the

company. It takes a skillful employee to be perceptive, anticipate and react to the needs of the customer; an employee that is also passionate about providing helpful customer service. The company that can provide this will achieve high business performance.

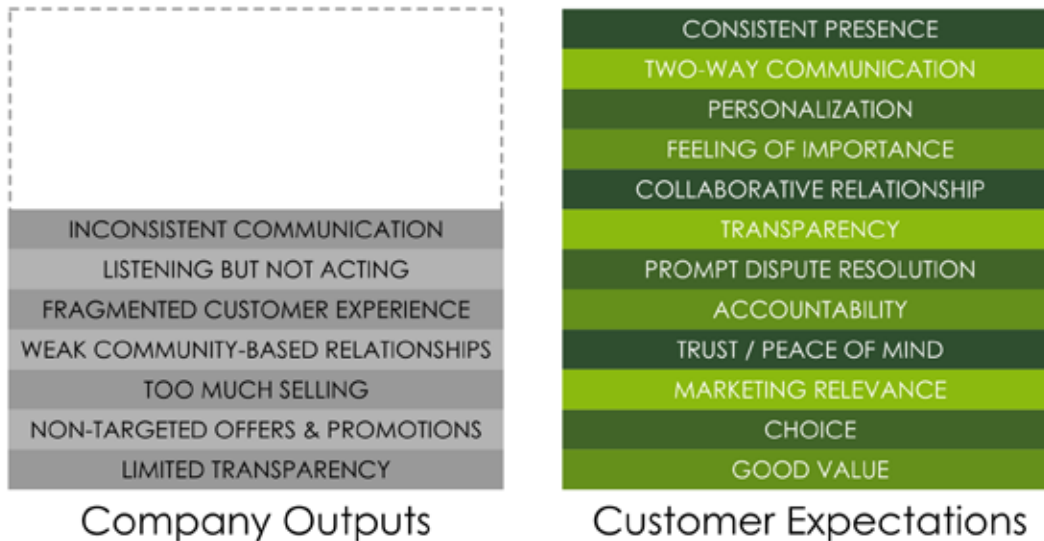
Expectations

The savvy social customer is not interested in lip service from a company about their fantastic customer service or fantastic product. Companies must realize that, in the mind of the social customer, their worth will be more defined by what they do and who they are. Success will hinge on brands being able to develop an engaging mutually beneficial relationship with customers (and future customers). Companies will need to empower employees to consider the context of each interaction, in order to create customized solutions for each unique customer and situation.



What can companies do to deliver value in this social customer driven world?

Company Outputs vs. Social Customer Expectations: Present State



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- **Consistent presence.** Be present and available within a reasonable period of time when the social customer needs to speak with you.
- **Two-way communication.** Be open to conversations that lead to a mutually beneficial outcome. Listen with an open mind.
- **Personalization.** Recognize, understand and act on the social customer's needs, wants and expectations.
- **Feeling of importance.** Appreciate, value and acknowledge the relationship you have with the social customer.
- **Collaborative relationship.** Develop a relationship that enables co-creation of products and services.
- **Transparency.** Be open about your practices, policies, promotions, products and services - no bait and switch or undeliverable promises!
- **Prompt dispute resolution.** Respond and resolve the social customer's concerns quickly. Look for a win-win solution.
- **Accountability.** Take responsibility for mistakes, and actively work towards solving them.
- **Trust/peace of mind.** Be honest, open. Provide good and consistent service and support to build confidence with the social customer.
- **Marketing relevance.** Offer products and services that are geared to the social customer's needs and wants.
- **Choice.** Provide the social customer with options; if she doesn't buy now, she may buy later.
- **Good value.** Offer value whether it is in price, product quality, service and support.

What Does the Social Customer Mean to a Brand

Conversations between social customers are now at a tipping point for companies. Conversation has changed forever. You are not the brand voice anymore, mandated from above. Rather, the brand voice is comprised of the patchwork of customer and employee voices. The moment is upon companies to leverage the unprecedented opportunity to connect with the social customer in ways and at speeds never before experienced. What can a brand do to empower the social customer, to build loyalty and ultimately brand advocacy?

Companies can start by bringing the social customer and her community closer to the brand by being on several different social networks. Each business needs to realize that the social customer is very passionate about her customer experience and isn't afraid to use social networks to share her thoughts and perspective with her online community of family, friends, colleagues and peers. Whether she is satisfied or dissatisfied about the brand, she is vocal with her community about it.

To really capture her attention, provide her with the opportunity to co-create with the company. By harnessing the creativity and innovation that she can provide, companies can demonstrate that they really do value her opinion and are working to meet her needs. Her insights will also help to improve advertising and promotions. With her input, messaging will not only become more intelligent and relevant, but just as importantly, brands can micro-target not only by location, demographics or lifestyle, but also by emotion and psychographics.

By consistently and continually leveraging her influence and meeting her needs, a champion and advocate of the brand will naturally transpire, and by word of mouth, she will influence future social customers within her network.

PART 3: CREATING MUTUAL VALUE BETWEEN THE COMPANY AND THE CUSTOMER



Customer Service, Support and Retention: Creating Loyalty and Advocacy

The age of customer service and the customer service economy is upon us, and will become the norm in the coming years and beyond. Today's business environment creates an even greater need to strengthen customer relationships and maximize customer retention. Companies have the opportunity to adapt to the social customer's changing expectations of a brand; those who fail to do so will miss the boat, while their competition that have adjusted will surge forward.

Social media has empowered the social customer in ways never before seen. Tools like Twitter, Facebook, Yelp and YouTube, alongside the blogging and user forum ecosystems, allow the social customer to tell the world about her negative experience with a company immediately after it happens, and even while it's happening. Identifying a customer issue, responding to it and solving the problem quickly using social media provides what can be called a good customer experience.

With a constant focus on providing a unique high quality customer experience,

companies will create, foster and strengthen bonds with their customers. Strong, well established relationships will help to prevent unnecessary escalations and/or confrontations. You need to proactively reach out to build relationships and solve problems before they become deal-breakers. In this internet-enabled world, the social customer has a multitude of product, service and support options available to her at her fingertips. Customers have an expectation that brands will deliver on the brand promise they advertise. The social business can offer a differentiated customer experience that can reduce customer churn and increase retention rates. By providing a unique and exceptional customer experience from day one, companies can begin the journey of developing a long-term relationship based on trust, which will lead to loyalty and ultimately advocacy.



Innovation: Gathering Intelligence

As we established above, the social customer is a unique blend of tech savvy, collaboration and information exchange through trusted and curated channels. We have already established that the business conversation has changed for both sides. A truly successful social business knows not only how to support its social customers, but also how to leverage their valuable input.

Simple leveraging of customer input is a great first step, however, a successful social business must take this concept further, closer to the co-creation model. As we defined above, the social customer yearns for a two-way relationship that enriches her experience with a brand. Simply taking her feedback and using it does not signal a two-way relationship, and may cause a negative experience with the brand. A system must be put in place that allows users to share their feedback in an open and collaborative setting with other users and company representatives. In this setting, users would be able to augment each other's suggestions and collaborate with each other. During this creative process, the most meritorious ideas will "bubble up" to the top for the community manager to analyze and get involved in the discussion. A skilled community manager would lead the discussion, identifying hidden and explicit feedback, activating the collective creativity, triage the feedback and communicate it to the product team for brainstorm. In this open communication loop, the community manager would then communicate back to the user community the status of each proposed feature or enhancement (i.e. it's being considered by the team, implemented in this release, implemented in the future, declined, etc).

There are existing tools like GetSatisfaction and UserVoice that allow for this kind of user-to-user-to-company collaboration, but remember that SocialCRM is not about tools, but rather the process and culture of internal and external collaboration. With a two-way collaboration, the social customer feels in charge and appreciated, as well as invested in the future of the business.

This much closer alliance creates strong advocates out of social customers. We will take a closer look at customer-driven innovation in later papers.

Just as important to innovation is the process of social media research. Reams of data produced by social customers daily makes it possible for any company to leverage the collective intelligence of the market in its product innovation cycle. Active listening to industry keywords, product names and categories, allows to uncover emergent trends, most desired product features and points of satisfaction / dissatisfaction with the company's and competitors' products. Just like with any piece of the SocialCRM approach, proper processes need to be put in place in order to harness this information. It's a tricky exercise, given the sheer volume of social data, but semantic analysis tools like Attensity360 allow the gleaning of actionable insights from unstructured data.



Awareness:

The social customer has a long lasting and deep impact on brand, product, company, and service awareness. As discussed above, most of us, social customers, turn to other people "me" to find information about a product or service. Therefore, it's no surprise that the social customer has such a profound impact on product reputation and discovery.

Unfortunately, we still see many companies take the approach of quantity over quality. With radio and television campaigns of the past 50 years, companies were able to mass deliver messages and advertisements to as many people as possible at any given time. Unfortunately, this approach is being carried over to social channels, where it does more harm than good. We see companies getting sucked into a race to quickly build up their networks and amass followers, in order to mass deliver messages, advertisements, and promotional offers to them. This approach does not work for social media, and can potentially hurt more than it helps.

Awareness isn't always a positive thing, and can manifest itself in the form of negative feedback. Companies have two choices when interacting with the social customer: they can either respond to all the feedback they get, dish out as many offers as they can, and exchange friendly banter with them. Alternatively, companies can actually work with their social customers to make sure that they are getting what they want, how they want it, and where they want it. Building these advocacy programs to help improve the company's products and services will in return result in much higher-level awareness. If you are delivering a superior and collaborative user experience, your social customers are going to talk about you, implicitly influencing other people like "them" to purchase products and services from you (or at least investigate you further).



Promotion:

Recall that we describe "good value" as one of the key things the social customer looks for. Value is defined as "the best relationship between price and quality". By providing a superb and collaborative user experience that we mentioned above, brands can exhibit themselves as a socially smart company. A socially enabled business is able to leverage social media to extend valuable offers to the social customers. It's important to make a distinction between a business that builds a solid relationship and then peppers in special offers for its already loyal base vs. a business that builds a "relationship" with a customer based on promotions and giveaways in the social channels (i.e. "follow us on Twitter to be entered into a drawing for an iPad" or "join our Facebook group to get 30% off your first order"). These "relationships" are not relationships at all, but rather flimsy connections based on lowest common denominator. These connections do not harness a social customer's savvy and desire to build a relationship, and instill no loyalty, advocacy or connection to the brand. The minute that your competitors give that customer a discount, she is gone! On the other hand, there is nothing wrong with offering promotions that are specific to that particular social channel, just as long as that is not the basis of your relationship.

Finally, when running a promotion on a social channel, make sure you have a way to track the traffic and conversion from this promotion; we recommend using unique landing pages and channel-specific discount codes.

CONCLUSION

Above all, what the social customer wants is for companies to deliver an exceptional customer experience. We all share a common trait: every one of us has needs, wants, and emotions, and when a brand can conduct themselves in ways that will strike a chord with the social customer, consistently, continually and authentically, her trust will be heightened, they will receive a greater share of her wallet and the lifetime value of the customer will be increased.

Due to a growing amount of information, generated by users as well as companies, the social customer leans on her network for better filtering. Thus, this new social economy is largely driven by trust, openness and usefulness. To “win” in the eyes of the social customer, businesses must change their cultures to become more like trusted friends than one-way television ads: collaborative and full of useful information, willing to invest the time to build a relationship. The best ways to build the relationship with the social customer is to involve her in the co-creation process, building strong advocacy, and support her at the time of need.

Maintaining a globally consistent social customer focus might seem herculean, however with the right executive leadership that guides a strategy that involves clearly defined processes, guidelines and policies, hiring the right people and providing continual employee training and employee, and choosing the right technology, that are weaved throughout the organization, the chances of success will be elevated. And remember, culture and people first, guidelines, processes and policies second, technology third.

ABOUT US

Authors:

ATTENSITY

Attensity Group delivers software products that enable the “Open Enterprise” to meet the demands of a new breed of enlightened and empowered consumers. Attensity’s solutions are powered by semantic technologies that allow users to Listen, Analyze, Relate and Act (LARA) to multi-channel customer interactions, with a collaborative, customer-centric approach. Attensity helps business leaders, support technicians and customers **get relevant and actionable answers fast**, resulting in increased advocacy, loyalty and satisfaction. With over 500 installations worldwide, it is used by large government agencies and innovative enterprises like Airbus, JetBlue, Travelocity and Whirlpool.

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Chess Media Group is a social business consultancy specializing in Social CRM, Enterprise 2.0, and Social Media. We implement collaborative and participatory solutions that strengthen business performance. By combining deep industry knowledge, experience, expertise, and innovation, we design and implement solutions that help our clients release their potential. Chess works with medium and enterprise size companies who benefit from our team with more than 50 years of combined experience in collaboration, CRM, knowledge and content management, information architecture and strategic marketing communications fields.



Maria Ogneva, Director of Social Media, Attensity, pursues her love for social media and statistics daily. Her mandate is to bring understanding and attention to the issues of social media monitoring, measurement and engagement, helping businesses develop mutually beneficial relationships with the social customer. Before Attensity, Maria amassed a unique blend of “new” and traditional marketing experience. With an MBA focused on marketing and statistics, she always brings a quantitative edge. Having worked for large enterprises (Macy’s, Pepsi and Catalina Marketing) as well as smaller and entrepreneurial companies and consultancies, she knows firsthand how functional teams work in a variety of environments. Maria pens the Attensity blog, her personal blog SocialSilk, speaks at conferences and contributes regular content to widely-read social media publications, such as Mashable, Silicon Angle, among others.



Connie Chan, Principal and co-Founder, Chess Media Group, is a senior marketer with 15 years of marketing, management and consulting experience. She co-founded Chess to help companies unlock the full potential of combining people, process and social technologies to achieve high organizational performance. She has developed and implemented effective strategies, and delivered integrated demand-generation campaigns that produced measurable value to clients. She uses her extensive experience in traditional marketing to help clients to integrate Web 2.0 strategies and traditional marketing. Prior to co-founding Chess Media Group, Connie has been optimizing online and offline marketing communication and customer service strategies for companies like Ivanhoe Cambridge and Rogers Communications and for clients like McDonald’s, Insurance Corporation of BC and Greyhound at DDB Worldwide.



Jacob Morgan, Principal and co-Founder, Chess Media Group, is widely regarded as a thought leader in social business. He co-founded Chess to help companies understand the business value of employee, partner, and customer collaboration (Enterprise 2.0 and Social CRM). Jacob helps companies can boost productivity, cut costs and foster business agility from their social business initiatives. Jacob’s book, *Twittfaced – Your Toolkit for Understanding and Maximizing Social Media* was entirely co-authored through online collaboration and demonstrates the power of social media and online collaboration. Jacob’s blog is ranked among the top 100 most influential marketing blogs by AdAge; he contributes to publications like *Marketing Profs* and the *WSJ*, among others. Prior, Jacob consulted on SEO and worked with brands like Adobe, Conde Nast, New Horizons Computer Learning Centers, Salesforce, Sandisk.

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