

# Driving Relevant Business Insights From Social Media



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F R O S T & S U L L I V A N

1. Does social media marketing work, and if so, how effective is it?
2. How do I convert my social media marketing efforts into tangible results?
3. How do I find and focus my efforts on my target audience?
4. How are companies using social media?
5. What are the best ways to engage my audience?
6. How expensive is social media?
7. How do I select the right social platform for my business?
8. What are the best ways to engage my audience?
9. What's next?

**Even the most successful social media strategy** had to start somewhere. Organizations that have been monitoring the social media landscape often ask the same questions: Where do I start? Where do I go next? Does it matter?

During the eBroadcast **Driving Relevant Business Insights From Social Media**, Robert Worden, Senior Consultant, Information and Communication Technologies, Frost & Sullivan and Ed Burek, Social Media Solution and Product Marketing Manager, IBM answered these questions. The eBroadcast also presented a Social Media Analytics Framework to drive significant insights from social media that apply to your organization's goals.

## SOCIAL MEDIA OVERVIEW

### How Users Spend Their Time Online

The social media landscape is populated by hundreds of platforms. On the leading edge of the usage curve are platforms such as:

- **Foursquare:** a location-based mobile application.
- **Pinterest:** where users can “pin” pictures and stories related to communities of interest.
- **LinkedIn:** a recruitment and business networking site.
- **YouTube:** a platform for streaming video distribution.
- **Facebook:** where users engage in personal and business interactions.

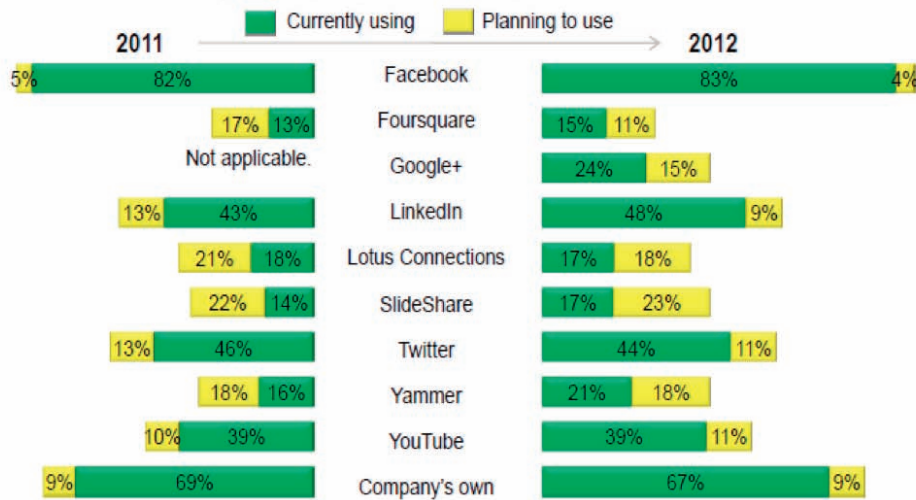
The user engagement of social media cannot be underestimated: Nearly one in five minutes online is spent on social networks today. One in seven minutes spent online are spent on Facebook. Twitter reaches one in ten global online users.

“In short, social is a phenomenon that has captured public attention and businesses are advancing their connections with customers to gain insight and drive corporate results,” said Robert Worden, Senior Consultant, Information and Communication Technologies, Frost & Sullivan.

As more B2B and B2C companies move into using social media, a consistent set of questions have begun to arise. Chief among them, according to Ed Burek, Social Media Solution and Product Marketing Manager, IBM, are: “What is next based on what I’m doing today?” and “How am I going to be able to bring more data together to get a better idea of who my customers are online?”

To answer these questions, let’s first take a look at some of the top sites being used for social media.

Use of Social Networking Sites by Organizations—Top Ten: The United States, 2011-2012



Base: Filtered respondents (2011, n=1,129; 2012, n=1,185).

Q4. Which of the following social networking site(s) is/are currently used or planning to be used by your organization?

Source: Frost & Sullivan analysis.

“What you’re starting to see is consistent usage across Facebook, Foursquare, and company sites, or Twitter. If you’d looked at this from 2010 to 2011, you would have seen planning be a lot larger. But from 2011 to 2012, what is fascinating is how planning has grown but adoption of using these sites is already fairly solid and is getting far more usage across the board,” said IBM’s Burek.

The demographic information on social media users shows that millennials are still the major power users; however those in the 55+ age group are beginning to make in-roads on social media usage. A gap still exists between older and younger aged social media users, but the gap is narrowing.

Another user is the “lurker,” the user that visits social media sites but does not engage directly with the content. “Lurkers are there, and even if you can’t see them—the message is getting out,” said Burek.

“ Are you gaining insight from your social media? If you are not leveraging social to improve insight into your business and customer preference, it’s time to start! ”

— Ed Burek,  
*Social Media Solution  
and Product  
Marketing Manager,*  
IBM

## What Is Fueling Social Media?

For many social media users, the iPhone and iPad have become their primary way to operate in the social media world. “Mobile is really driving that because mobiles are easy to conceptualize and interact with,” said Burek.

According to analysis from Nielsen and Frost & Sullivan, smartphone usage is expected to grow rapidly through 2015. Some additional factors behind mobile device and app growth:

- 63 percent increase in time spent on social media from 2011 to 2012
- 46 percent of social users access via a smartphone
- 16 percent connect using a tablet

There were 144 million smartphone connections in 2011, which rose +50.7 percent in 2012 to 217 million smartphone connections.

“If you look at growth just in smartphone connections, it’s really amazing how people are beginning to connect to each other and use these intelligent devices to take away the fear of social media,” said Burek.

The growing ease with social media results in more businesses and organizations partnering with each other to share information, thus creating new opportunities to learn more about users and competitors.

Social media sites themselves are also driving the rise of social media, said Frost & Sullivan’s Worden, adding that following these sites can help users to predict what will be the “next big thing.”

“Pinterest was the breakout social media star for 2012 with the most year-over-year audience growth of any other social media outlet across mobile web and apps,” he said.

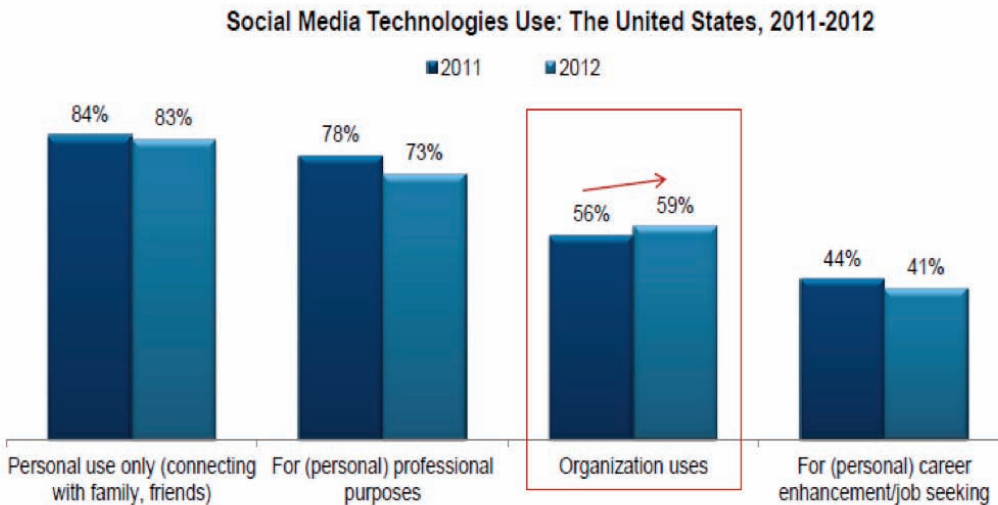
## What's Next for Social Media?

The next great social media platform will arrive before you know it. In fact, it is likely that innovators are already hard at work developing this platform. For business leaders it's crucial to keep a constant eye on the marketplace to know what their customers are saying as well as what their friends and neighbors are saying about the social media platforms and tools they are using.

It is also of importance for business leaders to pay attention to how social media is affecting their own lives. "The next breakout star typically will emerge from that word of mouth as the people around you and your customers start to generate interest in one platform over another," said Worden.

## How Businesses Use Social Media

Businesses use social media to connect with customers and gain insight. But what are they doing specifically? To answer that question, Frost & Sullivan has compiled data on the growth in social media usage by business.



Base: All respondents (2011, n=2,006; 2012, n=2,016).  
 S1. Do you use social media technologies (social networks, wikis, blogs, etc.)? (Multiple response)

Source: Frost & Sullivan analysis.

Corporate users have seen the largest percentage of social media for personal use, followed by business use (such as using LinkedIn for networking). There has been a 3 percent increase in the use of social media by businesses between 2011 and 2012.

There has been a general rise in the use of Facebook, Twitter, and YouTube to advance business goals, generate sales leads, launch branding objectives, and perform customer service.

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 Information and  
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- Social networking is the world’s most popular online activity.
- Social networking behavior both transcends and reflects regional differences around the world. The Asia-Pacific region claims one-third of all social network users.
- The importance of Facebook cannot be overstated; 1 billion users as of September 2012.
- Micro-blogging (Twitter posts, Facebook status updates) has emerged as a powerful new force in social networking.
- Social networks are making inroads globally. Total social users around the globe top 1.5 billion.
- It’s not just young people using social networking anymore—it’s everyone.
- Social networking leads in online display advertising in the U.S.
- The next breakout service(s) have yet to be decided.
- Mobile devices are fueling the social addiction.

Meanwhile, word-of-mouth marketing remains the primary way organizations use social media. People share experiences online, or use social media to develop growth platforms, specifically using the community to help seek out and capture new growth, as well as product ideas from users that are commenting on a business’ products and services.

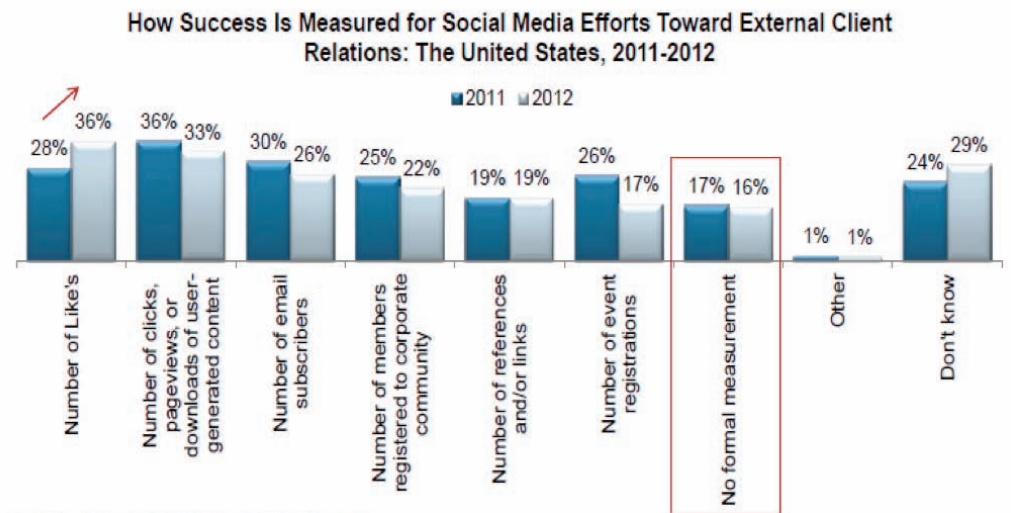
The use of social to market products has increased year over year as has the use of social for customer support.

“When we take a look at the types of social media insights that companies are deriving from the use of social media, we can look at the level of customer engagement with their brand and their company. They share a voice. What percentage of the online market are they capturing? They’re able to see through social media sites who their brand advocates are looking for, as well as who is speaking good things about a company, its products, and its services,” said Frost & Sullivan’s Worden.

**Measure Your Efforts**

It is important to measure the success of your social media efforts. Given the social media advertising environment created by Facebook—being “liked” on a Facebook page is more common. Since 2012, the use of “like” counts has increased as a measure of social media success among corporate users. Similar to the number of clicks or page views, a “like” represents the amount of engagement with a company, product, or service among the members of a relevant community.

“Still, one in five corporate users continue to have no formal measurements in place for their social media activity,” said Worden.



Base: Filtered respondents (2011, n=876; 2012, n=916).  
 Q15. How does your organization measure the success of your client relations social networking communities? (Multiple response)  
 Source: Frost & Sullivan analysis.

## ROI: The “Holy Grail” of Social Media

IBM’s Burek discussed how in studies conducted with CMOs across the globe from a variety of organizations across sectors, the same concern is often repeated—how do you measure social media success?

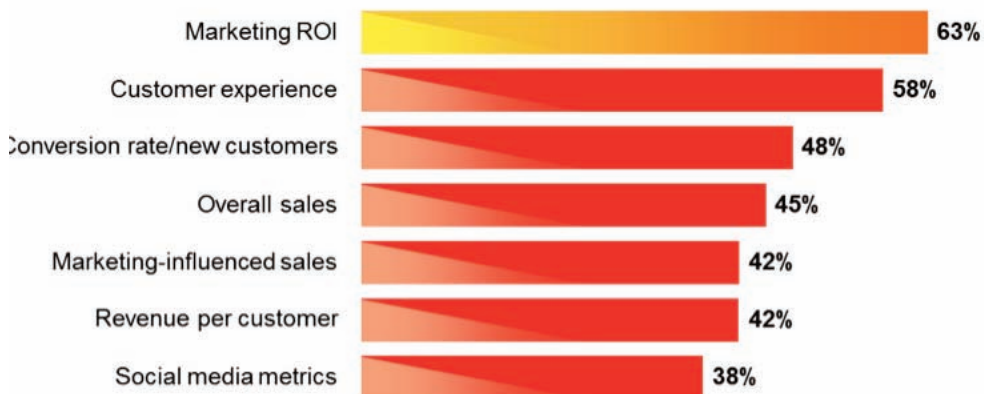
Return on investment (ROI) is the “Holy Grail” of social media, and it is the area where most organizations struggle in regards to their social media strategies. “How do you get ROI for something that you don’t know who exactly the customer is or how to tie them to my customer ID number to see who they are and what they’re saying?” said IBM’s Burek.

The problem breaks down to: How do you put a hard number on your campaign, how does spending X amount of dollars come out to Y.

“I think over the next few years as we become more sophisticated in our use of social media, that the social data used by mobile apps and the ability to look at information online will give us more insight,” said Burek.

### Seven most important measures to gauge marketing success

*Percent of CMOs selecting success measurements*



“Are you gaining insight from your social media?” asked Burek. “If you are not leveraging social to improve insight into your business and customer preference, it’s time to start!”

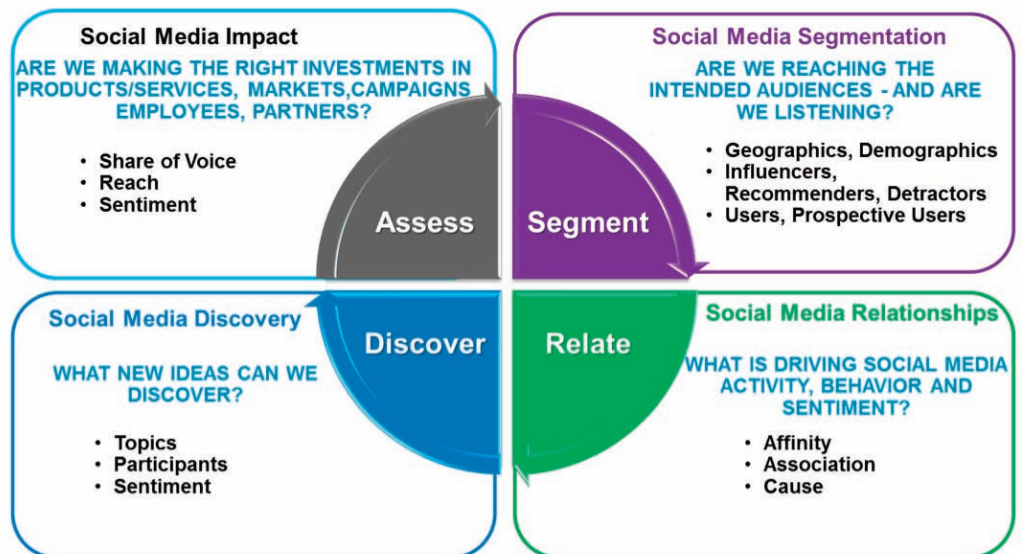
## Social Media Analytics Framework

### Launching a Social Media Strategy

Though the easiest advice for getting into social media is to just jump in, for business organizations, there are more factors to consider than just “jumping in.”

To that end, IBM has created a framework, primarily from a product development standpoint, to identify where an organization is in its social media evolution, and where it wants to go next.

“We use it as a way to talk to customers to find out where they are; and we use it when we talk to potential partners for how we're going to operate with them,” said Burek.



The top left quadrant features the Assess phase where you consider the impact you want to make in social media as well as the investment you want to make in your efforts. In this stage, you should be listening to social media sites like Facebook and Twitter, as well as those websites that feature reviews or have built communities around your product space.

During the Segment phase, you should begin to consider whether or not you are reaching the right audience. Are you listening to what your audience is saying? Are they using your product? Are they using your competitor's product? Do you understand your customer from a geographic perspective? Do you understand them as individuals?

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The next part is to Relate to how are relationships are happening through your social media efforts. How strong are those relationships? Are your campaigns targeting your audience's needs?

Discover, the last phase, is where you look at certain topics or participants that are unique with an eye toward combining predictive analytics capabilities with demographic segmentation to understand the reaction you receive to you campaigns, web surveys, and data, and begin to make some inferences about the relationships you've created.

## How Do You Get Real ROI?

How do you get real ROI on your social media investment? The answer is simple: apply analytics.

Social media cannot be silo'd in your organization, it needs to be brought into your organization and used. All social media efforts generate actionable data.

"If you do not bring it in and use that data and look at it as the proxy for a customer's point of view, you will continue to struggle to get that financial ROI," said Burek.

Some customers may only want to engage with your company through social media, and these customers need to be leveraged.

"Social is unique, it democratizes age groups using across the board, which need to be brought into play," said Burek.

## Final Thought

Driving relevant business insights from social media requires companies to give consideration to the role of social media in their operational goals. It requires giving thought to:

- How social media can aid the achievement of corporate goals.
- Identifying the right social platform to advance your goals.
- If implemented, what measures of success would validate the use of social in advancing these goals, and
- Tying the elements of success back to a measurable ROI.

"Having an analytics capability allows you to take likes and clicks, and segment down to the people that are interacting with your brand, so you can reach out to them and get them into the sales channel, track your communication through the sales cycle, and convert them to a sale," said Frost & Sullivan's Worden.

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