Social Media- A Boon or Bane for Global Business

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EXECUTIVE SUMMARY

In recent years, growth and popularity of social media sites has increased tremendously. Majority of the people with an Internet access are active participants of these sites. This online explosion has enticed more and more corporations to adopt the social media for marketing in order to specifically target their potential consumers. To tap this opportunity, there has been a continuous effort to take the benefit of the access and reach of social media sites for increasing the awareness and engagement so that actual sales can be increased. However, this medium being very dynamic requires corporations to be very cautious of whatever they do on this medium. Thus, it has its own set of challenges.

This paper discusses whether social media is a boon or bane from a corporate perspective, depicting its various benefits and pitfalls.

Finally the paper points to some principles, rules and guidelines which can be used by corporations so that they can save themselves from being hit by the negative consequences of social media usage.

My endeavour throughout this article will be to support any opinion or judgement with the help of case studies/ graphs, wherever possible, of various corporations.
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Introduction
With the advent of globalisation, today, every brand has become a global brand. Customers from around the world can discover, share and interact with each other about the content that corporations share on their social pages. This calls for the corporations to be aware of the different needs of their customers. It is this very awareness that poses challenges to the corporations like: How to address multiple speaking audiences? How to cater to the audience in different time zones? How to prioritise and implement social strategy to get the maximum out of social media campaign?

Though social media helps to make the corporations visible and accessible to the target audience but the main challenge that hinders them to adopt the social media usage way is: What kind of strategy will help them to cover their global footprints? Whether to provide the content in specific local languages of different countries or use just one language i.e. English as the standard language all over the world?

In addition to this, speed also plays a great role in social media. By the time one wake up, someone’s complaint on Twitter in other part of the world may have become a serious and harmful issue for the image of the corporation.

Thus, whether it is a multi-national company or a start-up vying for immediate growth, a clear cut strategy will be required to rise above the clutter and make a mark on the global audience.

Benefits
Social media’s benefits to the corporations can be broadly classified in the following categories and this is supported by the graphs which are the results of the survey.

a) Marketing
Leads generation, improved Search Engine Optimization, Awareness & Reputation building, increased brand exposure

![Generated Leads](source: Stelzner, 2012)  ![Increased Exposure](source: Stelzner, 2012)  ![Improved Search Rankings](source: Stelzner, 2012)

b) Research & Development
Competitor monitoring, market insights
c) Finance

Cost effective, reduced marketing/recruitment/customer service costs

Source: Stelzner, 2012

d) Customer Support

Increased customer loyalty/retention, improved customer experience, real time personalised support

Source: Stelzner, 2012

e) Human Resources

Networking, recruitment.

Source: Stelzner, 2012
f) Public Relations

Real-time communication.

The following graph lists the benefits in the descending order of their percentage. For e.g. 85% of all the marketers surveyed believed that social media helped them to increase their corporations’ exposure.

Figure 8: Benefits of Social Marketing for companies

Source: Stelzner, 2012

Pitfalls

Though social media marketing is a great tool for corporations to boost business, it has some pitfalls too, if not handled properly. We try to study pitfalls with the help of case studies which will help to understand what the corporations should avoid doing on social media. The following are the pitfalls associated with it:

a) Negative Branding

Due to the explosion of BP licensed Transocean oil rig Deepwater Horizon in the Gulf of Mexico on April 20th, 2010, eleven people died and oil spill continued for several days together. During the course of this environment destruction and people losing life, BP CEO Tony Hayward’s delayed response came out as an insensitive and outrageous one.

This created an uproar on Twitter which led to the creation of fake BP PR Twitter account @BPGlobalPR which had over 1,75,000 followers in contrast to only 15,000 followers of its official account @BP_America. This fake account got viral due to its parody tweets on the company. As a result of this, significant investor equity was lost and it fell off from the Interbrand’s list of top brands for the first time in 11 years. This is the magnitude of havoc negative branding can create on social media.

b) Unpredictable

Sometimes the promotional campaigns do not work out the way companies wanted. There may be certain cases where it can backfire and do more bad than good for which it was intended to. For e.g
#McDStories: When a hashtag becomes a bashtag. This campaign was basically rolled out so that people can share their heart-warming stories about Happy Meals. Instead it turned out that people started sharing experiences of food poisoning to throwing up of food which shows the unpredictable nature of social media.

c) Negative Publicity (Comments/Reviews/Feedback)

As it is an open platform, anyone can share his/her experiences, opinions or thoughts. This might result in the brand image getting affected due to the negative sentiments prevailing on the social media sites.

For e.g. David Carroll, a Canadian singer, composed a video titled “United Breaks Guitar” after his guitar was damaged at Chicago O’Hare airport and nothing fruitful was achieved in getting compensation from United Airlines for a year. The video went on to become viral and attracted a lot of eye-balls. This led the company a massive loss of $180 million, as part of their stock value getting decreased by 10%.

d) Hacking of Social Media sites

Many hackers target online repository of information and data of organizations which can be easily compromised. As a result there is threat of getting private and confidential information of the company public. This can affect the company’s online image and its balance sheet as well.

For e.g. Sony disclosed of its system and Playstation’s network getting affected by “external intrusion” by Lulzsec. The reported damage was reported to be more than $170 million as approximately 25 million accounts’ information may have been stolen.

e) Long term ROI

Though social media is a fast changing environment but return on investment from it in terms of likes, shares, tweets, brand awareness, brand loyalty etc take some time. It may range from few months to years before a corporation gets benefit from increased sales and customer loyalty.

For e.g. In order to celebrate its 100th birthday, Oreo came out with a social media campaign of posting about historical and current events for 100 days with an element of Oreo cookie in it. After 100 days i.e. approximately 3 months, the results that were achieved are as follows: 510% increase in re-tweets on Twitter, 1 million Facebook likes, 230 million media impressions on other sites and 280% increase in Facebook shares. (Source: [http://pbaggerman.wordpress.com/2013/09/27/return-on-investment-oreos/](http://pbaggerman.wordpress.com/2013/09/27/return-on-investment-oreos/))

**Principles & Rules**

A certain set of principles & rules can help to streamline the corporation’s process of achieving success on social media platforms. It can be divided into 2 divisions. They are as follows:

i) External- This division deals with how the corporations should make them visible to the outside people on the social media sites.
ii) Internal: This division deals with what guidelines should corporations adopt to have a clear understanding for its associates/employees on how to share and interact on the social media sites.

External

a) Know yourself
One of the most important key for corporations in getting successful across the social media is to be aware of their own business or purpose of going online. It is necessary because only this awareness of their strengths will help them to develop the basic foundation of their social media strategy. If the corporation is a small size or a start-up, then the list of dedicated and loyal customers can be built with the help of it which will help them to grow over the period. Whereas the large corporation should focus on impacting the audience on a national and international level in order to gain the necessary exposure. The strategy will also depend on whether you are a B2B or B2C company. A B2B company should focus on creating networking and be visible in the commercial marketplace while B2C company should focus on a service or a product which is to be served to customers.

For e.g. As Park Avenue is a B2C company, it created a Soongh-A-Thon contest to bring awareness about its new 9 classic range of deodorants. The contests focussed on the deodorants as people were required to answer 9 questions based on 9 deodorants. As a result of this people enjoyed answering these questions and at the same time became aware of the new varieties of deodorants.

b) Understand where your target audience lies
Find out where your target audience lies. It is vital to understand this because majority of the times corporations complain of not achieving their desired objective in spite of doing everything right on social marketing. This is because they are targeting the wrong audience or using irrelevant social medium. Hence, it is helpful if they first monitor where their target audience converge i.e. blogs, forums, social sites etc a lot and try to listen on the topics they are discussing on. For this a variety of tools like Google Analytics, Facebook Analytics, Google Trends etc are available. This will help them to target their product/brand more efficiently.

For e.g. Woody Harrelson took part in an ask-me-anything interview in February 2012, conducted by Reddit, which is known for its open, thoughtful and active discussions. However, he kept on referencing his upcoming movie ‘Rampart’ in his answers. This led to the people believe that he has come for the marketing of his film and not for genuine Q & A session. As a result, the situation quickly grew out of control and was criticized throughout his session.

c) Decide which channels to use
Once you have found who your target audience is and where on social media they spend their time mostly, target the social sites relevant to them. For e.g. In order to increase awareness and loyalty about the product, corporations can use Facebook or Twitter. And in order to increase networking and professional services, LinkedIn can be used. Each channel has a specific purpose behind its existence.
For e.g. Dell, in order to market its core product, used LinkedIn to target a network of IT professionals. It won an award for this focussed campaign on LinkedIn.

d) **Develop relevant content**

This is the step at which most corporations fail i.e. they fail to deliver the relevant content which will help them to support their national/international needs. It is very necessary to be aware of the latest trends & happenings in the industry you are operating in so that you can take the advantage of the opportunity when it comes. This will help corporations to deliver content on these issues. In order to become successful on this aspect, it becomes very necessary to develop content in the local languages also. Beside this, corporations should try to engage people on their social pages by posting regular updates like relevant news, technology update, product information, quizzes, puzzles etc. This will help them to create “TOP OF THE MIND” brand recall for their corporations which will go a long way in giving them great returns.

For e.g. Oreo’s Daily Dunks (2013) was a Facebook led social media campaign in which the posts connected with an important event associated with that particular day were posted on Twitter in the form of images and visuals. Therefore, to depict Jun 21st as the longest day, it used the image of an elongated Oreo biscuit pack. Similarly, to depict Doctor’s Day on July 1st, it posted an image of Oreo biscuits in the form of tablet packs. This campaign helped them to increase the likes on their Facebook at an enormous speed.

**Internal Social Media Guidelines**

The Social media guidelines basically provide the corporations a framework to carry out their campaigns on the social media. But it can be a very confusing process because “One-size-fits-all” strategy does not work here. It depends on the goals and objectives of the companies. However, they are important as they can help prevent a crisis, if need be.

If the corporation is involved in a social media channel, it becomes important to have a clear cut set of guidelines which will help the two way interaction between employees and customers smoother. Also it will help to keep the corporation’s reputation intact. As the corporation get more distributed, it becomes difficult to make these guidelines effective.

The effective guidelines should basically try to include the following aspects (Here, I have taken the reference from the Coca-Cola Company’s social media guidelines). They are as follows:

a) **Core values in regard to its involvement in social media**

Focus mainly on: utilization of best practices, responsibility in using technology, respect of copyrights/trademarks etc., transparency in engagement, and protection of consumers’ privacy.

b) **Expectations for Associates’ Personal Behaviour in Online Social Media**

Focus mainly on: consciousness in mixing personal and professional lives, scouting for compliments and criticism, responsibility for own actions, adherence to the code of business conduct and responsive to negative posts.
c) Expectations for Online Spokespeople

They focus mainly on: the representative should be a certified person, should follow code of business conduct, should be aware that he/she is representing company, should fully disclose the affiliation with the company, should keep records, should not post when in doubt, should not violate others’ rights, should be responsible, should remember that posts have international significance and finally should be aware that internet is a permanent medium.

Conclusion

Social media can be used as an effective tool for marketing the brands/products by global corporations as it gives them the chance to listen to the varied consumers’ say and needs. It also gives them the freedom of being global and local both in their strategy and approach. However, one thing that should be kept in mind is that social media should not be used alone. Instead it should be used along with the traditional approaches which will enhance the effects of both. The corporations should be very much proactive in using this social media as this is the medium where one can easily lose control on. Also they should not be bogged down or afraid of using social media. Instead they should learn from the mistakes committed by other companies in the past and be attentive enough to take preventive measures while using this medium. By following this, global corporations may have a high probability of achieving their desired objective from social media.

References


