

Maximizing Return on Social Media



Organizations increase spending for social media activities

Only some years ago, organizations saw social media as just another channel to communicate with customers. And the attention it received during budgeting rounds was in line with this view. Today social media has become one, if not the most, important way to communicate with customers. Furthermore, the ways social media can add value to companies has grown above and beyond communication with the customer. Companies now engage their customers in open innovation efforts, use social networks for recruiting purposes, and apply social media tools to foster internal communication and collaboration, to mention a few. Yet this broadened mix of social media applications comes at a price. The expenses increase significantly in a nontransparent manner across various functions, from R&D to HR to customer care. At the same time, organization-wide benefit tracking does not take place as objectives, responsibilities, and KPIs vary amongst areas of social media application. Thus, it comes with no surprise that the Altimeter Study 2011 found that the measurement of the social media RoI is the central challenge for organizations.

Organizations struggle with the calculation of the social media RoI

For the effective deployment and steering of their social media activities, organizations need a holistic and realistic picture about the benefits they can expect. Currently, social media manager use combinations of three approaches to measure and communicate the success of their social media engagement:

- (a) Visitors, followers, comments, likes, etc. are counted in regular intervals. In some cases, organizations multiply these numbers with pre-defined monetary values
- (b) Turnover/ profit is tracked during a social media campaign
- (c) The benefit is assessed for a very specific area, e.g. development of call center volume as a consequence of social media enabled customer service

All three approaches make trends transparent and give hints towards an impact of activities. However, they either lack the link to monetary values or they do not evaluate the social media effort across departments and application areas. Moreover, synergies amongst the different application areas are not visible, e.g. synergies between recruiting and marketing.

Understanding the benefits of social media

In order to better understand the variety of benefits from social media, Capgemini Consulting collected from July 2012 onwards more than 150 social media benefit cases from over 100 organizations worldwide. Each benefit case covered a description of the social media activity as well as the benefit achieved from this activity – the majority has quantitative/ monetary benefit descriptions. The classification in an exploratory manner revealed a multi-layered model covering 12 categories in four areas wherein social media manifests its value.

Social media activities in the 'research area' are covering market research, segmentation, monitoring and open innovation. Typical benefit cases in this category describe how organizations used social media to get insights: better understanding the customer and user, their wants and needs, as well as learning from externals and employees about own products and processes. For example Dell has setup the Ideastorm platform where visitors can submit new business and product ideas including comments and voting. Of the more than 19.500 collected ideas, Dell was able to implement approximately 550. With their platform "Integrated workforce experience" (IWE) comprising social media tools, Cisco was able to achieve a reduced product time to market that equated to an average 12% productivity gain per employee.

Social media activities in the 'communication' area comprise market and corporate communication as well as internal communication and eRecruitment. Organizations use social media to promote new products, service offerings, job offerings, general information etc. to a broad audience or to specific target groups. Some organizations were able to achieve an impressive reach in social media. For example Audi created the A1 community which was visited by more than 5,5 million people. Almost 40.000 created customized versions of the A1 model and the company reports that this campaign helped to reach the largest number of car pre-orders in its history. The online retailer Zappos.com sets a major emphasis on eRecruitment. From approximately 38.000 applications per year, social referral including employees' personal social media promotion accounts for 9 percent. One third of the applicants from social referral get hired.

The 'sales' area distinguishes between directly selling in social media and generating leads from social media. The business model of eCommerce organizations like Threadless (a T-shirt producer) and Linsenmax (retailer of contact lenses) is completely focused on social media sales. But also traditional organizations use social media for sales or lead generation. For example Dell runs a Twitter outlet store

Abb. 1: Social Media Benefit Categories



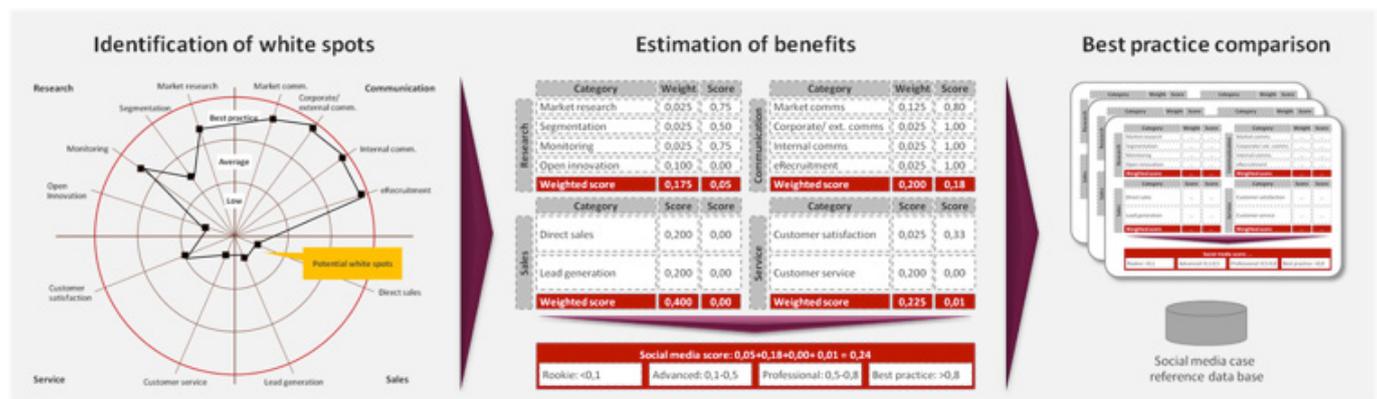
generating more than USD 6,5 million in sales or Honda generated over 3.500 dealer quote requests after a Facebook campaign.

The 'service' area comprises customer satisfaction tracking and customer service. Many organizations already use social media for customer service and report reduced call center volume and increasing customer service productivity. For example TomTom, the producer of navigation systems, started a community where enthusiastic TomTom users respond to user questions. Within only two weeks, the community resolved 20.000 requests leading to savings in after-sales of approximately USD 150.000. The telecommunications service provider giffgaff has built its complete customer service on social media by providing product incentives for power users responding to requests in social media.

The Capgemini Consulting Approach towards Social Media Steering

Based on the multi-layered model, Capgemini Consulting developed a holistic Social Media Steering Concept with a dedicated set of social media KPIs as foundation. Behind each of the 12 categories is a range of KPIs. All KPIs have a realistic best-practice/ target value deduced from the real-life benefit cases in the data base. The KPIs are aggregated on category-level and, based on an industry-specific weighting, these sum up to one specific social media benefit value.

Abb. 2: Social Media Steering Concept



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Realization of the Social Media Steering Concept

The Social Media Steering Concept is realized in five steps:

1. The Social Media Steering Concept is adapted according to industry-specifics and organizational requirements e.g. social media customer service provides less financial benefits in B2B manufacturing than in B2C telecommunication
2. The social media activities are assessed across the organization, entered in the data base and the AS-IS picture is analyzed e.g. with regards to white spots, strength, weaknesses, potential synergies, etc.
3. The TO-BE picture of social media activities is developed, e.g. leverage of synergies, increase of activities in white spot areas and decrease of activities in application areas with low benefit contribution
4. The TO-BE concept is implemented across the organization e.g. adaptation of social media strategy, communication measures, etc.
5. The social media activities are assessed in regular intervals and compared with the best-practice data points in the Social Media Steering Concept. Need for change and respective measures are deduced

Abb. 3: Realization steps of the Social Media Steering Concept



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Key take-aways

In order to manage the increasing spend in time and money, organizations need to get transparency about their organization-wide social media activities and the potential as well as actually realized benefits. Traditional success measurement approaches cannot provide this transparency. Comparing the organizations' social media activities to general and industry-specific best practices allows the identification of white spots, focuses the attention on costly but ineffective social media activities, and leads to the leverage of synergies between different departments and application areas.

The Social Media Steering Concept from Capgemini Consulting provides a holistic approach to social media benefit assessment and steering.

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