



THE BUSINESS CASE FOR

social

What real impact can social media marketing have on your business's bottom line? Prepare to be surprised. Ruth Le Pla explores the business case for social media.

What's a better way to spend a dull Friday afternoon? Catching up on paperwork or tweeting your way through to 5pm?

Twitter, Facebook and LinkedIn are fun. So, too, are YouTube, Bebo, My Space and a host of other social media sites.

For many companies they're now legitimate marketing tools. But given how stretched SME owner/managers already are, is all that tweeting and linking in worth the time and effort? Put more succinctly, can social media really boost your business's bottom line?

The simple answer to all those questions is 'yes, but'. As with other media, it's a case of aligning this marketing tool to your company's goals, resources and target market.

Get that right and you're on to a winner. If not, be prepared to keep a watching brief on developments and only pile on it when it suits you.

Tony Gardner chairs the Digital Leadership Group for the Communication Agencies Association of New Zealand (CAANZ). That means he keeps his eyes firmly fixed on the virtual faces of industry biggies such as Air New Zealand, Telecom, TVNZ, Vodafone and a host of others like V, Monteith's, Orcon and the NZ Army.

Yet when it comes to SMEs, he reckons social media has far greater potential as a game-changing business tool.

It's one of those force-multipliers that strip away beefed-up companies' economies of scale.

Smaller companies can listen as carefully, and shout as loud, as their larger competitors. Many of them find it easier to connect and engage. They sound more like a real person and less like a corporate rulebook. They can ooze attitude, humanity and humour.

When NZBusiness magazine polled readers as to whether or not they use social media, users outnumbered non-users by almost two to one. Many

people who told us they don't use social media said they're planning to get up and running with it soon.

When they do, they'll join a fast-growing number of savvy small business owners.

Luke Nicholas is one. Nicholas, who describes himself as general manager and first generation flying brewer of the EPIC Brewing Company, uses Twitter, Facebook, Friendfeed, Google Buzz, YouTube, Flickr, Picasa, a blog and Digg to engage with his audience.

He measures effectiveness through feedback, clicks and re-tweets.

Nicholas says he wants to let people know not only what he's doing with his brand but also in his own life.

“Anyone that says they don't have time for social media is just ignorant of what the benefits are.”

"I do this by sharing things beyond the brand that I find of value in my life: funny things like YouTube videos or useful tips or other beers I find and enjoy."

The multiplier effect is also working overtime for Kiwi company Misha's Vineyard. In world terms, it's a small operation producing just 10,000 cases of wine per annum. Yet on Twitter Misha's Vineyard is rated number 29 in the most influential wineries worldwide and the 40th most followed winery.

Director (marketing) Misha Wilkinson says, "As a result of our use of social media we have:

"Developed one-to-one relationships with wine journalists around the world – many of whom specifically request to visit us when coming to New Zealand;

"Connected with wine distributors in several countries which has resulted in several offers of distribution into various countries;

"Had wine reviews on our wines (and we have some great reviews) retweeted out to thousands of potential customers by our followers;

"Driven hits to our website each week when we post new blogs, wine reviews or press releases and send the links out on Twitter and Facebook;

"Established one-to-one Twitter and Facebook relationships with many restaurants, wine retailers and influential sommeliers – creating demand for our wines; and

"Been able to monitor other winery activities, see event reviews and follow trends.

"Anyone that says they don't have time for social media is just ignorant of what the benefits are," says

media

Wilkinson. "I was skeptical at the outset but tried it so that at least I could make an informed decision."

Wilkinson says that as a small vineyard Misha's can't afford not to use social media as an avenue to build its brand by establishing connections with the media, the wine trade and interested consumers.

"It really is a 'no brainer'. There is no cost associated with social media - you just need to put enough time into it initially to figure out how it works and then slowly join the interactive community."

How're we doing?

While there's plenty of anecdotal evidence of individual Kiwi SMEs doing smart social marketing, it's not so easy to get a helicopter view of what they're doing as a group.

So far local surveys have concentrated on the bigger players. One of the best and most recent is the Nielsen/CAANZ Digital Leadership Group survey conducted late last year and whose results are only just being released.

There's a popular belief, for example, that social media is for branding only.

Yet the survey seems to contradict this. True, brand engagement did rank highly: 71 percent of people said they'd expect that to be one of the benefits of social marketing.

But 70 percent of respondents also said

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they expect social media to help them with their ability to communicate directly with customers or consumers. And almost 69 percent of respondents also indicated they expect social media to provide greater knowledge of what customers and prospects think about their brand, company, products or services.

The survey also clearly shows Facebook at the top of the favourites list, with 43 percent of respondents saying they use it as part of their marketing. YouTube ranked second with 31 percent, followed by Twitter (30 percent) and LinkedIn (26.5 percent).

Almost 11 percent were using Bebo. Just six percent were on MySpace and a mere 1.2 percent lingered on Second Life.

Given the huge buzz around social

media why aren't companies using it more?

Nearly half of the respondents said they were being held back by a limited understanding or expertise within their own organisation. Just under 46 percent of people cited insufficient personnel resource. Almost a third of them reckoned there was a lack of organisational buy-in and a quarter of them said social media was not a priority within their communications plan.

Measuring social media

CAANZ Digital Leadership Group chair Tony Gardner says there are three main ways to measure social media.

Larger companies can capture insights into the effectiveness, or otherwise, of their social media marketing through holistic measures such as brand awareness scores.

Perhaps a more practical measure for SMEs is what Gardner calls 'engagement scores'.

"How many friends do you have on your Facebook page, for example? How often do they come to visit? And, on average, how long do they spend on your profile?"

"Or, if you're using YouTube, how many views of your video are you getting?"

"That's the quantitative stuff. On the qualitative side: what sort of ratings do

TWEET FOR SUPPORT

For Damian Funnell, the next few months will be telling times. The owner/director of IT services company FFF Managed Technology has just launched what he believes is New Zealand's first Twitter-based IT support desk.

FFF is a typical Kiwi SME. It has just 15 fulltime equivalent technical staff in Auckland and Wellington and a business partnership network around the country.

Funnell sees Twitter as an ideal vehicle to generate business. He limits his Twitter-based support to just three tweets a time from each customer.

"Anything more than that and we'll redirect them to our paid support service."

FFF uses CoTweet and cloud-based service management system ZenDesk to measure the volume of customer interaction and other vital statistics

such as response times.

But for FFF, the real metric will be how many people it can convert into paying customers.

"We've set a target measure of a five to ten percent conversion ratio and that would make it very worthwhile in our view."

On top of this customer-driven inbound service, FFF pumps out regular snippets of information, advice, news and links on upcoming trends.

"For a fairly small organisation like ours, that kind of thing takes a fair amount of resource," Funnell admits. He uses separate FFF in-house teams to handle the inbound service support requests and the outbound informational Tweets.

The majority of incoming requests can be answered by graduate-level staff with a couple of years of business experience under their belt.



Outgoing tweets are prepared by more experienced staff more able to discern long-term trends and present ideas in a way that customers can easily digest.

"We have times when those people can be relatively quiet so then they produce Tweets and schedule them for release later on."

(FFF's free Twitter-based IT help desk is now branded 'The Tech Support Ninja Crew' and available at <http://twitter.com/TechNinjaCrew>)

you get? What feedback are you getting?"

Thirdly, don't forget surveys which can be downloaded from the net and used on a website to ask simple questions about how people got there: through Facebook, for example?

Whatever system you use, Gardner stresses it's all very well to get the numbers: but the important stuff lies in interpreting those figures and then the planning, strategies and tactics that follow.

"That's the same with every maturing marketing channel," he says. "Sometimes people make the mistake of measuring social media just like they measure just about everything else: which is by scale." Yes, absolutely, more is better but there's a big qualitative dimension too.

"It's all very well to have 5000 fans on your Facebook page but I'd rather have 1000 fans who are really involved."

Avoiding mistakes

Linda Coles, CEO of Blue Banana, has seen people make plenty of mistakes as they find their feet with social media.

Coles runs practical webinars and workshops to help them brush up their skills. On LinkedIn, for example, she says the biggest mistakes centre around incomplete profiles and not getting involved in groups.

"Rather than standing like a wallflower on the side, you've got to jump in."

On Twitter, she cautions, it's important not to push your own barrow too hard. "There's a fine balance between over-promoting yourself and keeping yourself visible," she warns.

"Think of a 20-to-1 ratio. On Twitter, I aim to send out around 20 tweets about other things then one about myself.

"The longer you leave getting started in social media the harder it will become," says Coles. "Twitter, LinkedIn and Facebook are getting a little bit more involved so don't leave it too long to get started."

She urges SME owner/managers to start with one type of social media, find their feet and then move on to the next.

"Social media isn't an event, it's a process. It's part of your life like a fitness regime. You don't go to the gym and say, 'Now I'm fit'. You've got to keep going."

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PERSONALISING HER BRAND

When NZBusiness polled readers on whether or not they use social media, Breastmates' owner/manager Frances McInnes came back with a resounding yes.

"Facebook has made a significant difference to my business," she told us.

Breastmates specialises in maternity, breastfeeding and bottle feeding essentials. McInnes, who happily admits she's learning social media as she goes, uses Facebook with automatic links to update Twitter via Twitterfeed.com.

She also blogs and posts on YouTube: both automatically go to Twitter.

"It's so easy. People think I'm very busy but I'm not."

McInnes handles all her social media from her desktop and reckons she spends just ten minutes a day on it.

"Every day I try and get a post onto Facebook: whether it's a comment like, 'hey we've got new stock coming in', or a poll, or just something so that every day I'm in people's news feed."

She stockpiles ideas for busy days but usually finds stories come up in the news: anything related to children.

"I'm always learning. I'm always pleased if I get around 20 replies but the other day I asked a question: a quick poll on Friday night, 'did you have a C-section or a Vjayjay birth?'

"I put Vjayjay only because I was too embarrassed to put 'vagina'."

"About 180 people replied. I couldn't believe the response. They laughed

because I'd called it Vjayjay.

"And it was really short. I always try to do a really short sentence because I know myself I don't bother reading more than a couple of lines.

"I've also noticed that if I put a question on in the evening, it works really well for me. Most mothers read it in the evening when the kids are in bed and they have time. I notice the difference if I do it in the day."

McInnes sees social media as a great way to personalise her brand.

"A lot of people see my website and assume it's a big company. But with social media it's just me. I might comment on my children and that just personalises everything. Then, if people need to buy something, hopefully I spring to mind."

Down on the business bottom line, Breastmates' online marketing is tracking well too.

McInnes recently started tracking sales driven exclusively by her social media marketing after she worked out a way to do what she calls her 'secret Facebook' sales.

McInnes codes her website to hide a product unless people follow a link that she provides only on Facebook.

"I did it over one weekend and got probably 15 times my normal weekend turnover.

"I'm learning as I go but I'm also really enjoying it. I sit at home in my office all day and I don't see anyone. This is an outlet and it's really encouraging that people like what I do."

