



Annie Searle & Associates LLC

Research Note

Business Impacts of Social Media

By Akshay Bhagwatwar

Copyright © 2009, ASA

Applicable Sectors: Management Consulting, Information Technology, IT Enabled Services, Communications, Advertising, Emergency Services

The use of social media has intensified from just being a medium for sharing ideas, expression and opinions to a tool for marketing businesses. Businesses use social media and social networking websites as a tool for gaining deep customer insight and to facilitate consumer influence. The newly coined term ‘social media marketing’ describes the act of using social media by a business for marketing, sales, public relations and customer service.ⁱ For the customers too, social media provides an ideal platform to speak their mind and spread positive as well as negative information about a company with their friends. Customers are uploading the videos on youtube, speaking out

their minds through twitter or facebook, sharing the pictures through flickr and sharing their experiences through blogs. The virality of this information is very high often reaching millions of people. It is this viral marketing that companies try to leverage upon. Marketers are getting a chance to go close to customers than ever before and get their feedback.

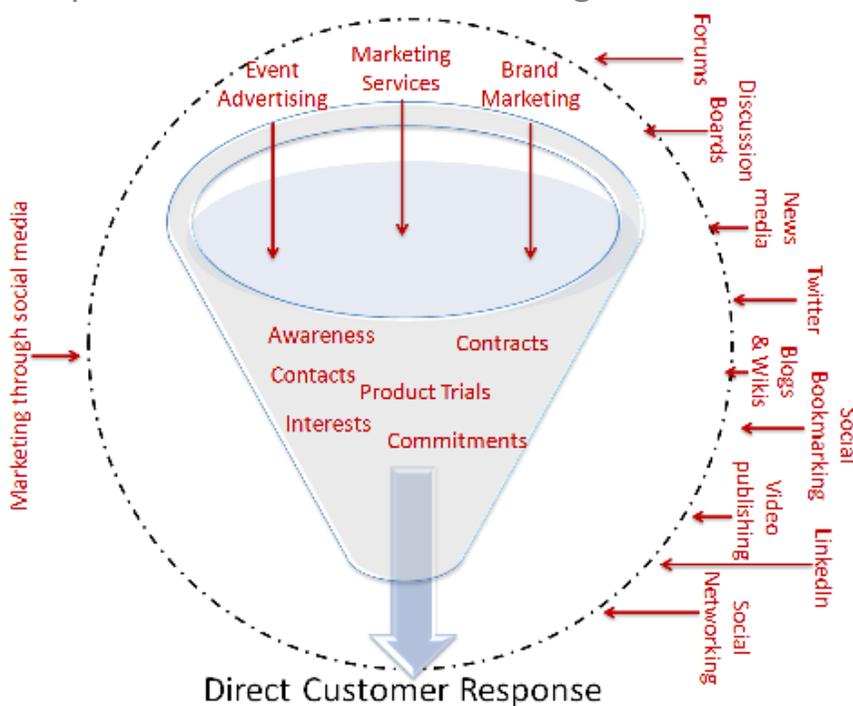
Measuring the business impact of social media depends on how effectively the social media has been able to reach the target audience and if this has been able to generate any business for the company. With the number of users on facebook or twitter exceeding millions, these social networking websites are serving as an ideal platform for any company to reach its audience through use of targeted advertising and online customer groups.



An example of a company using social media efficiently to achieve the goal of reaching target audience and gradually generating business for the company is Comcast. In March 2008, Comcast launched a

twitter account with the name 'comcasters'. There is a team headed by Frank Eliason, the Senior Director of National Customer operations, to manage this account. It is believed that this twitter account has been able to single handedly turned around the negative service reputation (at least online) simply by quickly responding to tweets about service issues. This is believed to be more effective than improving traditional call center wait times.ⁱⁱ

A recent study on the impact of social media on business marketing puts forward some interesting facts:ⁱⁱⁱ



- (1) 34% of people find information about a product through search engine
- (2) 30% of people learn about a new product through social networking websites
- (3) 28% said messages about sales or special deal notifications resonate with them.
- (4) 87% trust a friend's recommendation over a critic's review.

Social media and Web 2.0 have begun to transform the way

businesses are communicating with their customers and vice versa. The comfort with which customers can share their thoughts and ideas with millions across the web, social media provides an excellent platform for companies to monetize their brand evangelists.ⁱⁱ Brand evangelists are customers that are so excited about a product or service that they are willing to tell their friends, family and others about it. There is a great potential for opportunities to create brand awareness through use of social media. The critical step is to first engage people in marketing campaigns. The next step is to drive brand awareness by using creative and clever ideas based on customer interest patterns. Once the brand awareness has been created, then the company can publicize its new products and marketing events through the social media and make sure that the publicity messages reaches all the loyal customers.

Social media and social networking websites have also turned out to be an effective tool for creating awareness about pandemics. Centers for Disease Control and Prevention (CDC) and U.S. Department of Health and Human Sciences (HSS) have been actively using their facebook groups as a medium for creating awareness about diseases like H1N1, AIDS and so on. The [facebook group of CDC](#) alone has more than 50,000 members. CDC has been actively using this group to spread

awareness about pandemics like H1N1 and also as a tool to caution public about any spam myths in circulations about various diseases.

Whether it is the facebook, linkedin, twitter or any other online discussion form, people are communicating and are communicating faster than ever before. They are loving or hating products and are sharing their thoughts with friends and family members. Listening to and interacting with such customers will help personalize a company's brand and provide an easy medium of communication to the most vocal costumers. A well implemented social media marketing strategy has an impact on the business of the company that goes beyond just measurable or tangible benefits. Social media marketing is something that businesses are making a part of their strategic plans as they move into a new world where social interaction through web will be faster than ever before.

ⁱ Digital Influence Group. *Measuring the Influence of Social Media* [Online]. Available at [<http://www.slideshare.net/DigitalInfluence/business-impact-of-social-media>]. Accessed on 22 November, 2009.

ⁱⁱ Boyman, M. (2009). *Social Media's Positive Impact on Business*. Robert Morris University. Available at: [<http://mikeboylan.com/dropbox/SocialMedia.pdf>]. Accessed on 22 November, 2009.

ⁱⁱⁱ Leggatt H. (2009). *Marketing in social media not off-putting to users* [Online] Available at [http://www.bizreport.com/2009/11/marketing_in_social_media_not_off-putting_to_users.html]. Accessed on 23 November, 2009.