

Join the conversation

How Social Media are shaping
your business today

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It's no surprise that social media have captured the attention of working professionals worldwide. Blogs, microsites, widgets, and social networking sites allow users to instantaneously share resources and feedback with a global audience. Social media offer the promise of instant contact with customers, clients and coworkers.

Despite broad use by the public of applications such as Facebook, LinkedIn and Twitter, businesses have been slower to enter the world of social media. Sixty-four percent of today's internet users in the United States are engaged in social media of some kind. In fact, communication via social media has surpassed web-based e-mail usage.¹ Yet, a recent survey by Vignette and the Corporate Executive board found that 40 percent of organizations have no social media process or strategy in place. Why this disconnect? No easy animal to tame, social media offer many tools and it's hard to know where to begin. The world of social media is an exciting frontier, but like any new medium it must be entered with careful consideration.

In this white paper we'll discuss social media and ways you can use them to increase your business. We'll begin by examining social media in broad terms and then take a closer look at how they apply to the financial services industry.

Tools of the trade

The resources available in social media run deep, and the business implications are huge. Information once was delivered across radio signals, through television sets and on the front page of the newspaper. Today, anyone can open their web browser and gain instant access to encyclopedias, news articles, maps and entertainment. Technology innovations like Google and the iPhone have revolutionized the speed of learning and information sharing.

But you can't get very far without knowing the lay of the land. Let's take a look at social media tools and terminology.

Web 2.0 – Social media exploded on the scene after the birth of Web 2.0 technology. “Web 2.0 is a combination of broad technological initiatives and an outlook that involves collaboration and openness,” says Paul Greenberg, author of *CRM and the Speed of Light*. It includes such applications as RSS feeds, Flash and wikis.²

Blogs are web pages that serve as a publicly-accessible personal journal. Typically a blog combines text, images and links to other web sites. There currently are over 100 million blogs on the internet covering every imaginable topic in politics, business and society.³ Some blogs have a feature that allows other users to leave comments on what was written. Authors can engage their audience and invite further feedback on the subject matter, creating dialogue and discussion. An audience can also “subscribe” to a blog and be alerted as soon as a new entry is posted.

Microblogs – Simply put, microblogs are mini versions of blogs. They are used by individuals or companies to send out brief messages to other users. Twitter is the best example; users send and receive messages called “tweets,” and can become “followers” by subscribing to the authors they prefer. Because users’ messages are confined to 140 characters or less, concise writing wins the day.

Widgets are active applications that can be updated on a web site or desktop. They contain personalized, organized content selected by the user. iPhone users enjoy widget technology, with various applications at their disposal at the click of a button.

Social microsites – Often paired with a larger company web site, microsites are temporary, created for a short-term campaign or special messaging. They can be used to drive traffic to the parent web site or to allow more interactivity than the main web site. Sometimes they include animations, videos, and discussion forums.

Social networking web sites – arguably the most common social media used today. What began as a means of linking college students to one another has morphed into a business tool used across the globe.

From student-founded Facebook.com to corporate-friendly LinkedIn, social networking web sites connect users in a large (sometimes seemingly endless) network. Biographical information, photographs, links to other web sites, messages and more can all be shared on these vast portals.

Getting started

The pace of information sharing is astounding, and there is great potential for engaging customers and reaching new ones. With 24/7 access to all sorts of resources, individuals send and receive communications faster than ever. Companies must keep up or suffer the consequences. The trick is knowing which communication spaces to enter, how to establish credibility in that space and how to engage and retain your audience once you're there.

Many companies jumped right into social media after seeing its many capabilities. Seeing a competitor's successful blog or social network may tempt you to rush out and create your own, but caution is in order. As with any new technology or business tool, the first step is to define your objectives and long-term strategies for its use. Given the transparency of social media, this fundamental practice becomes even more critical – a single misstep could cost you your credibility.

Jeremy Nedelka of 1to1 Magazine suggests there are two categories of social media – content sharing and community building. Each offers its own advantages and disadvantages. Content sharing includes blogs, podcasts and web sites such as Wikipedia or YouTube. When companies distribute information via a blog or YouTube video, “they can strengthen the relationship between [them] and customers by giving a brand personality...engaging customers in a dialogue...releasing information on new offerings, policy changes and responses to problems.”⁴ Executives and business leaders gain direct access to their customers, and customers can give immediate feedback on matters that are important to them.

Contribute to the conversation

By encouraging customers to share opinions and information, companies can lend their credibility and expertise on a given subject. Inviting customers to participate in a product forum or to submit their own videos demonstrates that companies care about the feedback they receive and encourages customers to give open and honest responses.

Letting customers share honest feedback also opens up the possibility of negative or harmful comments. While this may seem dangerous to a company's brand or reputation, it's important to let customers air all their concerns, positive and negative. If only positive feedback were visible on a company's blog, it would quickly become clear to the average customer that the blog is censored and one-sided. The worst thing corporate blogs can do is block or ignore negative comments.

To show fairness and transparency (two social media values), companies should encourage all feedback and respond quickly to apologize or offer a solution to complaints. Jeremiah Owyang of Forrester Research praised one such successful blog: "It's refreshing to see a new type of blog appear to meet the needs of transparency, non-pitching, and openness with the community – yet meet the business needs of corporations."⁵

Firms can also encourage clients to pass along information. Adding a "share this" feature to articles, videos or podcasts encourages users to spread the word about a new product or service. Letting users become fans is similar to the "word of mouth" sales tactic, except now with social media the word can reach virtually millions. Wikis and video-sharing web sites connect users instantly and easily, and before you know it, your video has gone viral and a small fan base, or community, has been born.

Quick quotes

Check out what players in the industry are saying about Social Media.

"Want to court influencers? Stop blasting them with form emails and start a meaningful conversation."

– Joseph Jaffe, president of crayon, an advisory group

"The building blocks of [connecting with your audience] are the same both offline and online: conversations built around relevance, consistency and transparency."

–Peter Kim, Forrester Research

"...Social media is not an activity, a strategy or a fad. It is an important element of any online strategy, but more importantly, it is fundamentally changing the way people connect with each other and the way organizations interact with people: customers, partners, stakeholders and employees."

– Vignette (a web content management company)

Connect to the community

The business mantra of “It’s not about what you know, but who you know” couldn’t be truer in the world of social media. Social networking sites such as Facebook count millions of users around the world. The connections are endless as users know friends who know coworkers who know customers who know executives, and the list goes on. To access these communities, companies must either participate in existing communities or create new ones.

Participating in a community may mean “tweeting” your latest news release, responding to a customer’s request on a discussion forum or adding a business colleague on LinkedIn. Whatever route you choose, make the commitment to participate regularly and often. Many of your customers are on social networking sites around the clock, and a quarterly blog post just doesn’t cut it. They are accustomed to rapid-fire text messaging and to-the-minute Facebook status updates, so it’s no surprise that they’re impatient when it comes to canned, dated corporate responses.

Today’s consumers are looking for conversational, easy-to-approach and understand resources. “People still are looking for that human element that sticks out among the corporate-speak and the faceless companies,” Jennifer Benz of Employee Benefit News reminds companies. “The online technology is there to put you closer to your customers – and to make working with you easier and more appealing.”⁶ Forrester Research suggests that “blogs allow brands to engage readers with two-way dialogue peppered with personal opinions and a less formal tone of voice than a press release.”⁷

Creating a community takes work but also offers a greater payoff. Companies have greater control when they establish their own network and can choose comments that are viewed. While publicizing only positive comments is not recommended, companies can police some user content. Customer service complaints, for example, can be addressed individually and need not appear on a blog about products and services. Without discouraging user feedback, companies can ensure messages are being routed to the right channels.

Participate early and often

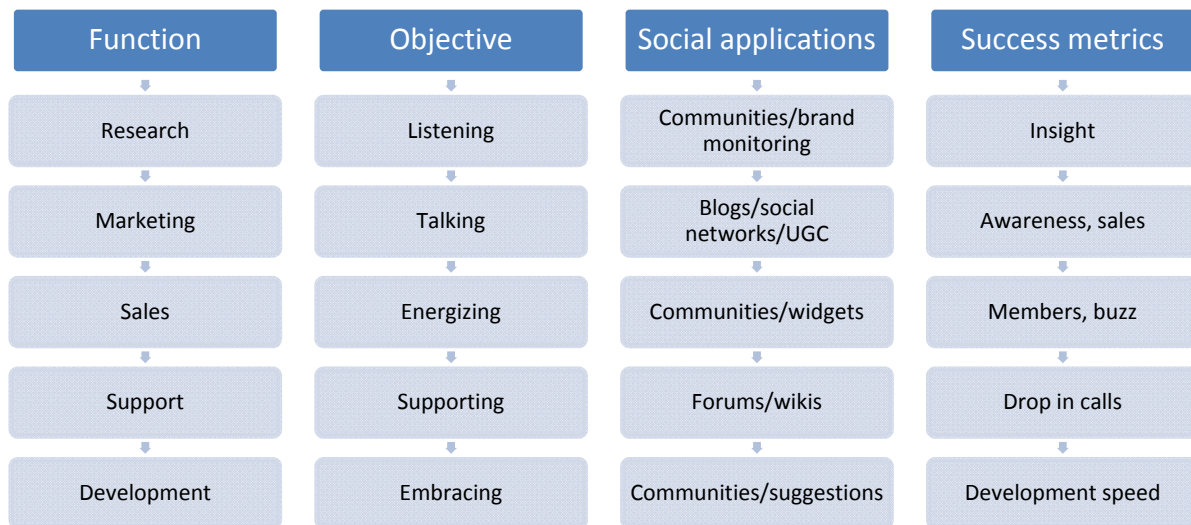
If your product or service just got a terrible review on a consumer web site, you’d respond immediately, right? While that may seem like a good solution, it’s better to address the issue *before* it was raised. Southwest Airlines, for example, wrote in their blog about the importance of safety inspections

when the Federal Aviation Administration issued a “letter of penalty” against them. They did not wait for a crisis or panic to arise before addressing their customers. Instead, they “faced the fire” and were praised for their honest and proactive approach. Companies who are upfront with their customers about a service snag or a glitch in their system have far better results than those who scramble to explain a problem.

One of Forrester Research’s top requirements for a successful social media initiative is for companies to simply participate in their own communities. For example, a blog or Facebook page cannot be considered complete as soon as it’s created. Content needs to be reviewed and kept up-to-date. Companies are encouraged to welcome responses from community members and become a part of the ongoing conversation.”⁸ If companies do not show up to “welcome, listen or otherwise support community members,” long-term relationships cannot be established. Consumers expect some presence from the company, at the very least to get the conversation started.

Figure 1

Measure your social media success



Source: “How to Choose the Right Social Technology,” a Forrester Research report by Josh Bernoff

Engage your audience

Social media applications are all about dialogue and open participation. Companies committed to using social media aren't satisfied with merely throwing marketing materials at individuals, hoping something will stick. They're seeking to engage their customers and learn from their likes and dislikes. Michael Dell of Dell Computers sees the benefit in hearing from irate customers: "If we don't [allow customers to gripe] at Dell.com, it's going to be on CNET or somewhere. I'd rather have that conversation in my living room than in someone else's."⁹ There's value in meeting customers on your own turf and addressing issues as they arise.

Interactive web sites, online surveys and forums, and user-generated content allow consumers to offer their insight on products or services they've used. Praise or judgment can be shared. Both kinds of feedback are helpful for companies. When they respond to questions or complaints, companies show they're willing to meet their customers where they're at, and the evidence of that willingness is right on the web page. An insurance giant or grocery supply chain can meet customers at their level, becoming more "real" and accessible. This is the power of social media. "It's not about empty impressions anymore, it's about ongoing engagements," says Rohit Bhargava of Ogilvy Public Relations Worldwide.¹⁰

Social media in financial services: extending the dialogue

As an industry focused on building relationships, financial services should find social media a natural fit and continue to do what they have always done – engage customers in dialogue. Marketers believe that within three years just over half of all customers will use the internet to learn about new financial services products and search for information. A recent LIMRA study found that "7 in 10 online consumers expect to check product, price, ratings and company information online when they look for information about financial service products."¹¹ The benefits community has already embraced social media in a major way. HRMarketer reports that nearly half of HR buyers are using social networking for professional/business purposes with some 370,000 HR practitioners using LinkedIn alone.¹²

As more of your customers become members of online communities, they will expect their benefits brokers and consultants to meet them in this environment. "Our research shows that – second to peers – buyers of human resources services and employee benefits go to the internet," says Mark Willaman, president of HRMarketer.com. "[Traditional tactics such as networking and sponsoring events]

aren't going away. What many brokers fail to do is realize there are other tactics that complement those activities.”¹³ Research by Minnesota Life Insurance Company confirms that benefits brokers and consultants tend to segment by their preferred methods of communication. Some are oriented to traditional communication vehicles such as printed newsletters, trade shows and standard mail. Others are more online-engaged, preferring blogs, podcasts and RSS feeds.¹⁴ Marketing methods that incorporate technology and social media along with traditional approaches may make for the best mix yet.

Presence with a purpose

Having an online presence is crucial, for both brokers and carriers. Getting the word out by hosting webinars, sharing podcasts and writing blogs can all help to increase your online audience and awareness. Provide valuable and memorable content, and resources that can be passed along, talked about, and acted on. Because so much information is available from different portals, breaking through the clutter requires personalized and compelling information. Jennifer Benz of Employee Benefit News suggests content “has to be personalized to a user’s situation or customized based on their preferences or desires.”¹⁵ Targeted messaging allows your firm to provide relevant content to all future and current customers. Most importantly, allow information to be easily distributed. Savvy social media users not only want to be educated and entertained, they want to keep the conversation going.

Minnesota Life is ready to start a conversation with you and your clients. *Aware*, our monthly online newsletter for benefits professionals, brokers and consultants, is [available for subscription](#). Each article is produced as a podcast and can be downloaded from our web site, [lifebenefits.com](#). Our “Get More” series of white papers, like the one you’re reading, helps producers keep abreast of topics affecting the benefits market today. White papers covering a host of other topics – from group life insurance pricing to tailoring benefits to a multigenerational workforce – are also available on our web site. To learn more, find your regional sales manager on LinkedIn, visit our web site, [lifebenefits.com](#), or watch for an invitation to one of our webinars. Next in the webinar line up ... using social media to help grow your practice.

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