

The Growth Institute: Briefing

'Collective wisdom towards business and excellence'

Making new networking tools work for you and your business

June 14, 2010, Bangalore

Background

Marketing strategies are increasingly being shaped by a company's ability to use virtual technologies and social media. B2B companies can also use such tools to develop platforms to network and collaborate with their suppliers and customers. Social networks have been touted as the next big marketing tool for any business. As a result, owner managers and business professionals have their profiles on almost every popular networking site. While it has been acknowledged that Social Media Networking can be leveraged to build and grow businesses, there are still some questions that remain unanswered, including:

- Given the profusion of networks and the fact that the flavour of the season changes so fast, how do companies choose the site or tool that best meets their objectives?
- What specific advantages can mid-sized enterprises leverage from social media?
- How effective is this tool for business growth and how can we measure the effectiveness?
- Is it a standard solution for all business types?
- Will this help improve my bottom-line?

The Growth Institute and CIO Institute of 9.9 Media hosted a session on "Making new networking tools work for you and your business" on 14th June 2010 at the Hotel ITC Windsor, Bangalore. The discussion was led by Aditya Nath Jha, Head, Global Branding and Corporate Marketing, Infosys Technologies Ltd.

Introduction

For the very first time, 9.9 Media held a joint session for its members of the Growth Institute and CIO Institute in Bangalore. The session's objective was to discover and discuss best practices in social media and networking and assess how it could be leveraged for mid-sized businesses and CIOs today. Social media appears to be a cost-effective manner to reach out to customers and other stakeholders. Yet, businesses are still unsure about how exactly to leverage this new opportunity and measure the success of these tools.

Understanding your business

When understanding 'what' to accomplish with social media, it is important to first understand which part of your business engages with the consumer. For example, a jeans manufacturer would associate its brand of jeans with 'freedom or 'youth'. A clean energy enterprise would focus on associating itself

with the theme of saving the environment. An enterprise making maternity wear would try and engage with its target group on the themes of comfort, care and trust.

However, it must be acknowledged that there is no magic bullet that would solve this challenge and each enterprise needs to craft its own strategy. Also, companies should not fall into the trap of thinking that only 'new-age' or "Internet" companies will succeed with social media. Today, two of the most successful practitioners of social media strategies are Coca-Cola and Procter & Gamble.

Marketing remains the same

In its essence, marketing is about making a select group of people behave in a certain way. When marketing a TV programme, there is no transaction, as the programme producer simply wants people to stop what they are doing and watch his show regularly. When marketing a call for charity, marketers want people to feel empathy and feel compelled to donate without getting anything in return. Identifying and understanding who those people are is part of the segmentation exercise. And this segmentation can be derived only if an owner is able to define his business and has insights on his target audience. This would enable him to know how to make them behave in a certain way.

Thus, the essence of marketing lies in developing a strong understanding of the consumer. Every marketer has talked about understanding the consumer. In reality, few marketers have interfaced with their consumers. Social media are simply new platforms that can be a bridge between businesses and their consumers.

Deriving distinctions among social media is important. Twitter is a broadcast media, while YouTube is primarily a broadcast media. Facebook or Orkut are "engagement media". Also social media is not only Internet based. SMS based social media is as much of a force in India. When using social media, companies should take care not to violate any fundamental principles of marketing, as they simply offer new opportunities.

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The other distinction to be made is between marketing and branding. Marketing should be seen as short term and immediate, while branding is about the soul of the organisation and what it is associated with over a long period of time. Each business should identify what it would like to be associated with. An infrastructure company may, for instance, want to be associated with modern India and building the institutions of tomorrow's India.

The Fundamental Shift

One of the fundamental shifts in marketing is the move from "Inform" to "Engage." Traditionally, marketing has been one way information led by advertising. But engagement takes various forms. It is similar to holding a conversation regularly with a person. To continue this conversation and keep it interesting, businesses need to identify the broad area that they can talk about for hours.

Thus, it is vital for each business to discover its key focus area and develop continuous messages around it. For example, a denim wear company can develop insights about youth, which would keep transforming over time.

It is important to keep innovating in this regard and not rest on current laurels. While quality and timely delivery are important for the immediate term, they lose meaning once companies establish themselves. Therefore, they need to hunt for different ways to stay engaged with the consumer.

Case Study: Ponds cream and customer insight

Ponds cream is a global brand, sold in some 70 countries and each country had its own advertising campaign because each country had different campaigns, based on skin colour, amount of sunlight, cold etc. So they were running different campaigns globally.

In the early 90s, they completed a global research which gave the insight that while skin types and climate are different and the climate is different, the relationship between a woman and her skin is the same across the world. So Ponds was able to develop a global campaign on this theme. And this emerged from the insight that a woman's relationship to her skin is the same everywhere.

Relevance for B2B enterprises

Social media is important not only for B2C, but also for B2B enterprises. Cisco, for instance, makes routing equipment which consumers never see. But before moving to the B2C space, they developed a B2C brand (The Human Network). Thus it created mind-space before actually delivering products. When having 'conversations' with customers, enterprises need to distinguish between the customer *they* sell to and the end customer. For instance, Intel distinguished between its direct customers (PC manufacturers such as Dell, HP, and Sony) and its end customers (the PC buyer). By developing a campaign "Intel Inside" that resonated with the end customer, Intel effectively forced its direct customers to include Intel microchips only.

Defining your broad area

The first step is to identify expectations from social media and understand what it can and cannot do for businesses. Other forms of media, whether television or print are not dying in India. Where social media scores is that it provides insights that can feed into every element of a firm's marketing strategy.

This could begin from the product idea itself. For instance, if a baby care products company has a platform that includes parents and grandparents, the conversations on that platform would provide new product or gift ideas for different age groups among children. A proactive community manager would leverage these conversations and feed them to the product design team and develop new products for testing. Such test products would then be commented upon in Facebook or Twitter, thereby leading to a virtuous cycle of research and product development. These conversations would also give insights on pricing and positioning. It does not mean necessarily that the platform becomes an e-commerce platform, but it generates value simply because of the wealth of information generated.

Consumption habits are changing

The manner in which people consume different media is changing. Today, if a person wants to consume sports news, he or she is no longer reliant on radio or television. A cricket match can be consumed via SMS updates, watched later on YouTube, and consumed at leisure on Cricinfo. Consumption has thus become bite-sized in nature.

While there is a profusion of media and media channels, there are still only 24 hours in a day. Given the limited time and people's habits of consuming only select media, some choices are pre-selected. Enterprises therefore battle for the 'open space' where consumers are still making choices.

Connect with others

For enterprises to grow in this era, it is important to get their community of stakeholders to start contributing to the enterprise. For example, when content is created, it is important to link to others and get noticed by the other influencers in that space. These influencers may aggregate content, thereby increasing exposure. When creating a platform, enterprises need to spend resources to develop it properly to become interesting.

Another important aspect is to make people aware of your online presence. Here, enterprises depend on platforms like Twitter and focus on gathering twitter followers who are interested in this topic, and point them to links on the YouTube channel or Facebook where these conversations take place.

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One advantage that social media has over traditional advertising is that there is a certain (generally high) threshold of advertising spend that is required for to make an impact. In an era where marketing is increasingly based on conversations, it becomes important to move away from this model where the marketing department dictates the approach.

Today, everyone has to be involved. The CEO's individual passion has to be translated into institutional passion. He or she needs to designate someone as the community manager, and have a person whose specific job is to tweet every seven minutes or post a new video every day on YouTube. The rest of the organisation has to feed ideas to this person or this person has to elicit ideas from the rest of the organisation.

Being aware of the downside

The earlier model of 'command control communication', where advertising and PR agencies controlled messaging has disappeared. Today, the firm decides the message and sends to the market. Today, consumers, partners, employees and other stakeholders contribute to the conversation and the organisation's power is limited to stop it. An unhappy consumer can now tweet or post a Facebook update on their bad experience with an organisation. Thus, the message is now amplified by a factor of

100 or 1000 and it also jumps networks, going viral. To address this, organisations have no choice but to continuously monitor social media and address quickly any negative messages.

Conclusion

In summary:

- It is important to see social media not as a sales channel but as a source of relationships and insights
- Leverage the insights gained to identify the space you want to be associated with where multiple conversations can take place
- Realise that this can't be done alone. You need to create your own networks, include contributions from your own community and network with others
- Develop a strategy across different social media and understand what each media is best suited for. Twitter is not suited for engagement, but for broadcasting. Facebook is more suited for engagement. The mobile phone is more suitable than any Internet based platform, depending on the target audience that you have or you need to be able to identify with