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CUSTOMER COLLABORATION

Custom Edition

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Chapter 1

Introduction

In the summer of 2010 Facebook launched an application to collect the stories of its 500 million users, totaling more than the population of the third largest country in the world. Within the anecdotes collected are legions of tales of lives being changed: long lost siblings found, disaster relief delivered, and businesses grown by making connections on the social network.¹ These stories illustrate the profound impact Facebook and other social networks such as Twitter, YouTube, Yelp and Foursquare, have had on the way people live and work. Impressive as the adoption and usage statistics are, it's the multitude of ways that the social web has made a difference that confirm it is here to stay, and will continue to grow in upcoming years. Within the corporate world the potential of social networks to enable concrete benefits such as increased customer satisfaction and higher revenue is exemplified by early adopters such as Comcast, Zappos.com, and Dell, and the list of success stories continues to grow.

What began as teenaged and college campus fun and games is now serious business, enabling greater productivity, collaboration, and customer focus, as massive adoption of the new channels changes how business is conducted. In the United States the majority of adults use the social web. A Harris poll found that 78% of 18-34 year olds, 71% of 35-44 year olds and 59% of 45-54 year olds had either a Facebook or MySpace account.² And these people are spending increasing amounts of time on these social networks. In December of 2009 global consumers spent an average of more than five and a half hours on sites such as Facebook and Twitter, an 82 percent increase from the same time the year before.³

¹ <http://stories.facebook.com/>, Accessed August 26, 2010

² Harris Interactive.com Newsroom, Press Release, June 3, 2010
www.harrisinteractive.com/NewsRoom/HarrisPolls, Accessed August 16, 2010

³ Barbierri, Cody, "Nielson Company Reports 82% Increase in Time Spent on Social Networks," Social VentureBeat.com /social.venturebeat.com, Accessed August 16, 2010

Marketers have taken note of this trend, and gone to where the customers congregate. The majority of enterprise marketers have adopted social media, on at least an experimental basis, and are now taking initiatives to the next level by developing integrated plans. At the same time, as usage continues to skyrocket, other customer facing departments are transforming in response to feedback and conversations taking place on the new platforms. To each of these, social media is a channel and much more: it's branding, public relations, loyalty building, customer acquisition and service all in one.

Given that social media is now the most popular activity on the web,⁴ it isn't surprising that it helps to bridge organizational boundaries. There are also clear signs that social channels have joined the telephone and email as a vital form of communication. A poll of Generation Y reported that over 96 percent have used social media.⁵ The graphic below, known as "The Conversation Prism" and created by Brian Solis, illustrates the multifaceted nature of sharing taking place on an expanding range of networks.⁶



⁴ Qualman, Erik, "Social Media Revolution 2 (Refresh)" Socialnomics.net, May 10, 2010, Retrieved June 18, 2010

⁵ Qualman, Erik, "Social Media Revolution 2 (Refresh)" Socialnomics.net, May 10, 2010, Retrieved June 18, 2010

⁶ Solis, Brian, <http://www.theconversationprism.com>, Accessed August 16, 2010

The conversation, involving listening, learning and sharing, is democratic, emerging from the bottom up. Anyone with compelling content can go viral, shaping the opinions of millions. Beyond text based interaction, video and image sharing is exploding. YouTube served up two billion videos a day in May of 2010.⁷ With access to ready-made platforms freely available to transmit ideas, opinions, and content, those who have the most influence are not necessarily those with formal power, but those skilled at creating and maintaining relationships across multiple networks.

By providing thousands of public megaphones to broadcast experiences, social media shifts the balance of power in shaping brand perceptions decidedly to the consumer. This raises the stakes for customer interaction by exposing every aspect of the customer service chain. In the process, service takes center stage, moving away from its traditional role in the background as embodied by the call center or contact center. Those businesses that create superior customer experiences are immediately rewarded, while frustrating experiences can be transformed into public relations liabilities broadcast widely via personal networks reaching into the hundreds of thousands, and even going viral into the millions.

Businesses that delay in engaging in social media conversation stand to lose a great deal in terms of brand equity and customer loyalty. A recent Harris poll revealed that over one third of online Americans (34%) have used social media as an outlet to rant or rave about a company, brand or product. And for nearly two out of five (38%) of online adults, the motivation of expressing preferences online is to influence others. This habit of brand communications is present not only among younger generations. All age groups who use social media are equally likely to share their dissatisfaction with a company, brand or product via social media. And what people say online about companies, brands and products matters. In fact, nearly half of Americans who use social media say reviews about a particular company, brand or product from friends or people they follow on social networking websites influence them either a great deal or a fair amount.⁸

Thriving in this environment means creating collaborative customer experiences such that businesses are positively contributing to customer conversations, and accomplishing this includes social media and more. It involves bringing the contact center into the broader enterprise, extending the enterprise into the contact center, and creating opportunities for collaboration between customers, the contact center, and other business units.

⁷ missing

⁸ Harris Interactive, Press Release, June 3, 2010, "Speak Now or Forever Hold your Tweets," Accessed August 20, 2010

From our conversations with customers we are seeing social media, in conjunction with supporting enterprise platforms, rapidly evolving into a strategic business communications platform as well as an information ecosystem serving business and organizational goals. These tools are being used to further a wide spectrum of customer facing goals and to facilitate teamwork across geographic and departmental boundaries. Moving to the next level of productivity involves leveraging the advantages of social platforms – such as information sharing, content creation and communications enablement with ease of use –while also gaining the security and policy management required for collaboration between employees, partners and customers. It also involves optimizing workflow to handle increasing numbers of social web-based customer contacts and information sources with efficiency and effectiveness.

Opportunities to use these new platforms to create competitive advantage and differentiation abound. Yet for the majority of organizations there is a gap between where they are now and where they would like to be. We wrote this book to provide a roadmap and blueprint to the emerging framework of customer relationship management powered by social networks. We first present an overview of the changes taking place in customer facing departments, as well as within specific industries. In the process we present inspiring stories of early adopters in the social media based customer relations arena. Finally, we present a set of technologies to facilitate the goals of customer-oriented organizations by enabling a collaborative environment both within the enterprise and with customers.

The direction of change is clear, and now is the time to act accordingly. As the rising tide of social networking gains momentum, those business leaders that understand how to leverage these tools to build customer relationships will prosper, while companies that don't act quickly to incorporate these tools and processes will ultimately be pushed into action as the tidal wave hits. We urge you instead to be proactive and ride the crest of the wave to success.

Chapter 2

The Changing Face of Marketing

The chain of influence for purchase decisions has changed dramatically. Consumers, particularly those in generations X and Y, are skeptical of slick, produced marketing messages, and instead trust recommendations from third party experts and people such as themselves, and a growing number of consumers are gathering and communicating information about brands via these social channels. Marketers have been experimenting with the channel for some time now. A recent survey by Social Media Today found that 71 percent of responding companies use social media for branding, and 65 percent use it for public relations.⁹ The next phase is to optimize how social marketing takes place, and consequently demand for social media marketing directors is growing explosively.¹⁰ This is not marketing as usual, as it involves assuring that previously disparate functions, such as marketing and service, customer engagement and employee collaboration, are seamlessly brought together.

Once a necessary chore, service is now a leading star in the branding constellation, since much of the chatter regarding a brand on social channels concerns stories of customer service, and positive actions on the part of a company are now given a public forum. In turn, the new transparency brought about by social media means that building a strong brand involves employee collaboration and engagement. A growing number of companies understand this and, according to Social Media Today, 38 % are using social media for employee collaboration.¹¹ As we see in the social media success stories later in this chapter (Zappos and Whole Foods) this combination of elements—service and marketing, as well as customer collaboration and employee collaboration— is a key component of success.

⁹ Gordon, Josh, "The Coming Change in Social Media Business Applications" SocialMediaToday.biz

¹⁰ Gillette, Felix, "Twitter, Twitter, Little Star" July 15, 2010, www.businessweek.com, Accessed Aug 9, 2010

¹¹ Gordon, Josh, "The Coming Change in Social Media Business Applications" SocialMediaToday.biz

Bringing Back the Art of Conversation

Why this shift? Simply put, the power of word of mouth, always significant, is now the rocket fuel for business success. Recommendations from personal contacts and trusted sources have always carried more weight than traditional advertising, and such sources now include networks of hundreds or even thousands of Twitter and Facebook contacts, in addition to bloggers and participants in online forums.

The cumulative effect of these conversations is that, to a greater extent than ever before, customers are the driving force determining brand perceptions. A single experience or personal story captured in video, voice and text can now go viral, reaching millions within hours, creating a lasting impact on the brand. In an even more typical scenario, a groundswell of customer commentary regarding a product or company can accumulate over time. When businesses fail to engage, an image of not caring about customers will stick.

Social media involves engagement between people, and this is what makes it so compelling. This new approach, dubbed “Groundswell,” in a best selling book of the same name written by Charlene Li and Josh Bernoff, involves a peer-to-peer model of communication that breaks with traditional top down approaches. Rather than broadcasting messages to passive recipients, the conversations on social networks invite active participation and feedback such that customers can be transformed into brand advocates. While customers always influenced brand conversations, they are now in charge.

What is the Groundswell? It’s the accumulation of customer opinions and stories that now enjoy a public forum on social channels. For those marketers still clinging to traditional top down tactics, Ms. Li warns, “It’s crucial to not think one knows better than the Groundswell of consumer conversation, otherwise the Groundswell will let you know.”¹² For this reason, the first step to engaging productively with social channels is to listen. Regardless of whether the goal is marketing, customer service, or product improvements, being an effective participant in the consumer conversation means first understanding what is being said before speaking. The rules of basic interaction apply here. Above all, social media brings humanity (person to person contact) back into the center of business. This is a dramatic shift from the traditional marketing conversation, where one-way messages broadcast to consumers and crafted by advertisers are typical.

¹² Odden, Lee, “Groundswell Interview with Charlene Li, Toprankedblog.com, April 21st, 2008, Retrieved June 18, 2010