

SURVEY & WHITE PAPER

The Social Customer Engagement Index

Survey by
The Social Customer &
The Society of Consumer Affairs Professionals

Analysis by Brent Leary



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The moderated community for social CRM and customer service professionals

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Introduction

The study data reveals some interesting patterns that can help you transform your company's efforts to integrate social and traditional methods of communication into a win-win for you and your customers.

As part of a continuing effort to provide members of TheSocialCustomer.com community with information to enhance their customer service/engagement activities, this white paper shares the results of our June 2010 survey of community members.

The goal of the survey was to gain insight into how your organizations were utilizing social channels to engage your customers from a service perspective. In order to maximize the number of people taking the survey, we partnered with the Society of Consumer Affairs Professionals (SOCAP International) and its membership of seasoned customer-support professionals. Between the two communities, and in less than one week's time, we were able to gather 118 professionals to participate in our inaugural Social Customer Engagement Survey.

As you will see in the survey results section of this paper, The Social Customer community members are actively using multiple social tools and strategies to communicate with their customers. A review of the study data reveals some interesting patterns that can help you transform your company's efforts to integrate social and traditional methods of communication into a win-win for you and your customers.

While the survey shows a great deal of activity taking place—and provides us with valuable information—we also thought it important to provide additional perspective

and analysis on areas related to survey topics. One of the key areas affecting how customers communicate with companies is the growth of customer support communities. As you will see in the survey results section, the major social networks are already playing a significant role in how companies surveyed are interacting with customers. Company-owned community sites lag way behind in usage compared to the general networks.

In many instances, customers look to other customers for assistance with product/service information and insight. These customer-to-customer interactions can not only drive down the costs of servicing customers, but also improve customer satisfaction while creating strong advocates. Mark Yolton, senior vice president of the SAP Community Network at SAP, shares his thoughts on developing active, robust online communities—and how they can affect customer relationships today and in the future.

Also, as more people turn to social channels in search of trustworthy information providers, we look at how a service like Google's Aardvark may provide a model for facilitating efficient context-specific community support networks. This may prove to be a very important approach, as chatter/content overload proliferates on major social networks, making it more difficult to connect information seekers with trusted information providers. Additionally, we are fortunate to include perspectives from



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Introduction (cont'd)

1to1 Media's Executive Director Ginger Conlon and CRM Magazine's Managing Editor Josh Weinberger. They share their considerable insights on a wide range of customer engagement topics and issues—including the current state of Social CRM; the need to adopt contact-center implementation methodologies to other back-office processes to improve the customer experience; and how engaging customers on social channels should be the job of experienced service professionals—not interns.

Finally, you will find a more detailed look at the survey results, with some commentary on a few key points of interest. We hope your takeaway from this paper will help you successfully integrate social tools and strategies into your communication with

today's social-savvy customer. As you will see in the results of the survey and in the examples provided, technology is the enabler, but it still comes down to people. Introducing new technology only gets you part of the way there. In most cases, delivering traditional messages with new tools will not suffice. Processes and approaches may need to change, but attitudes may need the biggest change of all to create significant customer experiences.

Thank you to all who participated in the inaugural TSC survey. Your participation provided valuable insights we share here with the community.

Brent Leary, Partner of CRM Essentials



Brent Leary is a CRM industry analyst, advisor, author, speaker and award-winning blogger. He is co-founder and partner of CRM Essentials LLC, an Atlanta based CRM advisory firm covering tools and strategies for

improving business relationships. In 2009 he co-authored *Barack 2.0: Social Media Lessons for Small Business*.

Recognized by *InsideCRM* as one of the 25 most influential industry leaders, Leary also is a past recipient of *CRM Magazine's* Most Influential Leader Award. He serves on the national board of the CRM Association, and on the advisory board of the University of Toronto's newly created CRM Center of Excellence. He's been quoted in several national business publications, including the *Wall Street Journal*, *Newsweek* and *Entrepreneur* magazine. Leary serves on the editorial advisory board of *The Atlanta Tribune* magazine, writes the Social CRM column for *Inc.com*, and blogs at BrentLeary.com. You can reach him on Twitter at <http://twitter.com/BrentLeary>.



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Survey Results and Analysis

As organizations adopt social tools and strategies to engage customers from a service perspective, they expect this to have a positive impact on overall customer service goals and objectives.

Abstract of Key Findings

Key points to improve your company's ability to successfully combine social engagement with traditional customer support processes:

- Management buy-in is the key to successful social customer-engagement programs.
- Integrating social channels with traditional service processes is paramount.
- Identify the social channels that your customers engage in.
- Engage with social customers in multiple channels if necessary.
- Customer support staff should take time to engage with customers on social channels.
- More interactions generate a higher positive impact with social customers.
- Companies that have a longer history of engaging customers on social channels from a service perspective experience a more positive impact on their service goals.
- Facebook and Twitter ranked similarly for effective engagement overall.

These guiding principles will help your company meet support goals for engaging today's social customer.

Summary Analysis

Companies are turning to social channels to engage with customers and prospects and build better, longer relationships with them. And, as organizations adopt social tools and strategies to engage customers from a service perspective, they expect this to have a positive impact on overall customer service goals and objectives.

While this survey included a number of questions aimed at understanding how TSC community members are utilizing social channels in their customer support efforts, it also asked about the impact of using social channels on customer service goals and objectives.

Of the 118 respondents, 61 percent (72) said efforts so far have had a positive impact, 36 percent (42) reported no noticeable impact, and only 3 percent (4) reported a negative impact.

An analysis of the survey reveals a few factors that may help those involved in engaging customers on social networks improve their chances of positively affecting customers.

More Time, More Positive Impact

One obvious result from the survey is that the longer a company has been engaging customers on social channels from a service perspective, the more positive the impact on its service goals and objectives. Eighteen percent (22 of 118) of respondents overall said their companies have been engaged in supporting customers via



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Survey Results and Analysis (cont'd)

social channels for more than two years. But 53 percent (16 of 30) who reported their company has had positive results engaging customers on social channels have been at it for more than two years—three times the overall rate for respondents. Of those who said they have seen very positive results, 64 percent (16 of 25) have been engaged through social channels for more than two years.

Equally revealing: Of those who said their companies witnessed no noticeable impact resulting from social engagement with customers, only 24 percent (10 of 42) have been using social channels for more than two years.

Integrating “Social” with Traditional Service Processes Pays Off

Of the 31 percent of respondents who reported their companies have fully integrated social interactions into their customer support processes, a full 40 percent (12 of 30) say their company has experienced a positive impact from social engagement. That number jumps up to 48 percent (12 of 25) who see very positive results from social engagement. Conversely, only 19 percent (8 of 42) of those seeing no noticeable impact from social engagement say their company has fully integrated it into their customer support processes.

There appears to be a correlation between the length of time engaged and the degree to which social has been tied to traditional support. Indeed, you would expect to see companies that have been at it longer to be able to effectively tie processes together.

One Employee Can Make a Big Difference

The vast majority of respondents (79 percent) said that fewer than five customer service professionals engage customers on social channels—62 percent said from one to five customer service employees were assigned to that function. But where 17 percent of all respondents said they actually have no customer service employees engaged, only 4 percent (2 of 55) of those that answered Very Positive or Positive to the impact of social networks. Contrast this to the number of respondents saying their company has seen no noticeable impact—31 percent (13 of 42)—and you see the importance of having a customer service professional engage customers, as opposed to marketing or public relations staff.

More Social Interactions, Higher Positive Impact

The survey also shows the impact that the volume of interactions with customers from a support perspective has on sentiment toward integrating social with traditional support. While a large majority of respondents (72 percent) say a small percentage of customer requests are initiated via social channels, those with positive feelings have more social exchanges with customers. Forty percent (12 of 30 respondents) who report a positive impact from social also say that at least 6 percent of their support interactions are initiated and/or resolved via social channels. The number jumps to 60 percent (15 of 25) reporting a very positive impact from engaging with customers over social channels.

Survey Results and Analysis (cont'd)

Just as telling is the fact that only 5 percent (2 of 42 respondents) who saw no noticeable impact from social had more than 5 percent of support interactions initiated (or resolved) over social networks.

Once again, more time as well as more employee engagement may add to the number of interactions, so there may be a correlation between those areas. One other thought about the respondents reporting no noticeable impact: 95 percent (40 of 42) said that fewer than 6 percent of their companies' support interactions occurred through social channels. The fact that these companies have little social interaction may well shape their assessment of the importance or relevance of engaging customers through social channels.

Companies that may not place much importance on social interactions based on the low percentage of overall customer interactions may want to consider the approach of such companies as Comcast or Zappos. According to Emily Yellin's book, *Your Call Is (Not That) Important to Us*, by early 2010 Comcast had helped more than 150,000 customers since it began engaging them in 2008 over social channels—this pales in comparison to the 308 million customer calls it handled in 2009 alone. But the relatively small number of social interactions did not deter Comcast (led by Frank Eliason) from leveraging social tools to better engage with the growing number of people who use such services to connect directly with Comcast or with other Comcast customers. The same

can be said for Zappos, which has built a corporate culture of having employees engage customers over social channels, even though the number of interactions is dwarfed by the 2 million calls the company's agents took in 2009 alone.

Management Buy-In Makes a Difference

Understanding customer expectations with social engagement was one of the top challenges facing those surveyed—and it was a challenge across the board. Determining ROI and defining key performance indicators also were common challenges to all. But having management buy-in for social initiatives seemed to be critical to recognizing positive impact. While 31 percent of all respondents cited management buy-in as a major challenge to their initiatives, only 12 percent (3 of 25 respondents) reporting a very positive impact cited management buy-in as a challenge. This compares to 45 percent (19 of 42) of those seeing no noticeable impact with social engagement citing management buy-in as an issue.

Facebook and Twitter Usage Makes a Difference As Well

Respondents' answers to using specific social networks for customer engagement generate some interesting insights. While Facebook was most cited for customer engagement, both Facebook and Twitter ranked similarly for effective engagement overall. But, analyzing those declaring a very positive impact, 72 percent (18 of 25) saw Twitter as being very effective while just 16 percent (4 of 25) viewed Facebook



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Survey Results and Analysis (cont'd)

that way. However, those who saw only a positive impact, 57 percent (17 of 30) of respondents, said Facebook was very effective, whereas 40 percent (12 of 30) named Twitter.

While it may seem unusual to see this kind of variance between the “Very Positive” and “Positive” respondents when it comes to which social networks are more effective, the data show that smaller organizations appear to be more comfortable describing their results with social as being very positive, whereas larger companies tend to prefer “Positive.” This may explain why Twitter seems to be the choice of smaller organizations, while Facebook tends to be favored by larger companies.

Twenty-eight percent of those seeing a very positive impact (and 30 percent of those seeing a positive impact) reported using both Facebook and Twitter to engage customers. Those numbers compare with 17 percent of all respondents who use them both. Also noteworthy is that only 12 percent of those seeing no noticeable impact engage customers on both of the popular sites.

One other interesting outcome should be noted: 40 percent of those who saw no noticeable impact from social engagement cited their company's own social site as an effective channel, whereas 28 percent of those who responded very positive—and 17 percent of those responding positive—said company sites were effective.

Money Does Not Seem to Make a Big Difference

The overwhelming majority of respondents say their companies have invested less than \$50,000 on the social initiatives. But even when you compare those seeing very positive results to the general population of respondents, 32 percent (8 of 25) invested more than \$50,000, whereas 28 percent of all surveyed invested more than \$50,000.

Final Thoughts: Survey Summary

Based on the survey results, the keys to improving your company's ability to successfully combine social engagement with traditional support processes are fairly clear. You need management buy-in to give the initiative stability and support. With time and effort thus supported, the probability of success increases. Additionally, finding the social channels through which your customers want to engage is critical, so it's important to have a presence on them. This may mean engaging customers on multiple networks to get positive impact. Also, as the results show, you have to have at least a minimal commitment of customer-support staff time to engage with customers on social channels. These actions will take time but will increase the number of interactions taking place. According to the results of the survey, this should help your company meet support goals and objectives for engaging today's social customer.

Detailed Survey Results section begins on page 20.

The Impact of Corporate Online Communities on Serving the Social Customer

A Conversation with Mark Yolton
Senior Vice President
The SAP Community Network

I see our corporate social network as a key pillar in strengthening the ongoing relationship and in delivering extraordinary value throughout the entire life cycle of SAP's connection to customers and partners.

Brent Leary: Mark, you are involved in developing online communities. One of the things we asked about in the survey is how companies are utilizing different kinds of social networks—Facebook, Twitter and some of the other general networks. Are they utilizing or building their own corporate networks? Are they getting more involved in industry-specific sites? Some of the research showed that Facebook and Twitter are by far the most-utilized sites. There was a big drop off between those major networks and companies' utilizing or creating their own customer networks, but you guys have been at this for years. What are your thoughts on companies looking to create better experiences with their customers through their own community networks?

Mark Yolton: Well, at SAP we've been doing exactly that—building our own online community for the past seven years. This thing I and my team are orchestrating on behalf of SAP, its customers and its partners, called the SAP Community Network, has grown in that time to two million individual members from our customer accounts, partner companies and all parts of SAP and also includes pundits,

analysts, and media that watch SAP. We do have a community—a social network of our own—a professional social network for anyone interested in SAP. We are also connected to Facebook, Twitter, LinkedIn and many other resources. So we are doing both, and we think it is important to have both a company community and a strong presence in third-party, open social networks.

We view our community as the place where we can publish some very rich information we couldn't publish on Facebook, LinkedIn, Twitter and so forth. It becomes the central repository for discussions, blogs and forums. We have a wiki. We publish white papers. We have software downloads. All sorts of things occur within our SAP Community Network, but then we extend out from there into Twitter, Facebook, LinkedIn and so forth in order to reach other communities and catch people who might not know that the SAP Community Network exists for them—so those platforms becomes an amplifier.

BL: You have IT folks who are looking to integrate and use your products or set them up for their business users. You have



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The Impact of Corporate Online Communities on Serving The Social Customer (cont'd)

business users who are trying to figure out best practices. How has the development of your online community impacted the relationship you have with your customers?

MY: It really provides this great depth of relationship that we wouldn't have otherwise. We started out with a developer network seven years ago, back in 2003. That developer network started to grow and thrive, and we noticed the demographics starting to change.

We saw some business users and consultants, people in the business world rather than just simply the IT organization, starting to show up in this community. We built community content specifically for them. We call it the Business Process Expert Community.

We started to notice that students and professors wanted to engage more actively with the practitioners who are working in SAP customer accounts or partners, so we have a University Alliances community that connects a thousand universities around the world—students and professors collaborating and doing homework, learning and sharing best practices, etc.

Finally, we have a Business Objects community. We acquired a company that focuses on business intelligence, business insight and so forth, so we have this fourth community

We are, as you point out, looking at different demographic areas, different slices of our ecosystem that are connected

through this larger community network. What we get to do then, as you can imagine, is capture people's attention throughout the life cycle.

We are engaging and crowd-sourcing ideas so that we can be innovative and use the wisdom of the crowds to supplement the good ideas from 50,000 SAP employees around the world. So now we also get the ideas of two million customers and partners about what features and functions we should be including in the next generation of our products. What kind of trends they are seeing out in the marketplace in their particular line of business, say, in the HR world or in the finance world, or in their industry. So number one, we are getting innovation and insight from the marketplace that is influencing our product direction.

The second thing we improve is the go-to-market experience. As we engage with existing or prospective customers, we actually have members of the community, existing customers, talk to them about how SAP products work...how they solve particular challenges...where a particular solution might fit in. In short, we have customer input that is helping to drive the conversation. We also have a marketplace and app store called the SAP EcoHub where almost 600 SAP and partner solutions can be discovered and evaluated and then an individual can start the sales process if they wish.

And then we have a relationship with our customers throughout the entire life

The Impact of Corporate Online Communities on Serving The Social Customer (cont'd)

cycle post-sale, as the third major impact. This is where the communities really have tremendous strength because other customers and partners are helping the members of the community understand how best to configure, install, implement, operate, optimize, and upgrade the SAP solutions they have in place. Often, companies have a relationship with us that spans many years, decades, even multiple decades, so offering value and benefits post-sale is extremely important.

BL: How is it impacting the customer-to-customer relationship, and how does that impact the overall relationship with your customers?

MY: Well, number one, we are providing a community platform and tools that allow customers, partners, SAP and others who are interested in SAP to engage with each other. That's the first thing: discussion forums, blogs, wikis, Twitter accounts, events where we get people together in the physical world and not just online. Essentially, we are providing a physical platform, but we are also providing a culture of sharing. We are encouraging people in various ways to connect with each other.

We have a recognition program whereby individual members of the community can thank or recognize each other with points. If I ask a question in a discussion forum and you answer that question for me, I can award you points as a thank-you. I can decide how many points you deserve depending on the difficulty of the

question. When people blog and share their experiences with each other, they get points. When they contribute to the wiki, they get points. When they present at a conference, they get points. Any time a member of the community shares with other members of the community, they are awarded points. This is one of the ways beyond the platform in a more programmatic way that we're encouraging members of the community to engage, interact, connect and share with each other.

In essence, beyond the physical platform, the tools and technology, we are also proving a culture of sharing where we are encouraging customers, partners, SAP folks and others to engage with each other and to share. By doing so, we're helping our customers be more successful and to execute faster. They get faster answers to questions. They get better solutions. They get insight from their peers. They get recommendations. We are essentially encouraging the fostering of an ecosystem, a tight relationship between SAP, its customers, its partners and all of those with each other.

BL: You mentioned that you have millions of members in these communities but still thought it was very important to extend that reach and engage the customers in social networks like Facebook, LinkedIn and Twitter. Why was that important, even while you have millions of people on your own sites?

MY: What we find is that different users

The Impact of Corporate Online Communities on Serving The Social Customer (cont'd)

with different roles engage in different ways and in different places. In essence IT people—developers, system admins and so on—are very comfortable in certain situations where business people—HR Managers, finance directors—are less comfortable. We are meeting our customers and our partners wherever they are, where they feel comfortable.

I think Facebook is more of a consumer-oriented, very friendly kind of a place. The tone tends to be very casual and informal and personal.

Twitter, until recently, was primarily for early adopters, and was more tech- and geek-oriented—with fewer business people and end-user types. We can have quick conversations in Twitter but they are often not very sticky. They are quick threads that dissipate quickly.

About LinkedIn: I was just in Latin America and I asked how many people had LinkedIn pages, and was surprised to find that almost 100 percent of the people in the room had a LinkedIn profile. I think LinkedIn tends to foster more professional-type discussions and is a lot more oriented around the individual's career—your biography, history and work experiences.

Each one of these social platforms has a role—there are sweet spots where each is valuable. For example, Twitter is great for monitoring for unhappy customers, or somebody who is frustrated and having difficulty, or has a quick question that you can jump in on; LinkedIn isn't so good at

that. But we use them all to reach out from our community, often times to link people back into our community where the real meat of our offerings exists.

BL: Mark, one more question. If you were starting a network or building on today's social tools, what role would the corporate online community play in building out that customer experience?

MY: I see the corporate online community as a place you can't control, but where you can have more influence. If you think of concentric circles, I would say SAP.com is at the center of a bull's eye. It's very controlled—it's really SAP broadcasting out to the world. It serves as a "yellow pages" to the rest of SAP's offerings. It also has to serve the media audience as well as the investment community and many others in an "official" capacity.

If we move out a ring from that—and give up some control and really encourage engagement from customers and partners and others—that would be the SAP communities. What you get in exchange for giving up control is a lot of engagement, feedback and interaction.

I would say that Facebook, LinkedIn, Twitter, etc., are yet another ring removed. You have much less influence on those platforms. You don't get to choose features or functionality or add star ratings for top contributors. You don't really get to have a recognition program. There are policies and practices that Facebook, Twitter or LinkedIn put in place and you



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The Impact of Corporate Online Communities on Serving The Social Customer (cont'd)

just have to live with them. But what you gain is engagement with different kinds of audiences.

In my world, the thing we really focus on is this SAP community where we have the ability to implement some incentives for certain behaviors and disincentives for other behaviors we don't like to see. We can put in place new functional capabilities and new features. For example, a job board to cater to a university audience, or an idea crowd-sourcing platform, or a download function. We have more control over the platform and the policies and practices. We certainly don't have control over the audience because it is comprised of two million members who are very actively engaged there. And while we don't have complete control over the content, we can influence it.

I see a corporate social networking community as a critical pillar in a long-term relationship with customers versus a fleeting transactional one. I see it as a place people can return to, from Facebook, LinkedIn, etc., where you can really publish a lot of content and offer unique value--where you can differentiate yourself and your company and its offerings and programs from the volume of what's available through public social media platforms. I see our corporate social network as a key pillar in strengthening the ongoing relationship and in delivering extraordinary value throughout the entire lifecycle of SAP's connection to customers and partners.



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A View of the Future

Connecting Solution Seekers to Trusted Solution Providers in Real Time

In the end we'd like relationships with people who can provide us with important information and collaborative exchanges, in ways we'd like to receive them and in time frames that work for us.

The search for information has been a driving force in the growth of the Web. Internet searches have become a routine business activity. Keywords typed into search engines return a list of links to potential answers or solutions in the form of blog posts, forums, white papers and other forms of content. Based on the number of times a link is clicked on from a keyword search, and how many other pages on the Web link to it, search engines determine how far up a link appears on that list of search results.

While the information provided by linked pages may help with a specific challenge or lead to some useful alternatives, it doesn't automatically provide something even more valuable: a relationship with the solution provider. It may not even connect you to the people who can provide the best answer for your current situation or with people with whom you can interact on an ongoing basis.

The rise of Facebook, Twitter and other social networks demonstrates the need for more than raw information. People congregate on these sites for information, discussion, camaraderie and ongoing human engagement. This progression can turn information searches into contextual, meaningful relationships that can eventually evolve into online communities.

In the end we'd like relationships with people who can provide us with important information and collaborative exchanges, in ways we'd like to receive them and in time frames that work for us. This calls for a certain level of familiarity, comfort and trust. And while technology has made it much easier to connect with millions of people via social channels, finding trusted information sources to build multidimensional relationships is more difficult. In many cases, the loudest and most aggressive voices drown out the more knowledgeable ones, causing a decline in trust and greater potential for roadblocks in building, facilitating, and developing vibrant customer communities.

While traditional social networks do provide opportunities to create or facilitate successful online communities, the above issues make it difficult to efficiently connect trusted, knowledgeable information providers with information seekers. This is why Aardvark (<http://vark.com>) is a compelling model to discuss.

Aardvark is a social search service recently acquired by Google. Its main objective is to connect people looking for information to people who can provide information—in real time. It differs from Google's traditional search, which links people to information.



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A View of the Future (cont'd)

The power of Aardvark is that it allows people to use natural language to describe what information they are looking for, and then uses special algorithms to create a list of the best people to answer this inquiry—based on rankings of historical answers on the subject, the questioner's personal social graph and the availability of an individual to respond in real time.

The Aardvark model is compelling in that it limits distractions from predatory social networkers responding to information requests on open networks with a private request that is analyzed and routed to the most qualified people in the network, with ranking preference given to those with whom you have a relationship via social connections. It has the potential to more efficiently create relationship opportunities and grow context-based communities without unwanted, trust-busting behavior.

While Aardvark is its own social network, it enables people to connect with friends on other social channels (Facebook, Twitter, Gmail, etc.) to improve the quality

of connection opportunities. Aardvark also works over multiple channels such as websites, e-mail, instant messaging, etc., making it easier to initiate and respond to information requests while employing preferred methods of interaction.

The important thing about Aardvark is that the emphasis is on connecting the right people at the right time around the right information. The focus is on people, not a specific network or specific channel. It analyzes information, graded by people, to improve the quality of each connection. It also leverages social graphs to increase the pool of potential respondents and to take into account social behavior. It combines this social data with information quality scores to determine the best people to answer a specific question from a specific individual. This provides an intuitive way to grow a community, which should enable customers to connect more efficiently with each other as well as with knowledgeable experts—and of course with the companies committed to engaging them across social channels.

Q&A with the Editors

1to1 Media's Ginger Conlon and CRM Magazine's Josh Weinberger on Trust, Social CRM and the Importance of Universal Customer Engagement

It's not just about the marketing messages, it's about the company itself—that the company actually has the customer's best interest in mind

I recently had the good fortune to sit down with two of the CRM industry's best minds to discuss some of the hot topics for companies committed to serving customer's needs, today and in the future.

Ginger Conlon is editorial director of 1to1 Media, and Josh Weinberger is the managing editor of CRM Magazine. As editors at two of the leading publications in the industry, Ginger and Josh cover a lot of ground with unique insights, opinions and illustrative anecdotes.

Below are a few key points from that conversation. We think they'll answer some questions about what companies are doing and can do better to serve today's social customers.

Trustworthiness Factor

Ginger Conlon: I don't think it has changed much, as you can see by those numbers (based on eMarketer.com's recent survey - What Makes Social Media Trustworthy?). But I think what is happening is all of the conversations in the social world are forcing companies to be more transparent—to get in there and join those conversations. I think there are still a lot

of companies trying to figure out the best way to do that. Hopefully, those numbers will improve over the next couple of years. I think customers are always going to be a little bit leery about determining if they're being sold to, or if the company actually has their best interest in mind when it engages them.

I think the more relevant the messages become and the more open companies are (where they can be, as there are some regulations in various industries), the more the "trustability" factor will increase. It's not just about the marketing messages, it's about the company itself—that the company actually has the customer's best interest in mind when it's creating new products or delivering services, or responding to a customer complaint or request.

Important Developments

Josh Weinberger: We're seeing a lot of integration between social media and the enterprise, a lot of push into the collaboration space. Much of that is internally focused right now and not customer-facing, which I think is a shame. Seeing things like Social Text, collaboration

Q&A with the Editors (cont'd)

companies like Phantom Networks, there are a lot of people who think that being able to make working better will make the company better. I would like to see that thought extended to HR software processes. Deciding how to hire, train and develop your employees and your staff should be a customer-facing process, because those are the people who are going to be dealing with customers. They are your face to the customers.

It's really about making sure that performance management and HR processes—and all of the things that go into making sure your staff and personnel are doing the right things—actually translates into what matters: dealing with customers.

GC: That is so true. Look at a company like *Southwest* that “hires for smiles” as one of their criteria. Obviously, there is a lot more to it than that, but they started using that mantra with their customer-facing folks, and then they moved that into the back office. So it's basically a “hire for attitude,” “train for skill” kind of thing.

Then if you look on the technology side, a lot of the companies focusing on workforce management are really making a push into the back office. You can leverage the process and execution that the call center has mastered—process flows, execution times, defined roles, etc. A lot of companies are trying to move those approaches into the back office into places where it also makes a lot of sense, in things like billing and other process-heavy

areas that ultimately affect the customer experience.

JW: Yeah, I would like to see the same type of work for management and performance management skill sets—metrics, process and judgments—being applied across the enterprise. I'm sure you need different metrics or business rules, but it matters that there is some type of holistic approach to deciding what type of employees you want, based on what kind of customer you have and how they need to be serviced. People shouldn't just be hired based on a resume. They should be hired based on an end goal, which is serving customers. *Zappos* still remains my top example of this. They do not sell shoes, they deliver happiness.

GC: That's true. Their hiring process is really in-depth, as far as the types of questions they ask during the interview. Actually, *Mrs. Fields Cookies*, when she first started her business, had specific questions. One of the things she did was make all of her applicants sing “Happy Birthday,” or something like that, on cue. The thought was if you could do that to a stranger on cue in a job interview, it said a lot about your personality. That was the type of person she wanted serving her cookies.

Current state of Social CRM

JW: I would like to think that we are more advanced than we were a year ago, but I think we are still a little bit in the chaotic phase. I still see people tussling about definitions. I still see people arguing about



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Q&A with the Editors (cont'd)

which hash tag belongs to which letters. I hope that we get beyond that soon. I'd like to see us move forward in seeing how these approaches to social media and social technologies actually affect people. We are seeing a lot of progress.

We are seeing a lot of companies actually do things with social media now, not just talk about it. Not just do whatever comes up and hope something sticks. There are some trying to approach it with a kind of rigor. We see a push now for Facebook pages maybe replacing customer service pages. A contact center company called Parature just came out recently with a Facebook integrator/accelerator. We are seeing a lot of companies now saying "contact us on Facebook." We are not seeing "go to www.company.com/support." You are seeing Facebook.com/company, which is a change on the order of when people started seeing URLs on ads in the first place. But it happened a lot faster than it did back when Web pages started coming up.

I am intrigued with how companies are applying these things in different ways. We are seeing a lot of customer service support on Twitter. We are seeing a lot of customer service support on Facebook. I'd like to see more customer service in other social media aspects—community forums and places where companies see people gathering. You have to go where the people are. You are seeing that to some degree, but it's hard because on some level this is streamlined and optimized, for lack of a better word, customer support.

But now, it actually seems to require more legwork, not less. Until we get to a point where we can automate things and actually streamline processes, this is actually more effort for companies.

GC: I would like to echo a lot of what Josh said. I think service via the social channels is still what Josh alluded to—a little bit silo-ed. There are companies trying to get the service interactions basically into their queue. They are trying to use skilled customer service agents to handle the questions on Facebook or Twitter. But I talked to someone recently who has a couple of interns doing the responses.

JW: This goes back to the Pizza Hut Twitter intern. (Editor's note: In April 2009 Pizza Hut offered college students a summer internship tasked solely with monitoring social channels and formulating responses according to corporate communications guidelines. For further insight visit: <http://www.nytimes.com/2009/04/20/business/media/20twitter.html>)

GC: Like Josh said, they are trying to scale up and it's kind of challenging. Here is this new thing and they need to be there because that is where their customers are, but they are not ready for it. So, their temporary response is to have a couple of interns take care of it.

I think we are going to see a transition to basically a universal queue in the contact center. You have these people who are experienced in dealing with customers and you have processes to handle those

Q&A with the Editors (cont'd)

issues. As the technology and processes evolve, that's all going to wind up being connected. I just think it is going to take some time.

Final Thoughts

GC: A year from now, I think we are going to be having a very similar conversation. Especially with “trustability” and what I mentioned on that topic. Privacy will continue to be a big issue. I do think we'll be further along the path and comparing where we've been and where we are going will be interesting.

JW: I think vendors are going to be playing catch-up forever in order to keep up with customer needs. I think we have tipped it the other direction where innovation is now going to be trickling up. Not necessarily in a bad way, I think being a fast follower

could be a good thing. I think seeing what works and then deciding where to go can be a huge plus.

I am not a believer that Facebook is going to be around forever. For a while, it is the thing and then it's gone. Friendster was the thing and now it's gone. MySpace was the thing and now it's gone. It's not gone, but it has decreased in excitement and certainly in new subscribers. Someday Facebook will be gone too, I really believe that. It's just a matter of time. You have to go where the people are now. Being able to allocate resources quickly and nimbly is not the most important thing. Seeing those companies that are nimble and learning not only from their customers, but also from their young Gen Y employees, letting ideas trickle up from the inside—those are the companies that are going to succeed.

Detailed Survey Results

Smaller companies are much more positive about the results of their organizations' engaging with customers over social channels.

While the survey was comprised of a relatively small number of questions, it provided a good amount of insight that you will see throughout this document. Listed below are a few of the high-level pieces of information that may help you understand where the TSC/SOCAP International communities are when it comes to engaging customers, from a service perspective, over social channels.

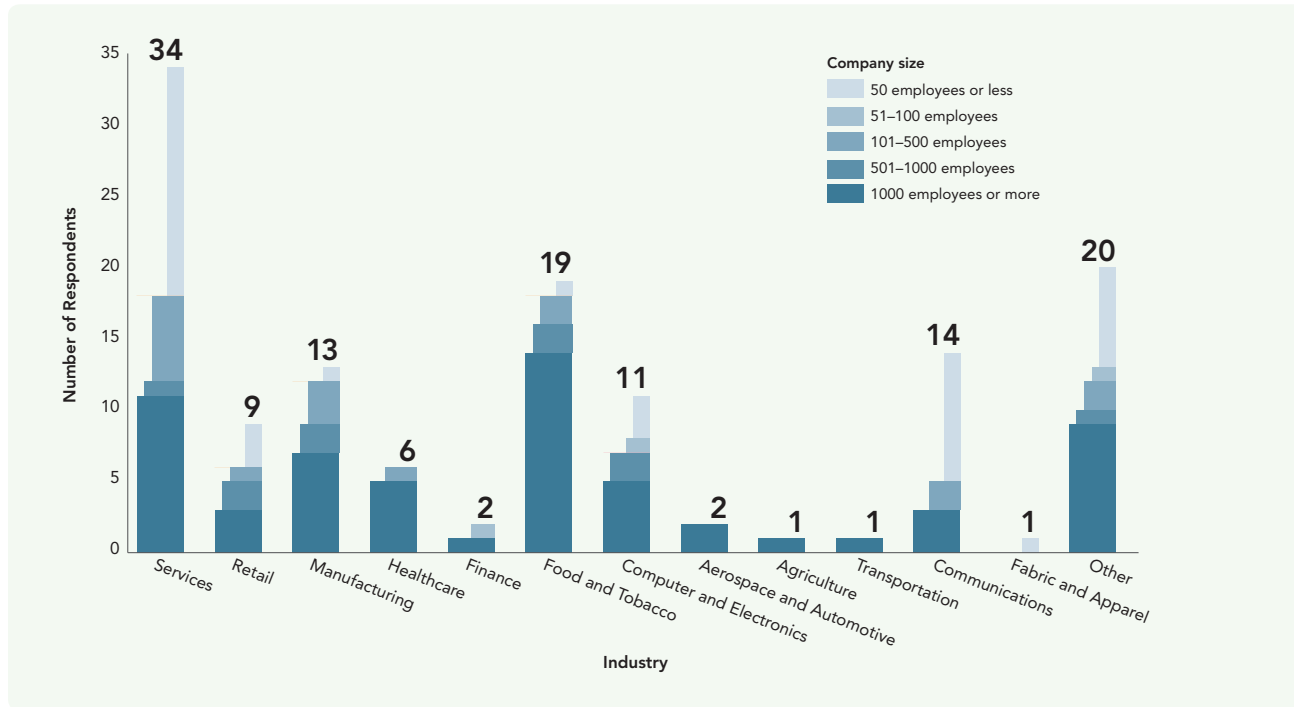
- The vast majority (69 percent) of those taking the survey are customer support/service professionals.
- 76 percent of those surveyed are employed at companies with more than 1,000 employees (46 percent) or less than 50 employees (30 percent).
- 12 industries were represented by respondents, with Services, Food and Communications having the most representation.
- The majority of respondents (66 percent) are at the manager or director level.
- The majority of respondents (60 percent) say their companies have been engaging customers on social channels for less than a year.
- Determining key performance indicators and understanding customer expectations are the two biggest challenges to engaging customers on social channels.
- While Facebook is the most utilized social channel for customer engagement, Facebook and Twitter are considered the most effective channels.
- While many respondents at large enterprises say social engagement hasn't had a positive impact on customer support goals and objectives, they are at least satisfied with their company's social initiatives to date.
- Small organizations appear faster to adopt social channels for customer engagement, and are more positive about that engagement than larger firms.

Question Summary

with Segment Impressions



What is your industry?



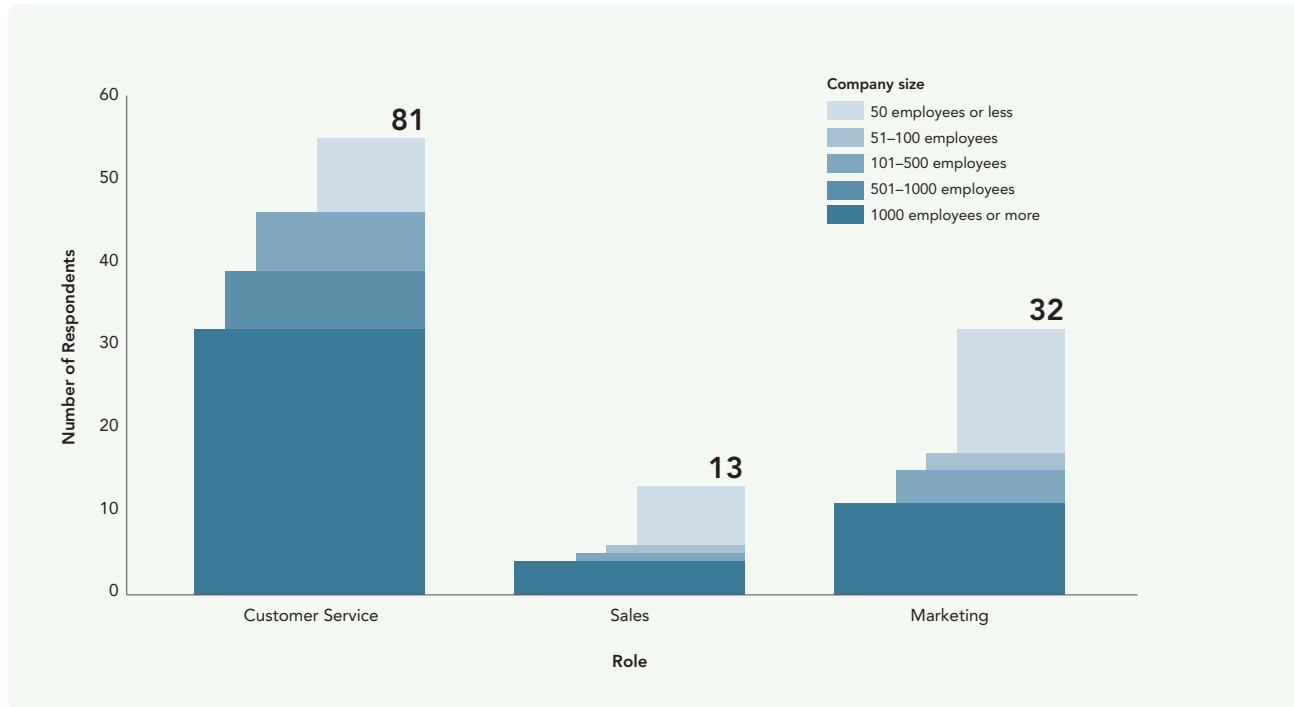
Overall Impressions

The 118 respondents represent a wide array of industries. Some are very lightly represented, such as Fabric/Apparel and Transportation. But they provide valuable insight into how companies in these industries are utilizing social tools and strategies to engage customers from a support perspective.

Others, like Services, Food, Communications, etc., have a good number of respondents from companies of

various sizes. This will make for interesting comparisons now and going forward, i.e., Industry versus Industry as well as Large vs. Small enterprise within a given industry. We will take a special look at Retail vs. Manufacturing to see how these two industries compare and contrast using social channels to support customers. We will also take a closer look at responses from the Services industry and see how large and small organizations in that sector are adopting social tools to engage with their customers.

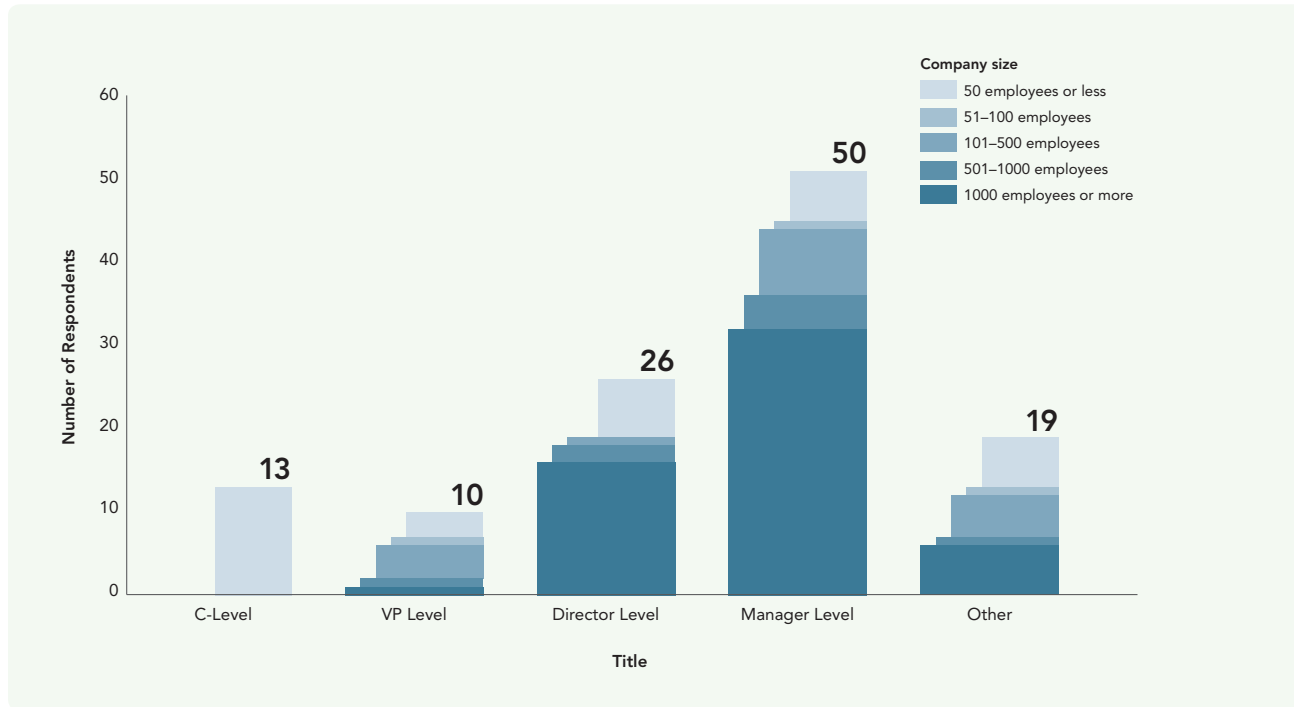
Roles



The overwhelming majority of survey respondents identified themselves as having a role in customer service/support. This provides a better understanding than many similar surveys provide of the view from the customer service function of a company's efforts with social tools and strategies. Other surveys tend to skew

towards the marketing and promotional functions. But, because many sales and marketing (especially marketing) professionals participated in the survey, it presents a good opportunity to compare their opinions on customer engagement via social channels.

Titles

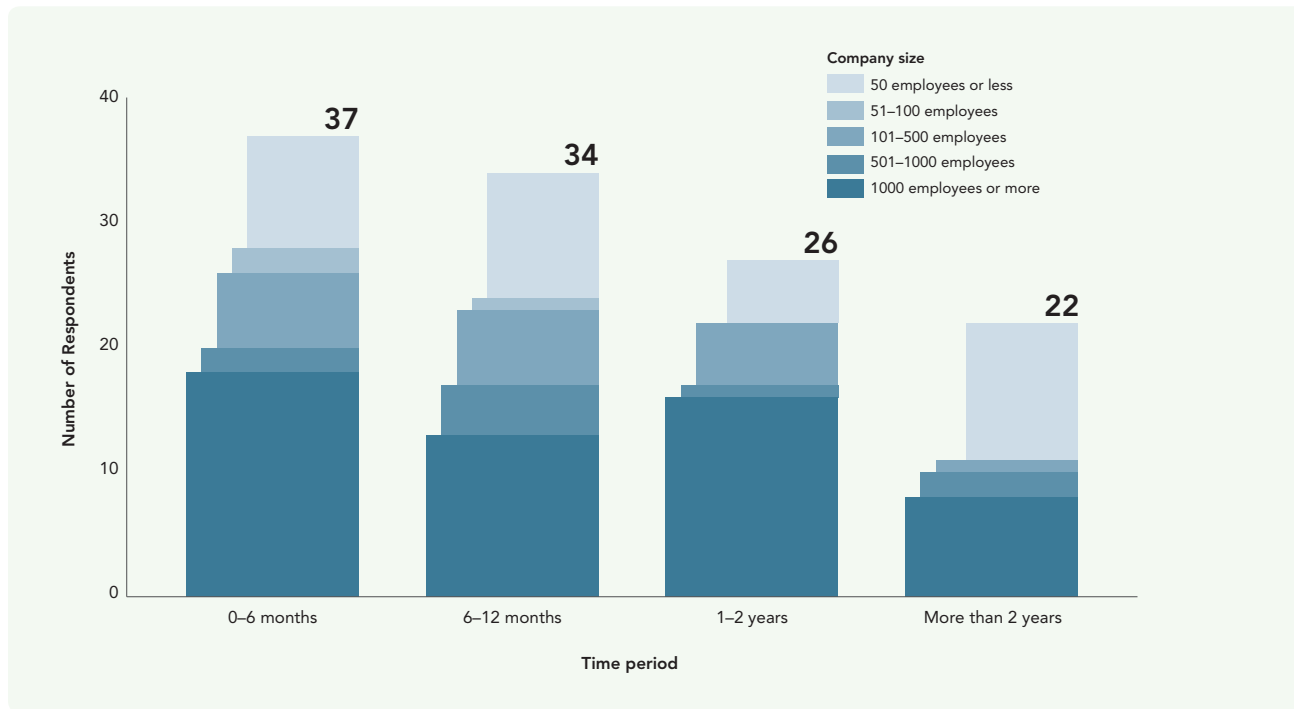


Management and director-level employees make up the vast majority of people included in the survey. These are the executives that typically create and manage the strategies implemented for handling customer support, case management, contact center and other forms of customer service engagement. With this level of participation from these employee levels, we can get a good handle on the state of social engagement

for customer support at the companies participating in the survey.

Additionally, with all 13 C-level participants coming from companies with 50 or fewer employees, we're able to gain valuable insight from the top of smaller organizations regarding their views of "social" and its role in engaging and supporting their customer bases.

Length of Company's Involvement in Customer Service Engagement via Social Channels



The majority of those surveyed reported that their companies have only started engaging customers via social channels over the past year. Interestingly, 31 of the 54 respondents from companies with more than 1,000 employees fit this category, while 19 of 35 respondents from companies with 50 or fewer employees also became involved with “social” in that time frame.

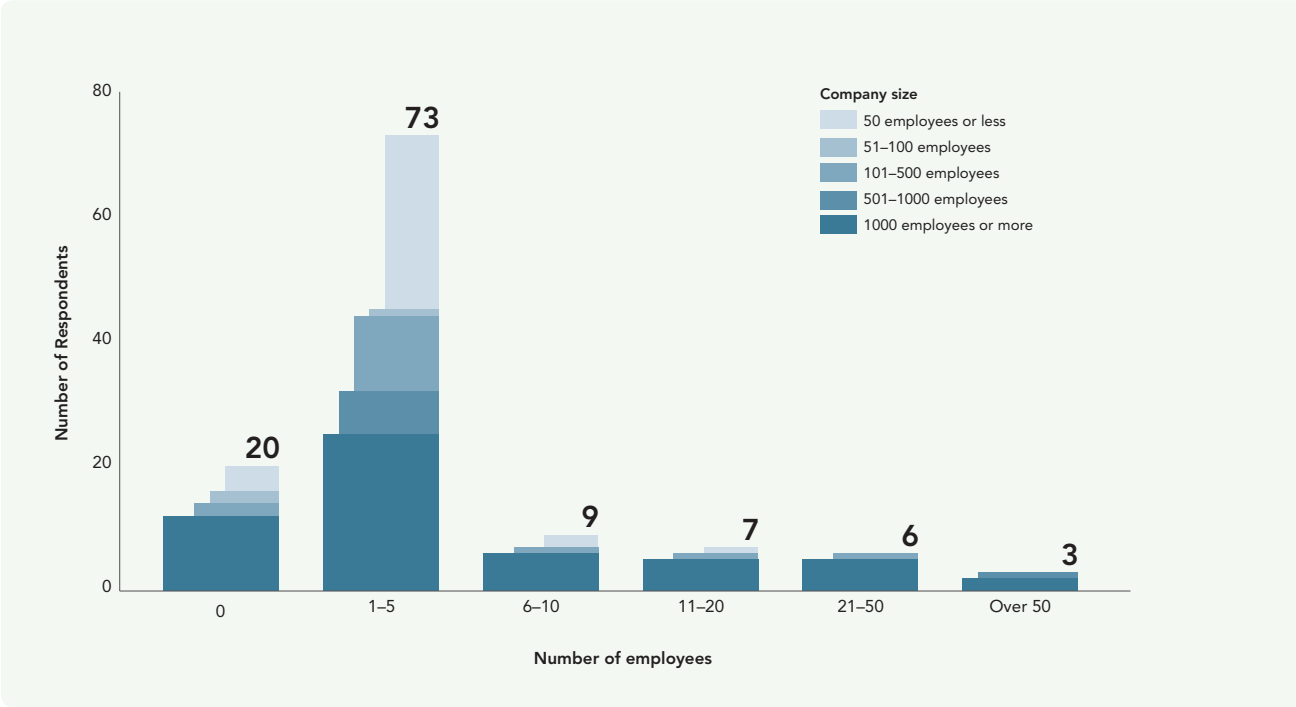
Looking only at the respondents who reported being in the services industry, 8 of 16 respondents from companies with 50 or fewer employees said they’d been

engaged for less than a year, while 7 of 18 companies with more than 50 employees said the same.

Comparing the retail and manufacturing industries, 7 of 9 retail respondents and 9 of 13 manufacturing respondents said they have been engaged with customers on social channels for less than a year.

Overall, from a support perspective, it appears that many companies are still relatively new to engaging customers in social arenas.

Number of Employees Engaging Customers on Social Channels



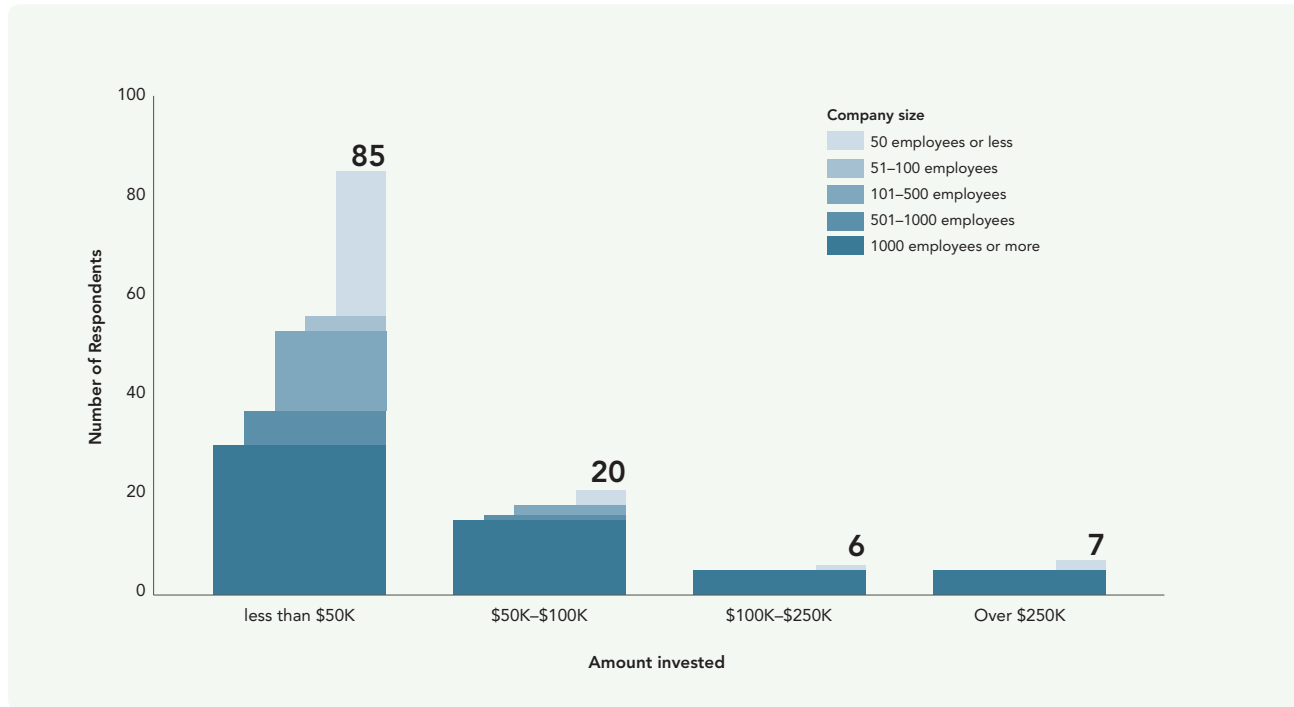
What stands out when looking at this area is that three times as many large enterprises (over 1,000 employees) had no employees engaging customers than companies with fewer than 50 employees—12 to 4. This is significant, as only 20 more employees from large enterprises took the survey than from small companies. And while there are two companies of more than 1,000 employees with more than 50 employees engaged, that accounts for a very low percentage of companies. Conversely, there are

three companies with fewer than 50 employees that have at least six people engaged—and two have at least 11 people engaged. So companies with no more than 50 employees, with at least 11 using social channels to communicate with customers, account for at least 20 percent of employees.

Overall, it appears that smaller companies surveyed here are engaging customers via social at higher rates relative to the number of employees than larger enterprises.



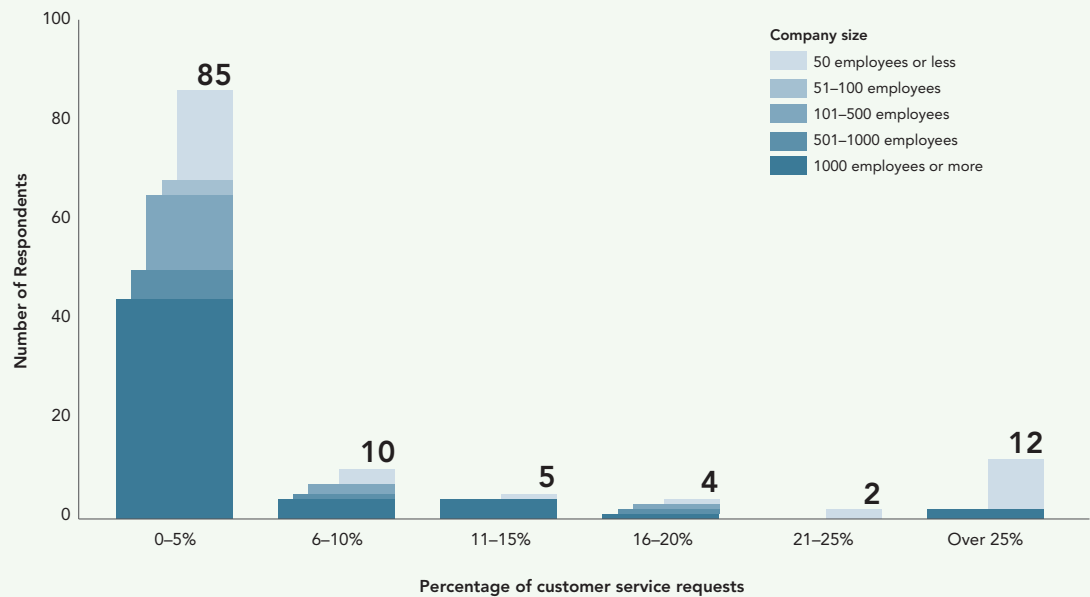
Financial Investment



While 55 percent of respondents from companies with over 1,000 employees spent less than \$50,000 on their social initiatives, 18 percent spent more than \$100,000. Of that number spending over \$100,000, half are spending more than \$250,000—or 9 percent of the total respondents from large enterprises. Surprisingly, there are even two companies with fewer than 50 employees who have spent more than \$250,000, with another spending more than \$100,000.

Even in a relatively small sample size, three out of 13 manufacturing industry respondents said they invested more than \$50,000—with one of them investing more than \$250,000. Retail also bucked the spending trend, with two of nine spending over \$50,000, and one company investing over \$100,000.

What percentage of customer service requests is initiated/resolved via social networks?

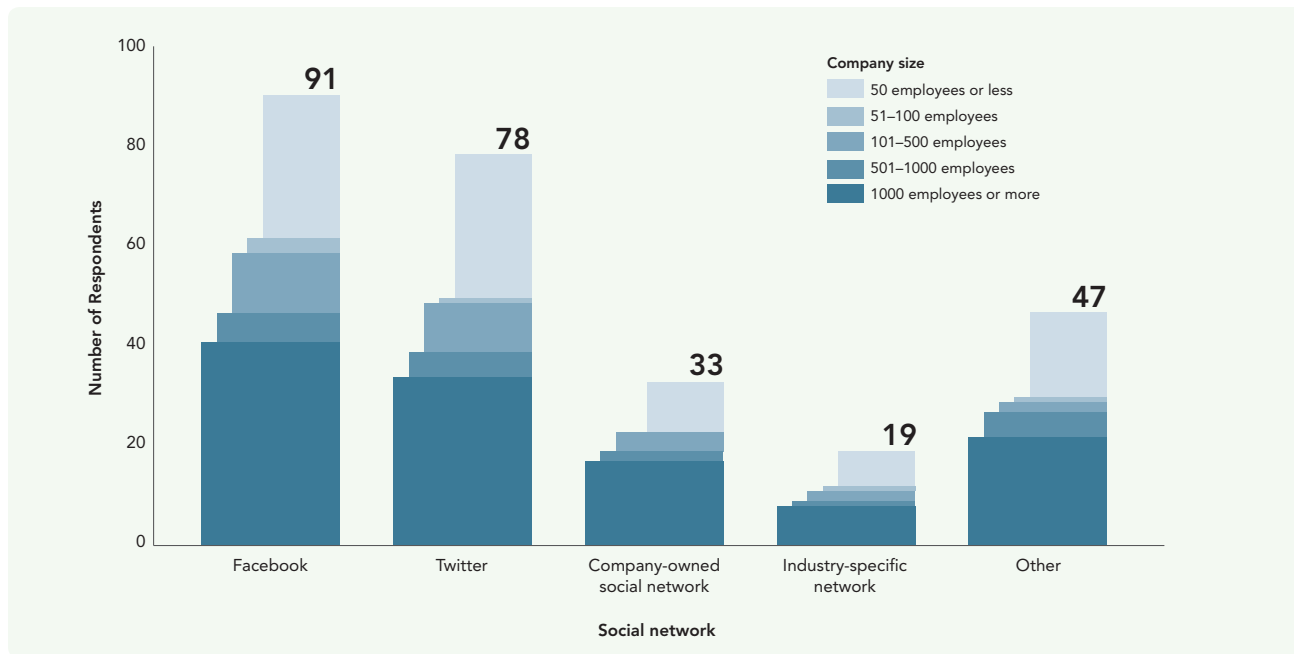


The vast majority of respondents say their companies' interactions with customers come mostly from channels other than social. And while the majority of businesses with fewer than 50 employees fit that category (18 out of 35), a significant group of those businesses (10 out of 35) say 25 percent of their customer support interactions are over social channels.

As a comparison, only two of 54 respondents from enterprises with more

than 1,000 employees said 25 percent or more of their customer service interactions took place over social channels. Also, looking at retail versus manufacturing again, retail respondents appear to engage more frequently on social channels than manufacturing respondents, with two respondents saying at least 16% of their companies' customer support interactions take place on social channels. Manufacturing had only one respondent making it into the "6-10%" category.

Which social networks does your company engage customers on from a customer service perspective?

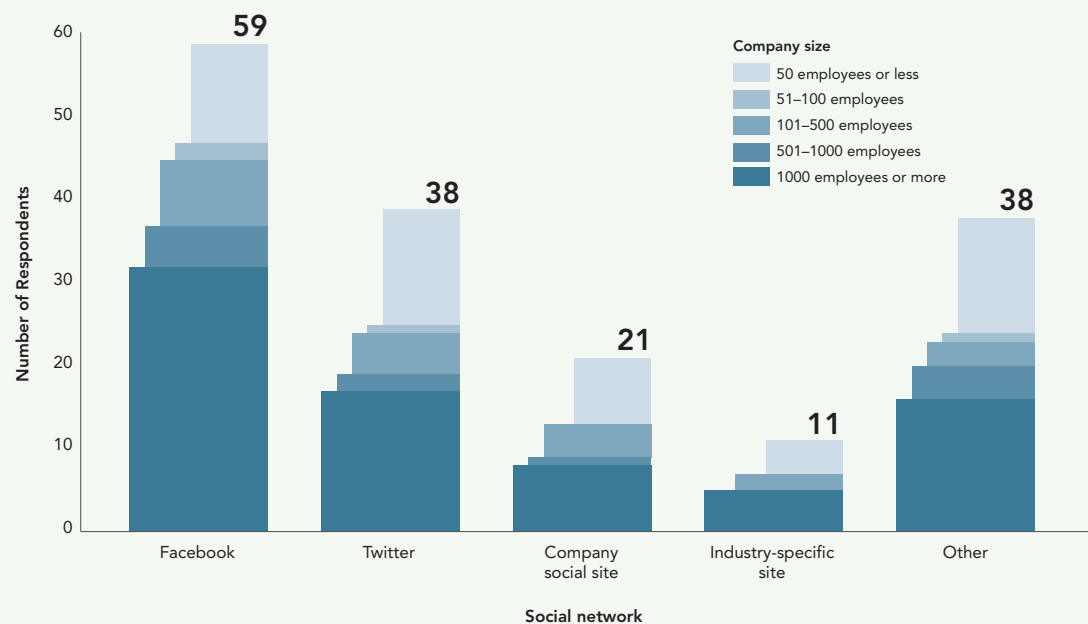


While the above answers to the “percent interaction” question show low levels of engagement compared to traditional communication channels, companies of all sizes, across industries, are using the best-known social channels to connect with customers. The majority of respondents say their companies use Facebook and Twitter to engage customers. Many of them are also using general sites other than those two, indicated by the large number who selected “Other.” A popular business social site like LinkedIn may be well represented in that number, as well as other general networking sites.

Company-owned social sites also seem to be fairly popular at both ends of the size spectrum. Roughly a third of all enterprises with more than 1,000 employees use their company social site to engage, while about 30 percent of companies with 50 or fewer employees also engage on company-owned sites.

Looking at the service industry respondents, large and small companies largely mirror the overall survey results. But comparing retail and manufacturing industries, it appears that of respondents at manufacturing companies—while engaging on Facebook and Twitter—nearly 25 percent cite industry-specific sites as a place to engage their customers.

On which social network do customers most often engage with you for service inquiries?



While all areas are fairly well represented here, Facebook was cited much more than any other site as the most frequently used social channel. And while Twitter is usually mentioned along with Facebook in just about any article or study on social media, this survey found Twitter was tied with “other” for frequency of engagement. It would be interesting to see how many of those “others” would include LinkedIn.

Although it appears that Facebook is the most-used social channel by those surveyed overall, it is not as popular for the companies with fewer than 50 employees. While approximately 60 percent of large enterprises surveyed said Facebook is the

main engagement network, only about a third of smaller businesses cited it. In fact, Twitter and “other” both received more votes than Facebook.

According to Anita Campbell, a small-business expert and publisher of *Small Business Trends*, this is not a surprise—particularly for business-to-business (B2B) companies. She says, “I think Facebook is a much better platform for B2C businesses than B2B businesses. That’s because of the informal nature of Facebook, and the fact that it brings together the personal and business sides of a person.” A lot of Facebook users use it to catch up on news among far-flung family members and to

On which social network do customers most often engage with you for service inquiries?

(cont'd)

share photos. B2C content, contests and offers seem to fit in well with that kind of activity.

With B2B businesses, it's harder to seamlessly blend into the personal interaction that Facebook users seek. It's

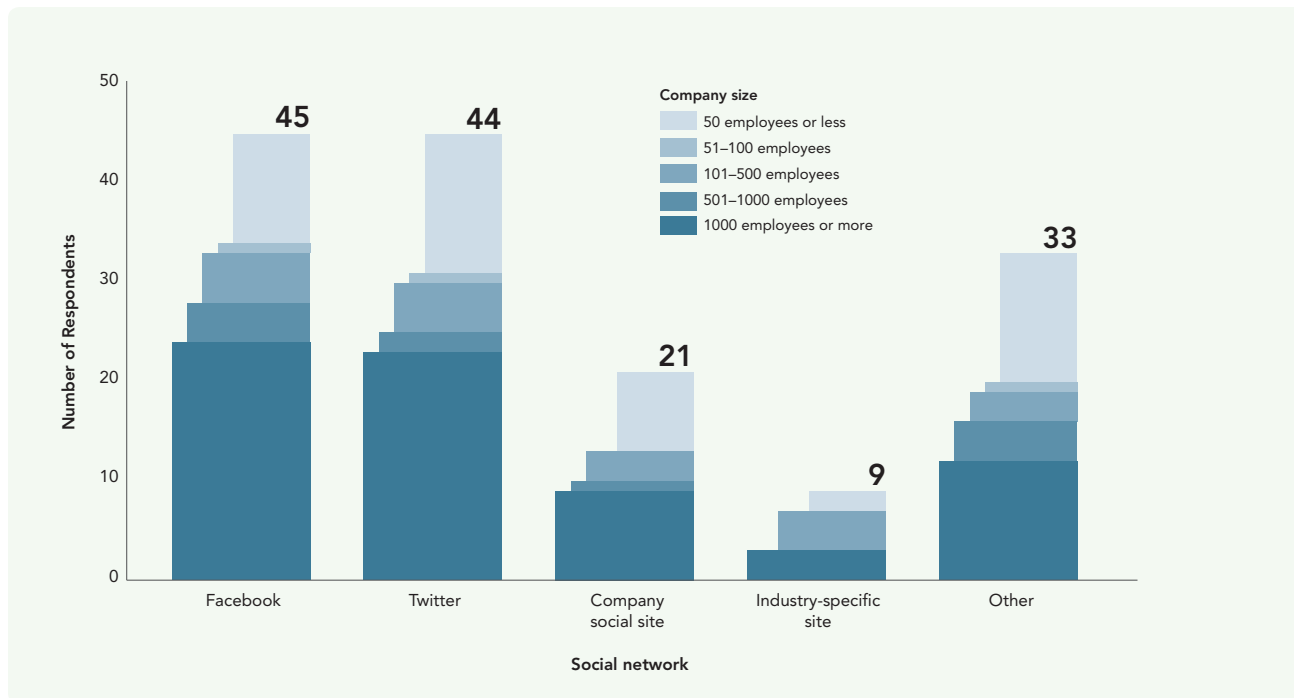
doesn't feel as natural. For instance, if a law firm is putting on a free seminar for business owners, it doesn't feel as natural to see references to that on Facebook profiles, as it would to see information about the latest fashions or vacation travel information.



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Which social network has proven to be the most effective channel to engage customers from a customer service perspective?



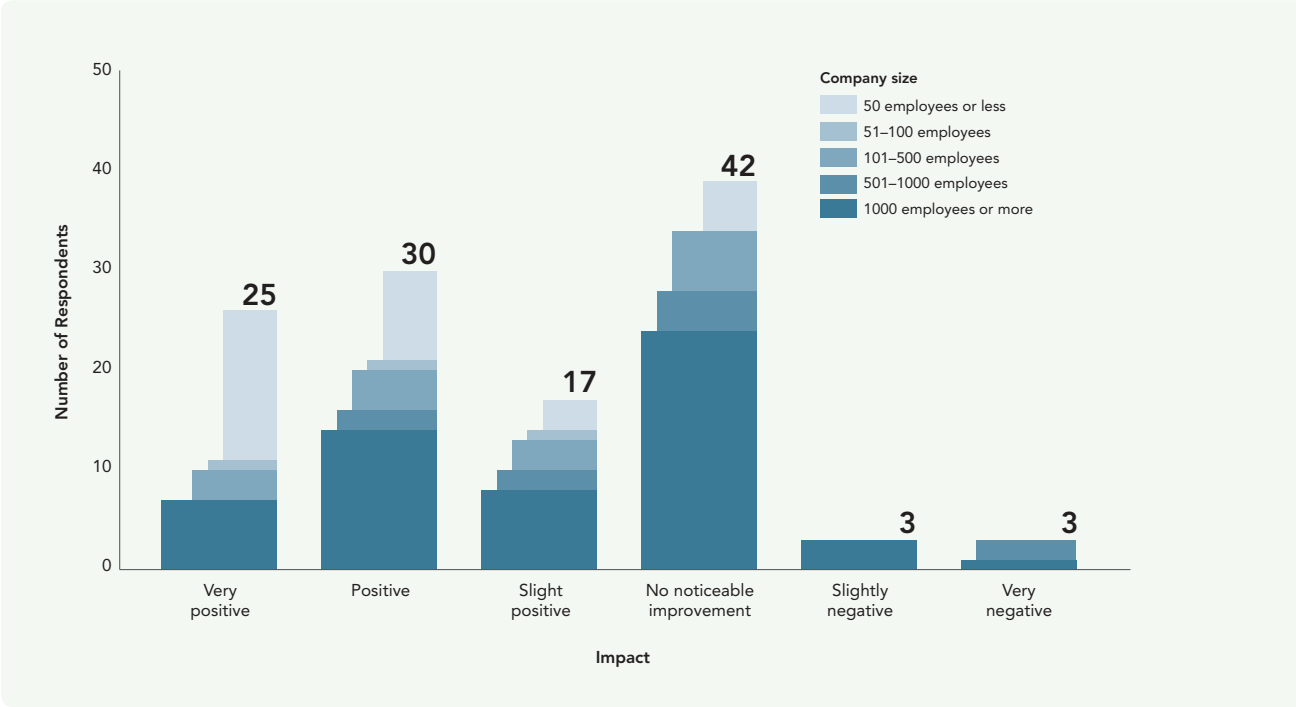
Facebook and Twitter are much closer in terms of effectiveness, with “other” not terribly far behind. This, in itself, is interesting as Facebook seems to be used much more frequently than Twitter, but they are basically even from an effectiveness perspective. This would lead me to guess that the customers may find they prefer engaging on Facebook, even though from a company perspective Twitter may be just as effective for getting requests initiated or resolved.

While larger enterprises seem to cite Facebook and Twitter as their main

social channels for effectiveness, smaller companies appear to find other channels almost as effective. Twitter, “other,” Facebook and even their own company sites all seem to have good support for being efficient.

As for retail and manufacturing respondents, manufacturing employees find Facebook, Twitter, company sites and industry-specific sites close to equal in effectiveness; retail skews slightly to Facebook, Twitter and company sites for effectiveness.

How have social networks impacted overall customer service goals and objectives?



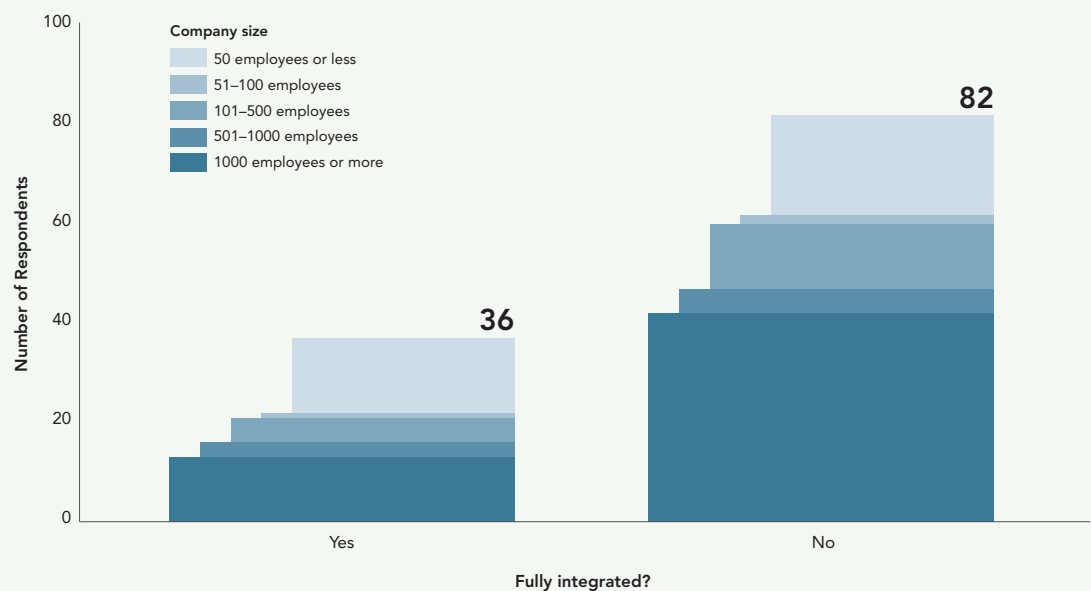
Smaller companies are much more positive about the results of their organizations' engaging with customers over social channels. Nearly 69 percent of those surveyed from companies with fewer than 50 employees said they were "Very pleased" or "Pleased" with the results thus far. Conversely, just over 50 percent of those from companies with more than 1,000 employees said they saw no

noticeable improvement or saw negative results from social initiatives.

In the service sector, large companies seemed to be more pleased with the results from social activities than the overall group. Just over 60 percent of large service enterprises say they were pleased or very pleased with results so far.



Is your social media/social networking fully integrated into traditional customer service problem resolution processes?



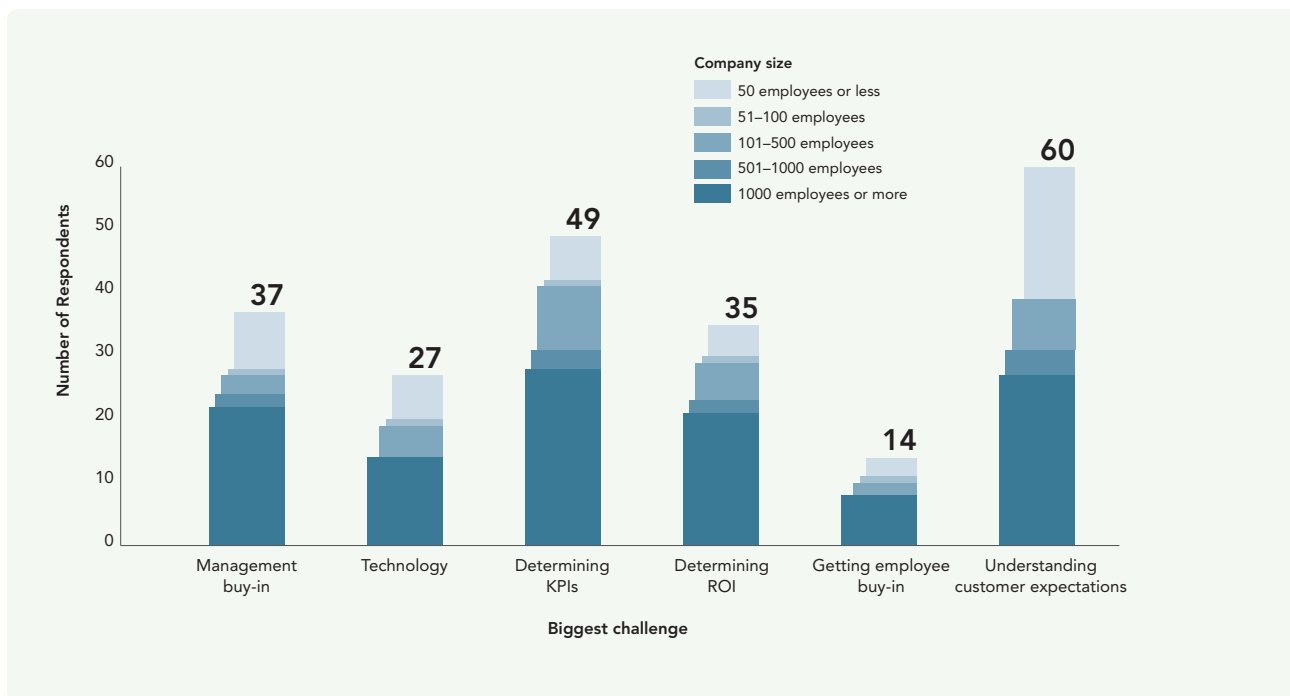
Twenty-four percent of employees from large enterprises said their companies have already fully integrated social media/networks into their customer service processes. This compares with 43 percent of the small business respondents who say they've already integrated "social" into customer service processes. That's a sizeable difference, which may be due to more complex processes and integration needs for the large enterprises. It could also point to a difference in defining what "fully integrated" means to large and small organizations.

As mentioned above, 24 percent of respondents from enterprises with more than 1,000 employees said their companies

have already fully integrated "social" into customer service processes. Thirty-nine percent of those who are not fully integrated say they will be within a year, while 29 percent say their companies have no plans to do so.

At the enterprise level, with the complexities involved in integrating internal processes with external social connections, it's noteworthy that more (39 percent) respondents said their companies would integrate within a year—as opposed to the respondents whose companies have no plans to integrate social (29 percent). It will be interesting to see how those numbers trend over time.

What have been the biggest challenges to engaging customers on social networks?

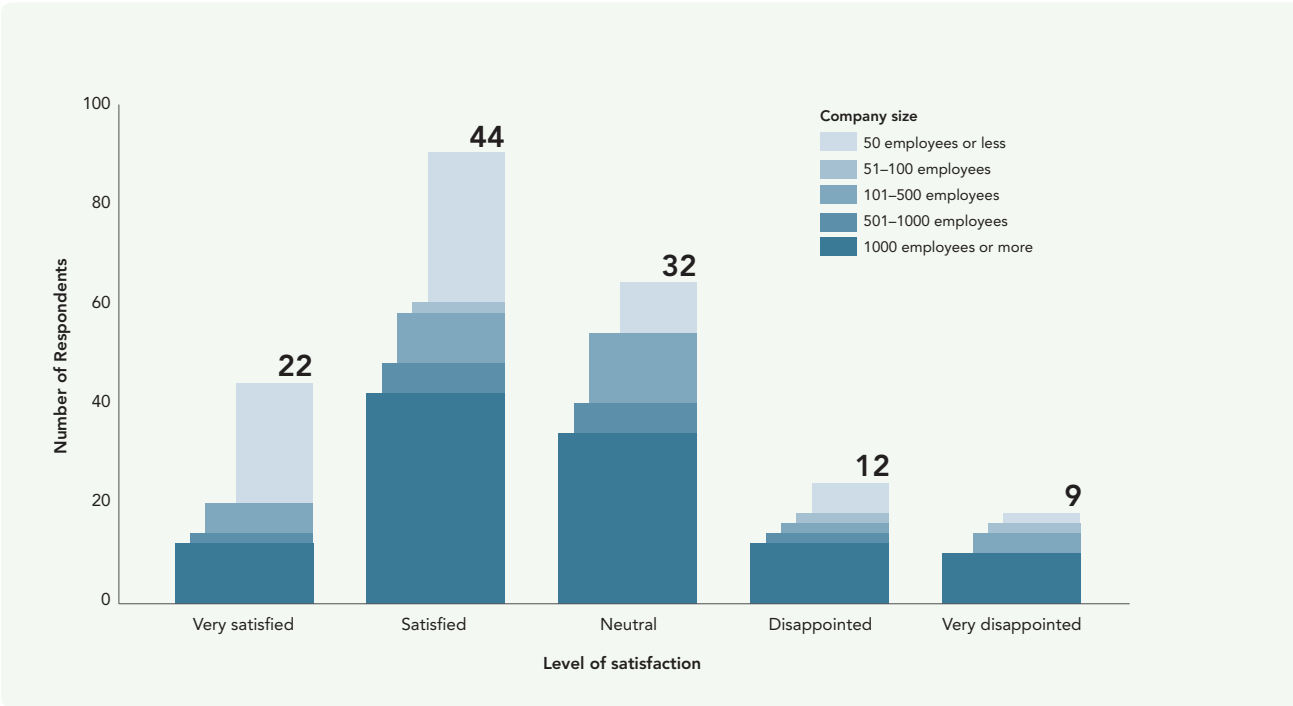


Companies with more than 1,000 employees cited three main challenges when engaging customers on social networks. First, obtaining management buy-in was chosen by 40 percent of those respondents. But the two answers selected most were determining appropriate key performance indicators/metrics (51 percent) and understanding customer expectations (49 percent). And while understanding customer expectations was the most cited challenge at companies with fewer than 50 employees (at 60 percent), developing key performance indicators and metrics fell way down in importance, to 15 percent.

An interesting contrast develops between the retail and manufacturing industries here. More than half the manufacturing respondents cited customer expectations, technology and management buy-in as big challenges to the success of implementing social engagement with customers. While technology did not appear to be a major challenge overall, it seems to be a main concern to manufacturing employees, as it was cited second only to managing customer expectations.

These areas appear important, but not nearly as much to the retailers. The main challenge cited by retailers was identifying key performance indicators.

Overall, how satisfied are you with your company's effort to effectively engage customers on social networks from a customer service perspective?



While large enterprises represented in this survey were not sold on the idea that social engagement from a customer service perspective had helped their companies meet certain goals, they seemed more positive about the efforts their companies

are making to engage with customers via social channels. Roughly half those companies were "Satisfied" or "Very Satisfied" with efforts so far, with only approximately 20 percent admitted being "Disappointed" or "Very Disappointed."

Society of Consumer Affairs Professionals (SOCAP International)

This study and survey were produced collaboratively with the Society of Consumer Affairs Professionals (SOCAP International). SOCAP International is a member-driven organization committed to promoting customer care and customer engagement as a competitive advantage in business by providing educational tools and professional resources to drive business transformation within their companies.

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