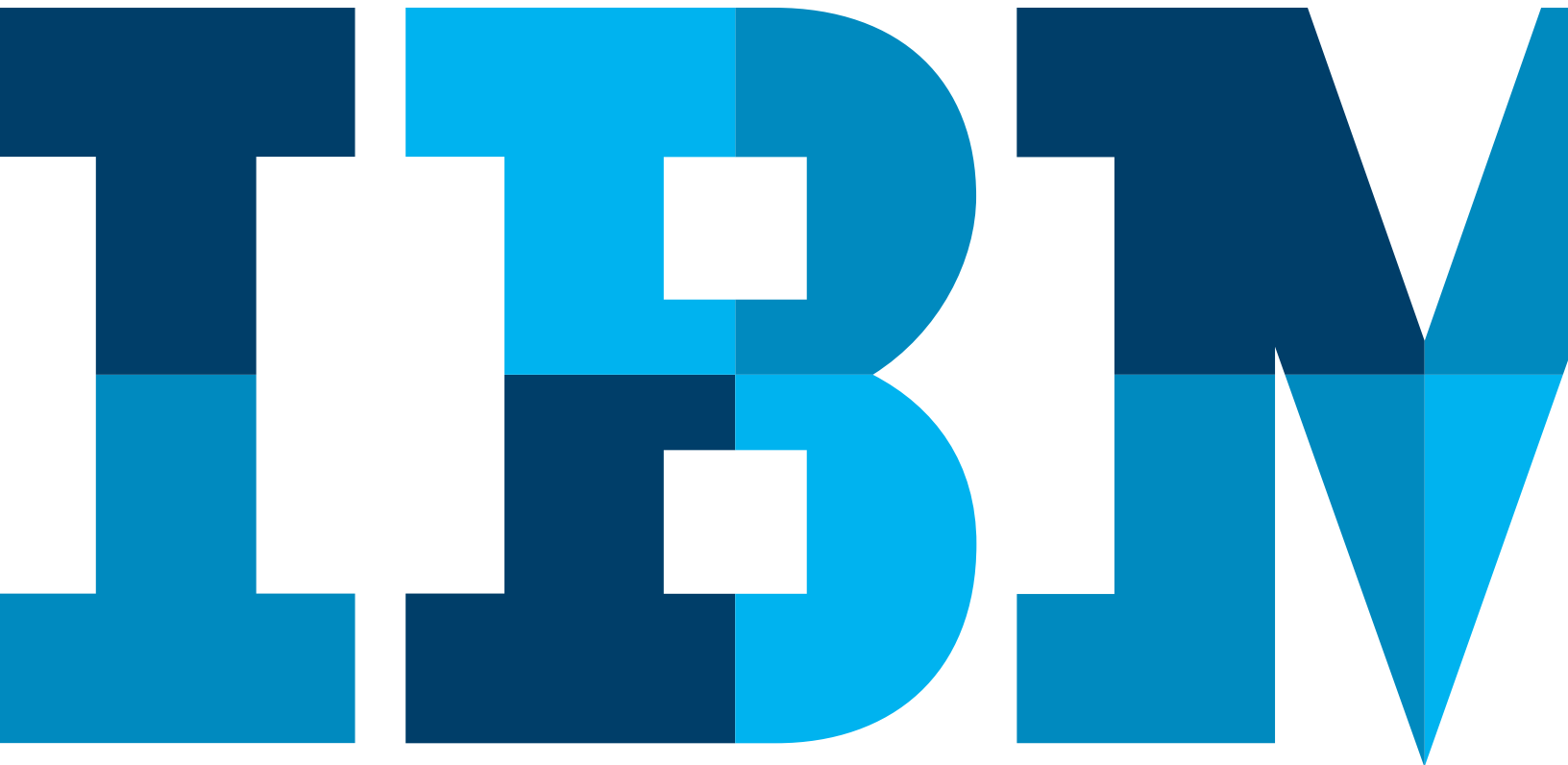


Social Analytics: How to dramatically improve the capabilities within your organization

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Introduction

Corporations, small businesses and other organizations exhaust exorbitant amounts of manpower and money to ensure that their social media presence is top tier. Yet, more often than not, much of the potential from these efforts isn't fully realized due to an underinvestment in, or a misunderstanding of, social analytics.

Most believe that “social analytics” is merely listening in on social media for specific brand terms. While this is an important first step, it is merely scratching the surface. The purpose of this paper is to help organizations advance their understanding and capabilities in social analytics. Organizations that do move beyond the basics are rewarded with dramatic results and oftentimes a definitive advantage over their competition.

The prolific output of social media users—every Twitter and Facebook post—contains valuable customer thoughts, trends and preferences that organizations can use to gain powerful new insights to help grow revenues, increase share of wallet, and improve satisfaction and loyalty. According to Deepak Advani, Vice President of Business Analytics at IBM, *“Customers tell us a great deal in their different types of interactions with companies. The use of analytics...can help business leaders to identify what's important to different customers, pinpoint the next best action, and follow through with the appropriate response that resonates with customers.”*¹

But effectively analyzing social data is not simply a matter of tracking whether a Facebook update receives a “Like” or if a Twitter post enjoys a retweet. One must go further into the discovery of how the content, conversation and engagement impacts your customers and business. In turn, these actionable insights will inform and impact not only marketing strategies, but also business strategies as a whole.

Organizations need to use what the public is saying about them to their advantage. Bringing together various online conversations and posts and putting structure around them can significantly improve insights for a variety of organizations by, for example, building better customer segmentations and profiles, understanding a customer’s interests and role in influencing others, predicting why a customer or client might leave the company, and many other benefits.

To achieve results like this, organizations must overcome the challenges associated with social analytics. Organizations must learn what factors to measure, how to analyze the data and how to apply the insights gained to predict future customer behaviors, measure the outcomes of marketing initiatives and follow changing or developing trends in the marketplace. To be relevant to a business, the key performance indicators to be drawn from social media should link to organizational objectives. While these will vary by organization, certain practices like measuring the volume of conversations over time and performing sentiment analysis should be universally adopted. At a simplified level, sentiment analysis is classifying the nature of a comment—is it positive, negative or neutral?

Figure 1, from Forrester Research, showcases just how broadly the benefits of advanced social analytics can be applied across the organization.²

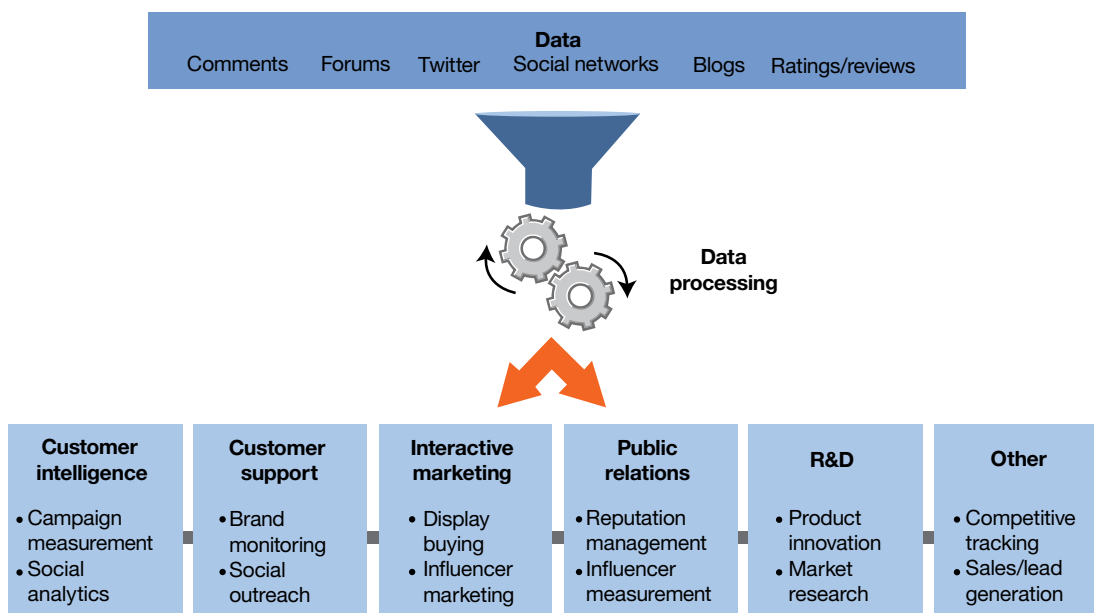


Figure 1: Social analytics can be applied in a wide range of departments and functions throughout an organization.

This paper addresses these challenges by offering a four-phase approach (**listen>interact>react>predict**) to help organizations analyze social media to deliver increased insights and value to the business.

- **Listen.** Understand what is being said about the organization, brand, product, or service
- **Interact.** Join the conversation. Customers expect organizations to not only listen to their thoughts, concerns and suggestions, but to also engage with them both online and offline.
- **React.** This is the step where most organizations fail. They fail by not appropriately adjusting the way they do business in response to helpful customer feedback and insights. If an organization listens and interacts, but doesn't make appropriate business adjustments, then they have failed their customers, supporters and clients.
- **Predict.** Armed with actionable insights, organizations start to place accurate "bets" on where future resources should be allocated to properly deliver the best business results.

In addition, this paper should prompt management to investigate existing systems, talent, and processes currently used to analyze its digital marketing data and determine if they provide the necessary ability to act in real time to improve ROI.

Phase 1: Listen

Social networks help organizations connect on a deeper level with their audience and the information the audience shares with them via apps, status updates, likes, comments, check-ins, and the like. Here's a picture of how social media has invaded consumers' lives and how it affects their purchasing decisions:

- 5 billion mobile phone connections per year, globally
- Nearly a billion users of Facebook
- 45 percent of consumers ask friends for advice before purchasing
- 64 percent of consumers make a first purchase because of a digital experience³

The Global *Fortune* 100 receives 10,400,132 mentions on social media per month.⁴ Other data shows:

- 500 billion impressions about products and services are annually shared online by consumers
- More than 60 percent of those impressions are shared on Facebook, with 16 percent of users generating 80 percent of the messages and posts about products and services
- 90 percent of consumers trust peer recommendations⁵

Organizations need to listen to what the public is saying. The question is, at what level? What should be measured? Resources are always a limiting factor, and large companies like Dell luckily have the resources to listen closely. Dell has the social media strategist's and analyst's ideal setting—a "Listening Command Center." Other companies like Quicken Loans and Gatorade have similar listening centers.

These companies realize the advantage of information and how it can help them make better business decisions based on consumer wants, likes, and needs. At Dell, for example, “the goal is to embrace social media as an organization and as an integral part of the workday...” They make it part of their culture—it’s not just a “nice to have,” it’s an expectation ingrained within each employee. When you have this level of commitment, listening becomes part of the regular business day, and not an add-on. The company realizes the need to leverage this listening in order to respond to and interact with its audience and target market on a deeper and more connected level.⁶

Listening properly can appear as simple as monitoring one’s Facebook wall posts and mentions and replies on Twitter, yet it goes well beyond this. “Listening” also means understanding your organization’s reach, share of voice, consumer sentiment and, most important, understanding how these indicators are trending over time.

1. It’s important to determine “where” these conversations are happening with potential influencers. Are they on Facebook, YouTube, LinkedIn, forums, blog posts, Twitter, or another network you aren’t on yet? The key is to be present and engage actively in all the places where your audience is already talking about your brand.

If they are on a network where your brand can’t compete, then steer your audience toward other networks where they can hear more about your products/services and your expertise. You should measure to determine if you are seeing shifts in where the comments are being posted. For example, companies that discovered conversations were moving from one social media site to another enjoyed a competitive advantage. These companies were able to stop investing in the site whose popularity was fading, and, in turn, put their efforts into the site whose popularity was growing,, well ahead of the competition.

2. Another important aspect of listening is knowing “when” your audience is talking about your brand and when they’re most active. It’s not just about the particular time of day or day of the week—although this is still very important. It’s also about the timing of the content you put out, the events, the holidays, etc. For example, is your audience more active during the holiday season and when you have promotions? Or is it when there is a special event your brand hosted?

It is significant to note these peaks and dips in action from your audience in order to determine when your brand can do more, or where it should back out due to a lack of interaction with the audience. One particularly important aspect of “when” is the ability to tie this back to the where and who. One person may be more likely to communicate through social channels on the weekend because of a hectic work schedule, while another person may be a stay-at-home parent who communicates more during the week. The platform used may also have different nuances. URL shortening platform bitly’s data showed that the best time to garner the most clicks on Twitter is between 1-3 p.m. EDT Monday through Thursday. For Facebook, the data was even more specific: post on Wednesdays at 3 p.m. EDT.⁷ While this research gives one a general guideline, every customer base will be different. The key is to determine, through data analysis, your specific customers’ nuances and habits. Knowing this allows you to interact with your customers and clients at the times when they are most receptive to an interaction.

Phase 2: Interact

Customers today have an expectation that they will have relationships with companies. As such, they have an expectation that companies will openly engage with them.

Once the “who” has been narrowed down, focus on “what” those people are saying. Are the comments negative? Positive? Neutral? (i.e., sentiment analysis). It is important to respond, comment, and stay in that conversation in order to steer it in the direction your brand would like to be perceived. It’s important to track sentiment over time and determine where you are improving and where you may be struggling.

In order to meet the increased consumer demand for relationships, it helps organizations to have a social analytics dashboard and monitoring system. This dashboard should suit your specific organization’s needs to listen more closely. The specific tools have many variations, but the essential requirements are:

1. easy-to-use dashboard
2. keyword-based search
3. real-time
4. ability to do everything “in-house”
5. support from vendors
6. multiple language support (if needed)
7. multi-social platform listening capability
8. alerts
9. analysis reports

Some tools may require more support from vendors, depending upon team size and/or needs, but these are the priority items to consider when evaluating listening and monitoring tools. There should be an emphasis placed on (3) “real-time,” because the longer the data sits, and the longer it takes to analyze the less value it will have.⁸

Imagine a customer online at the point of their buying decision. If you can send them a 10 percent coupon via Twitter, which provides an incentive for them to select your product over a competitor’s product, that is invaluable. Yet, if you send this coupon five minutes too late, it’s essentially worthless.

Social media can be a “catalyst” for companies to achieve (among other things) influence and intimacy with customers, to increase scale and speed to reach them, and lower costs to convert them.⁹ The key is deeper levels of interaction with the brands’ audience, which will provide invaluable input to improve business predictions.

For example, BBVA, a global financial services firm that serves individual and corporate customers, began to use IBM social media analytics in 2009 to monitor the web for customer sentiment about itself and its competitors.¹⁰ The initiative included using social media analytics “to monitor and measure the impact of brand perception online—whether this be customer comments on social media sites (Twitter, Facebook, forums, blogs, etc.), the voices of experts in online articles about BBVA and its competitors, or references to BBVA on news sites...”

The BBVA communication department also deployed IBM social media analytics “to unify all its branches worldwide and allow them to use the same samples, models and taxonomies.”

BBVA’s use of IBM social media analytics enabled the bank to sift through massive amounts of data that were posted on social channels each day and to focus only on the most relevant comments or news posts about its brands, whether they were made in a positive, negative, or neutral sense. This helped the company to identify reputational risks and act on them before they mushroomed.

BBVA's efforts generated visible benefits through the first half of 2011. For example, "positive feedback about the company increased by more than one percent [during this period] while negative feedback was reduced by 1.5 percent—suggesting that hundreds of customers and stakeholders across Spain are already enjoying a more satisfying experience from BBVA. Moreover, global monitoring improved, providing greater reliability when comparing results between branches and countries."

Phase 3: React

"As the sources of unstructured social customer data continue to grow, business leaders armed with the right tools and resources will be able to harvest these sources of customer insights to help craft personalized sales, marketing, and support experiences that lead to improved customer satisfaction and stronger business returns," according to Eric Brethenoux, Director, Business Analytics and Decision Management Strategy at IBM.¹¹

That is why many companies are adding an analytics guru to their executive C-suite. While this influx of talent helps, it's imperative that the right tools are utilized to help collect and convert all of this unstructured data into actionable data. The proper tool can address the volume, variety, velocity, and veracity of the data.

It is important to determine who is speaking about you, whether that individual is a member of your target audience or an extension of that audience. Most importantly, you need to ask if any of those individual influencers are in your category. Identifying the influencers, such as bloggers who receive thousands of views and comments per post, is essential

in order to get the word out about your product/service and brand. As most brands have noted, it is no longer what the brand says about itself that has most impact, but what the advocates of the brand share about its integrity and quality. Also, how many people are speaking about you? What is the pure volume of posts and comments referring to your brand or organization?

If a consumer "likes" a Facebook page and is perusing accessories to an already purchased laptop, they are said to have an affinity with a certain type of brand, brand types, and a certain money bracket. The types of items a person "likes", the brands they Tweet to or about, the places they vacation, the car they own, all help brands predict what they will or will not buy in the future due to their income bracket as well as their loyalties to certain brand types and categories. Analysis such as this helps to provide a 360-degree view of perceptions in order to give the consumers what they really want, and their social listening was the key to this endeavor.¹²

Social media behavior can help indicate a person's willingness to purchase and if they will attempt to influence others. For example, 79 percent of Best Buy Facebook fans surveyed purchased something from Best Buy in the last 12 months vs. 41 percent of online consumers that were non-fans. And 74 percent of them were likely to recommend Best Buy vs. 38 percent of non-fans. Similarly, the findings suggest that being a Facebook fan had more influence over these behaviors than any other factor. Being a Facebook fan of Best Buy increases the odds that a customer will purchase by 5.3 times.

The pattern is repeated for every single behavior and every single brand. For example, having a Wal-Mart nearby doubles the odds that you'll consider buying there, but being a Facebook fan of Wal-Mart increases those odds by more than four times.¹³ This is important as a company may give more credence to comments and feedback supplied by Facebook fans of the company, since they are more likely to purchase products and services.

Even with the proper personnel and tools, sometimes companies can fail to properly and quickly react to customers' demands. That's right, even after the after the tools and personnel have done the hard work of collecting and analyzing the data, companies often don't take the important step of reacting. For example, if your company is a baby stroller manufacturer and 90 percent of your customers don't like the fact that the new model removed a cup holder, are you having engineering and manufacturing start to address the issue today?

The Land of Nod, a company specializing in kids' furniture, did a good job of reacting when it came to their number-one selling product, an activity table, which was also highly rated. Despite much of the feedback being positive they started to see negative comments on message boards, Facebook, Amazon reviews, Twitter and other outlets.

A pattern could be identified that the majority of the negative sentiment revolved around parents who were upset that the tables were incurring permanent gouges in the wood's surface if their sons or daughters would draw or write with a pencil or pen. Armed with data via listening and interacting, marketing approached manufacturing. Upon reviewing the data and discussing, manufacturing agreed that the tables should start being produced with a stronger, more durable wood for the surface.

Even though it was their top selling product, the company immediately started using a harder wood to produce sturdier tables. For those customers who had complained or identified the issue, The Land of Nod pleasantly surprised them by sending them new versions of the table.¹⁴

This is the type of reacting that can be accomplished through the proper use of social analytics. If you don't react to all the data that your customers and clients are providing in this day and age, it's analogous to taking all of your customers' suggestion cards and shredding them into little pieces, right before their eyes.

L.L. Bean is another brand that acts fast on poorly reviewed products. When the company sees more than six negative reviews on a product, a manager must immediately respond to disgruntled customers and begin investigating the product's potential flaws. If there are no immediate ways to improve the product, L.L. Bean doesn't hesitate to remove it completely from the site.

"There's value in these conversations, but if you're not acting upon them, you're missing it," L.L. Bean's senior Vice President-CMO, Steve Fuller, recently told a packed room of brand managers and marketers. "The real power is in the action you take."¹⁵

Scripps, owner of such lifestyle TV properties as The Travel Channel and The Food Network, used social analytics to innovate with new products and services. Using a digital marketing management platform, it uncovered some surprising insights about one of its shows and applied these insights to modify programming and seek out new marketers for its advertising inventory. Without these actionable insights, the company would have missed its chance to increase product demand.¹⁶

Phase 4: Predict

Often, the “why” a customer behaves, is critically important, and also the hardest to obtain. This requires more social analytics, such as deeper inquiry into specific events, times, and reactions—rather than just observational listening. Determining why your audience does what it does, and how your brand can strengthen its bond with that audience and especially those influencers, is where you receive significant ROI.¹⁷

Marketing analysts should be aware of how social analytics help connect the ties of customer wants and needs with business objectives. It’s also important to realize that true strategic companies don’t use social media analytics as a standalone. Rather, they “use a blend of transactional, demographic, life stage, and other customer data to develop a clearer picture of the real value that a customer is generating for them... and what their potential value is expected to be.”¹⁸ The real impact comes when you can start to incorporate social data with other data to enrich predictive models.

The predictive phase of social analytics begins with the ability of organizations to take their insights from the proper collection and analysis of data and use these to place “strategic bets” to move the company forward. A simple example would be a clothing manufacturer. If, in the last month their target market pinned 5,200,000 million images of jean skirts on Pinterest, while pinning a mere 1,200 images of leather skirts, it wouldn’t make much sense for their new summer line-up to produce leather skirts. But, the real power of predictive analysis would be in determining, via analyzing different streams of data, how often a complementary shirt could potentially cross-sell with the jean skirts.

For example—“If the mentions on Facebook and Twitter go up, is there a correlation with sales?” Another example of analysis is intent of purchase versus already purchased.

Social analytics were used to help predict the opening box office success of *The Lion King 3D*. Specifically, social media commentary from Twitter, Facebook and blogs was used to determine how much buzz was building around the film to help predict how much money it would make on its opening weekend. The predictions from social analytics were, on average, almost 25 percent more accurate, compared to their traditional prediction models.¹⁹

In other words, social analytics are helping movie companies better predict the winners and losers earlier on, even prior to release, which allows them to properly assign more screens to the winners and put more marketing muscle behind them. Imagine if your business became 25 percent more accurate at predicting winners and losers in products and services before they went to market? This would have a dramatic impact on your bottom line.

It’s not just limited to business either, the Boston Police Department and the Criminal Justice System in Orange County, California sift through massive amounts of collected data to help them predict, disrupt and prevent criminal, terrorist and fraudulent activities. Some cities have reduced crime by as much as 30 percent.²⁰

Another example is politics and elections – can data help predict the future of elections? IDC analyst Mike Fauscette commented that social analytics applied to politics potentially has an edge over traditional polling. “The law of big numbers says the greater the sample size, the greater the chance of statistical significance,” states Fauscette.²¹

The Data Challenge

Social media tools will constantly evolve. The MySpace of today will be the Facebook of tomorrow. It's important for organizations to understand this, and ensure that the analytics tools they invest in are flexible, versus being tied to only certain platforms. Also, if your customers are only on two or three of the social media platforms, don't overinvest in a tool that can handle one hundred platforms. Similarly, if you are with a large corporation and, start small (i.e., monitoring only Twitter and Facebook versus Pinterest, LinkedIn, Google+, Foursquare, StumbleUpon, Klout, YouTube, etc.), be certain that your analytic tools have the capability to grow as you grow. This also includes various program access points (e.g., smart phones, tablets).

In addition to changing social media platforms, the data is always evolving and a great example of this is mobile data. According to Barry Hurd, "Mobile Data = Social Data = Customer Data = Demographic Data."²² Basically, social analytics is not just about what consumers interact with on their computers, but more and more what they do on social networks via mobile as well.

For example, a leading sport shoe producer during the soccer World Cup analyzed real-time messages on social media through both regular outlets as well as mobile. It followed how comments evolved through the course of the time period and tried to understand the sentiment behind each "story" of the consumer. The marketing team was then able to "fine-tune" its sponsorship activities on a closer to real-time basis, and "dynamically reprioritize TV advertisement themes and product launch strategies" accordingly.²³

Similar to this shoe brand, it is important to consider the "story" and "sentiment" behind a consumer action online. This is even more significant now with check-in apps including Foursquare, which integrate with other social networks such as Facebook and Twitter. Additionally, brands also have to consider the second screen when it comes to television watching and interacting on a tablet or smart phone at the same time. So the question is: how can analysts continue to learn more and stay on top of all this data? Discovering how data analysis is helping business decisions can take multiple forms. General forms of data mining can help simplify and summarize the data so it is easier to understand and utilize.

Keys to Success

The overriding keys to success in social analytics are:

1. Start with the problem; not the data
2. Listen before interacting, reacting and predicting
3. Share data to get data from consumers
4. Base equation of business on customer-centric metrics
5. Let computers analyze and scientists analyze, respectively

As part of the business objectives of a company, executives must determine how to make social media actionable. In short, organizations need to move beyond simply capturing the buzz around their brand.

Buzz monitoring is valuable, but organizations need to advance their social analytic listening skills and properly interact, react, and predict. Going beyond basic buzz monitoring will help drive real business results and assist in the future strategy of the organization.

One needs to realize that social media is not a silo, but an integrated part of the revenue chain and business decision pyramid. In fact, 75 percent of executives believe that customer and client data generated by digital marketing can dramatically improve their commercial success.²⁴ The time is now to properly utilize social analytics to stay ahead of the competition.

About Socialnomics

Socialnomics was founded by international best selling author and speaker Erik Qualman (*Digital Leader; Socialnomics*). Socialnomics provides videos, articles and thought leadership on digital media best practices. The concepts of Socialnomics have been translated into eight languages and have been featured on *60 Minutes*, *The New York Times*, *WSJ*, *USA Today*, *ABC News*, *Financial Times*, *Forbes*, *Fortune*, *CBS News*, and *The Huffington Post*. Socialnomics has provided insights to over half of the world's *Fortune 500*.

About IBM Business Analytics

IBM Business Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management, and risk management.

Business Analytics solutions enable companies to identify and visualize trends and patterns in areas, such as customer analytics, that can have a profound effect on business performance. They can compare scenarios, anticipate potential threats and opportunities, better plan, budget and forecast resources, balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision-making to achieve business goals. For further information please visit ibm.com/business-analytics

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