

# Social Media and Strategy

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Companies have jumped into social media because they feel they belong there. But, it isn't always clear that social media are used well or strategically. Some social media sites, for example, merchandise, such as Target's Facebook site (<https://www.facebook.com/target?sk=wall>) or are human relations recruiting venues such as Walmart's Twitter channel (<http://twitter.com/#!/WalmartCareers>) or emphasize brand positioning such as Coca-Cola (<http://www.facebook.com/cocacola>).

Less common are sites tied tightly to corporate strategy. One example is The Home Depot's online community forums for customers (<http://community.homedepot.com/>) run by a cadre of Home Depot Associates who help customers solve home building, repair and remodeling projects. The Home Depot forums link to the company's stated strategy of delivering customer service that sets it apart from competitors. Moreover, The Home Depot's social media outreach is just one element among several organizational and technological changes that have boosted customer service in Home Depot stores. Its Community forums are visible proof for less visible and effective organizational changes.

Social media – blogging, Facebook, forums, YouTube, LinkedIn and Twitter -- can be used as either unidirectional or bidirectional message sending. Both approaches have merit based on the organization, its strategy and its business. The key is to use social media, like all media, to benefit the organization's purpose for being and to convey its messages effectively and persuasively. Social media should integrate with company positioning and strategy and not stand on their own. This requires direct linkage to an organization's mission, vision and objectives. Most importantly, it requires identification of target audiences, the ways they use social media and whether a specific social medium is suitable.

## **The economic transaction**

A business' fundamental strategy is to complete economic transactions with buyers, and communication is essential to that exchange. Communication transfers information about a product or service and value from a seller to a buyer and willingness to purchase from buyer to seller. A company's relationship to the buyer is its mission, which can vary from a single economic transaction to life-long exchanges, from simple to complex interaction and from closeness to buyer needs to distance from them.

In every economic transaction, a buyer chooses to purchase from this seller rather than another, if another is available, and accepts implicitly or explicitly the relationship the seller offers. Social media are part of a mix of verbal and nonverbal communications that occur before, during and after economic transactions. Their value is pegged to their ability to facilitate economic transactions in the short- and/or long-run.

Why does a buyer choose this seller rather than a competitor? Consider a simple case --a farmer's market with two vegetable stands – A and B. Why does a person buy tomatoes from farmer A rather than farmer B? Reasons vary.

1. A has tomatoes. B doesn't. The presence of product is in itself a communication.
2. A's tomatoes look better than B's. The appearance of the product communicates better quality.
3. A's stand is closer than B's. The physical position of the stand communicates greater convenience.
4. A's price for tomatoes is less than B's. The price of the product communicates greater value.
5. A's stand looks nicer than B's. The appearance of the economic venue communicates a greater desire to do business with the buyer.
6. The buyer knows A and not B. There is an established relationship in which implicit or explicit communication has already occurred.
7. A third-party tells the buyer that A's tomatoes are better than B's. The third-party is an influential with credibility in the eyes of the buyer.
8. A shows the buyer how to prepare tomatoes in new ways, and B doesn't. A communicates use of the product to enhance the chance of completing an economic transaction.

In every one of these eight communications that facilitate economic transactions, social media can help deliver persuasive messages. However, other media do this too from advertising through word of mouth and have since the beginning of business. Use of social media, therefore, should be predicated on whether it reaches effectively the most likely buyers of the product or service and most likely influencers. Social media, in other words, are no different than any other medium.

Social media may or may not have relevance as communications media based on the kind of economic transaction, the seller's relationship to the buyer, the complexity of the product or service and the number of buyers. Procter & Gamble serves billions of consumers a year through its many brands. Boeing

aircraft serves a few thousand. P&G keeps a low-key Facebook page (<http://www.facebook.com/proctergamble>). Boeing keeps a Facebook page to sell branded consumer merchandise that has little to do with the company's primary business (<http://www.facebook.com/boeingstore?ref=ts>). However, both companies have massive communications systems to interact with customers. Moreover, P&G keeps active Facebook pages for some of its leading brands – e.g., Tide detergent (<http://www.facebook.com/Tide>) and CoverGirl (<http://www.facebook.com/covergirl>) – because its strategy has long been brand-driven. P&G's brands are less visible on Twitter and Boeing's Twitter news channel had 13,000 followers at the time of writing (<http://twitter.com/#!/Boeing>). It was unclear whether Twitter was less effective for P&G than Facebook and whether Facebook was less effective for Boeing than Twitter.

## Expectations

What is the expectation of a buyer of a seller and vice versa? Expectations vary from minimal to complex. A seller may have no expectations of serving a buyer again and a buyer none of purchasing from the seller – e.g. a traveler stopping at a roadside stand on a highway the traveler will never drive again. Hence, there is minimal need for communication beyond ensuring a one-time transaction. On the other hand, a buyer may expect seller involvement with a product or service through the life of the product or service and maybe even after – e.g. auto manufacturers carries parts on models that have been phased out.

When a seller desires to cultivate a repeat buyer and a buyer desires to purchase from the seller again, it creates expectations and a relationship that endure beyond the immediate transaction. Communication is essential to the formation of expectations and continuation of the relationship. Social media might be part of that, but so too are many other forms of communication.

There are three considerations:

1. What communications does the seller need to track the buyer's expectations before, during and after a transaction so the seller can persuade the buyer to engage in the next one?
2. What communications does a seller need to adjust to the buyer's expectations before, during and after a transaction, if required?
3. How does the buyer adjust to the company's expectations before, during and after a transaction? What does the customer need to know?

Long before social media, sellers and buyers implemented communications systems to answer these questions. Social media are supplementary to existing systems and reach audiences that have elected to read blogs and Tweets, watch YouTube and post on forums, LinkedIn and Facebook. These are large audiences in the hundreds of millions but they do not represent the totality of

potential buyers, and in fact, they might be a minority. The Ford Motor Facebook site with 716,000+ “Likes” (<http://www.facebook.com/ford>) is an example of providing Ford owners with a way to talk to the company. Comments on the site vary from enthusiastic to sour. So too, General Motors with 216,000+ “Likes” (<http://www.facebook.com/generalmotors>). However, there are millions of Ford and GM owners who communicate to the companies through dealerships, 800-numbers and other media. Followers on Twitter were also small for both companies. Ford’s Mustang and Truck channels had a total of 45,000 followers and GM’s channel just 27,000 followers.

Knowing buyer expectations is understanding why customers purchase from you and not someone else. This is the “P’s” of marketing.

- Product/consumer need. Product may be inferior, parity or superior to competitive offerings and still meet a buyer’s expectation. E.g., a cell phone may have fewer features, functions and benefits but match what a buyer wants.
- Price/cost. The price may be lower, the same or more than competitive offerings and meet a buyer’s need based on the buyer’s expectation from the product or service.
- Place including time/convenience. The convenience of purchasing the product or service might be the determinant factor.
- Promotion/communication. Messages about the product or service are persuasive.
- People. Employees who sell, deliver and maintain the product or service may be a significant factor.
- Process. The means by which the product or service is created and delivered may be critical in the purchase.
- Proof. The physical evidence of satisfaction conferred by the product or service may be an essential element in getting buyers to purchase.

Most likely, a company needs a mix of these elements to differentiate itself. A company should refine its understanding of buyer expectations and conditions leading to economic transactions and communicate those relentlessly. Blogging, Tweeting, YouTube, LinkedIn, posting on forums and Facebook are useful in highlighting differentiation on all axes. In addition, they are useful in blunting or neutralizing competitive messages. But, they are not the only media for doing so, as valuable as they are. Companies need and maintain many communications media from operational to marketing to ensure differentiation and achievement of strategy. Social media are the latest addition to the portfolio

of communications tools. Social media might supplant some media eventually, but they will not replace them all.

## Vision

What does the company want to be in five years, 10 years? Will it be the same, different? What a company does today may or may not be what it wishes to do tomorrow. Sooner or later, it needs to communicate its expectations to customers, prospective customers and key constituencies, such as employees, investors and regulators. The company may need to use all of its communications tools to persuade essential audiences. Again, the determinant for using any particular one is effectiveness – does it reach the desired constituency and is it effective in persuading them of the company's vision? A practitioner's first job is to learn whether blogs, forums, YouTube, Facebook, LinkedIn reach key audiences and then, in what ways. Usage tracking of each medium is a first step but not sufficient. For example, Oracle's LinkedIn site ([http://www.linkedin.com/company/1028?trk=saber\\_s000001e\\_1000](http://www.linkedin.com/company/1028?trk=saber_s000001e_1000)) reaches employees but not customers. Oracle's video channel on YouTube, however, is almost exclusively customer-oriented. IBM uses one of its four Twitter channels to distribute company news headlines, but it has just 14,700 followers ([http://twitter.com/#!/IBM\\_NEWS](http://twitter.com/#!/IBM_NEWS)). IBM's other channels are similarly small. IBM's Facebook page is no more than an information box. (<http://www.facebook.com/pages/IBM/107572525938726?sk=info>), which makes sense for a corporation that does business-to-business selling. On the other hand, IBM's YouTube channel is dedicated to corporate positioning (<http://www.youtube.com/user/ibm?blend=7&ob=5>) and reaches the general public. It was unclear whether Oracle or IBM have clearly delineated the usefulness of their social media or whether they are simply adding them as extra outlets.

## Objectives

Social media have a role in communicating the objectives of an organization -- the specific targets a company aims for to achieve its vision and mission. However, it is likely that social media will be used more as internal communications than public. A company needs to motivate employees to stretch and achieve the goals set for them, and of necessity, those goals may need to remain private or semi-private for competitive reasons. A company may not wish to get ahead of itself in trumpeting the steps to get where it wants to be in a year or five years. That is a reason why it is hard to find public instances in which social media are used to disclose and discuss objectives. On the other hand, if one were allowed to examine well-run intranets with blogs, video and forums, it is likely one would find spirited discussion.

A company's objectives are of interest to investors who want to know where a company is going, but social media have not made progress in investor relations,

which depend on controlled and canned presentations. A large part of the reason for this is regulatory. A company may not say anything to one investor that it does not say to all. This does not lend to free-ranging discussion and online relationship building.

## **Summary**

The practitioner should understand company strategy first then find where audiences and social media fit. Some organizations can use Twitter effectively but not Facebook, others Facebook but not blogging, still others YouTube but not LinkedIn and many, all four. It rests with a target audiences' chosen means of communicating with a company. Starting a Facebook page because it is a good thing to do misses the point and may misuse the time and talent of those responsible for administering it. Clarity of audience, medium and message, in the end, is the only way a company can measure success.

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