

Feed this Monster – Before it Bites You.

By Steve Mullins, Marketing Strategist

The power of **social networking** is bringing about significant changes in relationships and how society functions. Less well considered is the **impact on business**, and how social networking might be deployed both as a strategic tool and as a means to reduce corporate risk. This monster is growing rapidly and is voracious.

Mobile communications are radically changing market dynamics – no longer can a major company dictate from a position of strength what people might buy, because now customers now talk freely amongst themselves and can very readily research the market for competing products. Yet social networking opens the way for the more responsive companies to create significant competitive leverage.

Let us consider just two social networks: Twitter and Face Book, each has a place and each is evolving to reach slightly different audiences¹. For marketing intelligence Twitter provides immediate feedback whilst Face Book provides a platform to share experiences.

With Twitter, an American analyst (John Yunker²) has revealed that of the top ten global tweets the only UK company in the top ten is Price Waterhouse, which joins companies such as Sony, Air France and MTV which profit significantly from being there. The profitability comes from: raising awareness with Google because the search algorithms take data from social networks as well as from internet traffic; additionally, running campaigns in foreign languages³ make the organisation much more visible.

Sites such as Face Book⁴ form more interactive communities and discussion groups, exploring alternative ways to use the product or service and even alternative markets. This opens new commercial opportunities for existing products and, properly monitored, provides the intelligence to keep a brand ahead of its competition.

Companies that deny feedback (taken as criticism) from the market by responding with technical reason as to why the claim is trivial in the bigger scheme of things fuel a fight with the very people it sets out to serve – it's customers. This attitude has caused companies to founder e.g. British Leyland.

Strategically feeding the market with information, asking for ideas, flagging new launches and developing product-centred (and interest-centred) societies promotes the flow of positive dialogue⁵ which maintains engagement and reduces the impact of any negative (and highly visible) postings.

As to risk reduction, if the threads are composed primarily of helpful and supportive comments exploring new opportunities and the versatility of the product or service any criticism will be viewed against this backdrop and any negative impact on the brand significantly reduced.

It is the responsibility of every company to control risk and to minimise potential corporate damage from uncontrolled communications. The effective management of social media is one string to the bow, and is becoming ever more important – and less easy to control. Companies need to be prepared to act now.

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¹ Alternative demographics are discussed elsewhere

² Metro 22nd March 2011

³ Christian Arno – founder of Lingo 24

⁴ E.g Google Groups

⁵ Kodak have a department that monitors internet traffic where they are mentioned

Read with a barcode scanner
e.g. BeeTagg

