

EXECUTIVE BRIEFINGS BUSINESS & MANAGEMENT: SOCIAL MEDIA MARKETING

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Rise of the Digital Matrix

Rodney Wong tweeted, “Its horrifying out here but necessary to show solidarity,” as he scrambled for cover following teargas shells fired by the Hong Kong Police in September 2014. 12 tweets were being posted every second as images of protesters with plastic sheets covering their heads for protection against pepper sprays, went viral on the internet. A hundred thousand students, academics and office workers swarmed the streets in the Occupy Central protests against election reforms proposed by the Chinese government. The protests were no longer a Hong Kong story unconnected from the rest of the world. They were global news enlisting reinforcements from millions of people across the globe. Social media blatantly demonstrated its ability to arouse support for a cause, by getting people on the streets and through pressures on local authorities by foreign governments and civil society.

Data compiled by digital aggregators e-Marketer and Statista, suggests that there were 2.1 billion social networking users in the world in 2015, more than twice the number that existed five years ago. These are comprised of Instagram, Twitter, Google+, LinkedIn but mainly the 1.7 billion Facebook accounts. India alone has 195 million on Facebook, the highest in the world, 28 million LinkedIn accounts, 15 million on Twitter and 6 million Instagram users. With the country’s internet-enabled population set to touch 500 million shortly, social media marketing is justifiably a strategic imperative in the marketing plans of businesses across the board.

Some years ago, social media marketing was limited to the creation of Facebook pages for product brands, basically to get consumers to talk about and recommend them to others without resorting to explicit advertising. Coke, for instance, acquired 97 million ‘fans’ on Facebook, while Red Bull, Nike and Oreo have around 45 million each. However, as this paper will explain, digital marketing has now evolved into a refined discipline involving multiple social networks and varying messages targeting not just customers but employees too.

Much more than just advertising

In India, ICICI Bank’s digital plan validates the hypothesis that social media marketing is not limited to advertising or ‘customer engagement’ but is more embracingly about business strategy as well. ICICI was an early adopter of internet banking and this prompted retail customers to shift the greater half of their transactions online. But that was only the beginning. In 2013, the bank launched what it claimed was the world’s most comprehensive offering on Facebook and followed this with *icicibankpay*, a banking-on-Twitter service. This enables customers to remit payments to anyone in the country with a Twitter account, check their account balance, view recent transactions and recharge prepaid mobiles. The result is a 60% increase in the monthly activation of iMobile, the bank’s mobile banking app, by new customers and a 50% rise in the value of transactions per month. Then there is its e-wallet, Pockets, which allows anyone, including those who are not customers of ICICI Bank, to download the app, fund it from any bank account and start transacting instantly.

Pockets garnered over a million downloads in the first three months of 2016, with roughly half being customers. More importantly, these are young people: 50% are under 25 years of age and 80% are less than 35. In operating terms, the bank witnessed Rs 150 billion worth of transactions on its mobile banking platform in 2015. This year it surpassed this figure within the first three months. By shifting a large proportion of customers and transactions online, the bank achieved considerable savings – in

2015, its cost-to-income ratio dropped to 36.8% from 38.2% in the previous year. Further, it has been able to noticeably enhance its retail loan portfolio.

Transcending the boundaries of the product category

Challenges in some other product categories can be quite different. Soap makers, for instance, fret about how to make a staid product interesting and different. Traditional strategies like celebrity endorsement and stand-out packaging are approaching saturation besides being expensive. Unilever's social media strategy with Lifebuoy, once considered an unglamorous soap brand, is instructive. Some years ago, the company revamped the product to give it a modern look, but its subsequent social media campaign took the brand to another level. The now-iconic #HelpAChildReach5 campaign involved real life stories told through videos of how the simple act of regularly washing hands with soap could save the lives of children. By personalising the message through social media, the campaign not only helped Lifebuoy transcend the conventional boundaries of a soap but also created a level of global engagement that would simply not have been possible through more traditional channels.

Using numbers to make marketing decisions

Marketers have always known that the difference between a good and a dreadful advertisement cannot simply be measured in sales. There are intangibles associated with a well-liked campaign that play out over time and in subtle ways. But it does help to have some quantifiable measures, if only for the sake of a benchmark. Social media marketing can enable this, as Nestlé illustrated when it launched its "It All Starts" advertising campaign for Nescafé online. Within a fortnight, the advertisement netted 4 million views on YouTube and Nestlé's YouTube channel grew at almost twice the rate of other food and beverage ones in terms of views. The company's Facebook post with the video was shared by 25,000 people and liked by another 266,000.

These, and other quantifiable metrics *directly attributable* to an advertisement or a campaign are only possible in the digital world. They offer decision makers unique insights on what they need to do next. Nestlé, for instance, pursued this by launching a Twitter campaign asking its followers to share their story of resolve with the underlying caption that "it all starts... (presumably with a cup of Nescafé)". Given the kind of response it has generated it would seem evident that consumer engagement with the brand is moving from the physical aspect of drinking coffee – to satisfy a craving perhaps – into the physiological, by prepping the mind and body to take on 'another day'.

Social marketing for employee engagement

Social media marketing is not just about customers and sales. As companies like L'Oreal, IBM, Intel and Starbucks have painstakingly demonstrated, it can create high levels of employee engagement, with tangible productivity implications, enriched loyalty and more effective recruitment. L'Oreal created two online communities on Twitter, #LifeAtLoreal and #LorealCommunity. The first was intended to help Corporate Communications understand what employees were talking about and the second, to get them to share their interactions with each other, within and outside office. However, both communities took on a life of their own. The sheer volume of content subsequently generated led to 200,000 unique impressions on Instagram. L'Oreal was effectively reaching out to a large *external* audience convincing many of them to consider a career with the company.

Starbucks characterises a different approach. It operates each store as a separate business, providing employees a higher sense of ownership and responsibility. To make them feel part of a larger mission, it encourages them to share ideas through its online community, MyStarbucksIdea.com. For customers, it offers free Wi-Fi as well as access to the Starbucks Digital Network that includes exclusive internet content. Its iPhone app enables customers to 'Shake to Pay' for a quick purchase and even tip their servers. The company has now acquired 5 million Facebook fans, 250 million global PR media

impressions and 487 million global Facebook impressions. Traffic to its website has quadrupled since the launch of its social media strategy. A report by Altimeter ranked Starbucks as number 1 on the list of top global brands' social media engagement. It is the only non-technology company in the top ten.

Guess who the hold outs are?

Surprisingly, the leaders of the businesses driving bold new strategies on social media are themselves reticent. In a recent article, David Dubois of INSEAD, a business school, argued that CEO 'sociability' is critical to building trust and loyalty amongst customers and employees. He cited research claiming that 82% of consumers are more likely to trust a company whose CEO engages on social media and 78% of professionals would prefer working for a company whose leadership is active on digital channels. Yet, according to the *2015 Social CEO Report* published by CEO.com, 61% of Fortune 500 CEOs had no social media presence whatsoever. Of those that did, LinkedIn is usually the start and the end of their digital excursion. A paltry 50 Fortune 500 CEOs have a Twitter account and only 31 of them actually use it.

One explanation for this startling restraint may well be habit – most Fortune 500 CEOs have grown up in a different paradigm of public engagement – while other factors may be privacy or simply the desire to remain under-stated. Either way, it is unlikely that business leaders can continue too long not practising what their companies preach. The 61% figure cited above was 68% one year ago, implying a perceptible increase in adoption rates.

It is a complex business

Developing an effective social media strategy is hardly easy. Whereas traditional channels suffer from lack of data on advertising efficiency and channel effectiveness, the digital world provides an overload of it. Marketers cannot just create social media campaigns and 'put them out there' in cyberspace. They have to understand each network, its business model, target audience and then decide how many marketing dollars to invest in each. For instance, Facebook offers a diverse audience that can be targeted with almost any message whereas LinkedIn has a skew towards working people and hence, better placed for professional subjects like brands. When analysed by country, the complexity increases further. In India, Facebook has a high penetration and is therefore a more handy platform than say, the less-prevalent Instagram. In America however, Instagram is far better pierced and therefore, a critical channel. To take an even more complex example, data shows that in the case of mobile apps, 70% of revenues in India comes from in-app advertising and the rest from other sources like purchases, subscriptions and offline sales. In the US, this figure is 63% while in Japan it is a puny 19%. This suggests that marketers seeking to leverage apps may succeed with in-app advertising in India but less so in Japan. They need to cultivate customised strategies for each country and yet retain a veneer of similarity for the sake of global consistency in messaging.

Whatever the complexities, the fact remains that social media marketing is an effective channel that allows for new forms of innovation. Marketers are striding into this territory with gusto. Although traditional brick-and-mortar companies were sluggish to adapt in the early years, they now appear to have shed their inhibitions in leveraging the clout of social networks. Governments use digital channels to communicate their intent and civil society leverages its various platforms to send collective messages. Oddly, the point that CEOs of big companies remaining reluctant players in this game, is perhaps the only piece in the puzzle that has yet to be cracked.