How Should Your Brand Capitalize on Social Media?

With the tremendous growth in the use of social media, brands have been wrestling with how best to capitalize on it. However, the way consumers view online social networks means that the normal rules of marketing do not apply; the emphasis needs to be on dialogue and a sense of community. Fan pages can be used to build brand equity, but some pages do this better than others. The nature of social networks is dynamic, and marketers need to recognize that they require active involvement and a willingness to take the good with the bad.

Brands are trying to become sociable

Marketers seem to have fallen into two camps with regard to social media: Some haven't ventured in yet, while others have jumped in because they feel they "have to be there." A 2010 survey by Millward Brown of the members of the World Federation of Advertisers showed that 96 percent of advertisers have been increasing their investments of time and money in social media. However, 50 percent were unsure of the returns they were getting on this investment.

Many marketers, even those that have experimented with social media, acknowledge that they have yet to really figure it out. It may not be built into their organizational structure, and they may have few, if any, staff dedicated to the function. Companies are starting to learn from and improve their social activities, but at this point only a minority have a clearly defined social strategy in place. Such strategies will differ for different types of organizations with different needs; for some, having a presence in social networks will be essential, while for others, it will only be one relatively small part of the marketing mix. But the strategies do need to fit in with the overall brand strategy.

Why do consumers use social networks?

This desire to become involved in social media is understandable; the growth in use of online social networks has been phenomenal. But in order to make best use of this medium, companies need to understand it.

What really draws people to social media? What deep-seated needs and desires does it fulfill? Firefly global qualitative research has highlighted several drivers. First, it's about connectedness and belonging. Second, it's about entertainment and diversion. Third, it's about control: control by users and for users. After all, the users are the engine that drives social media and its unique appeal.

The specific activities at the core of social networking have emotional meaning as well. Every post represents a need to be recognized and acknowledged by those around us. Every comment left or shared is, in part, a way of seeking validation. These underlying emotional factors — a sense of control, belonging, entertainment, validation, and recognition — all shape the ways in which consumers react to brands in social media. Marketers should keep these factors in mind as they attempt to engage consumers.

But there are many different social networks, and it is worth understanding their differences. For instance, Facebook is appreciated as a means of keeping connected with family, friends, and old acquaintances, while Twitter is more appreciated for information about current events and popular culture. Other smaller, more specialized networks are aimed at particular audiences and emphasize sharing reviews, issues, problems, and solutions.

Advertising on online social networks

Given attitudes toward social media, it is perhaps not surprising that, in general, consumers do not respond well to the idea of advertising on social networks. Research by Dynamic Logic reveals that overall, just a quarter are favorable toward online advertising, and opinions of social media advertising are on par with online ads overall. This compared to almost half finding TV advertising acceptable.

Nonetheless, almost three-quarters of social media users would be willing to tolerate more advertising on the sites they visit in exchange for continued free access. And when we asked people who had switched social networks their reason for switching, only 8 percent mentioned advertising; the main reasons for switching were mainly to do with ease of use, and because more friends were using the new network.

Since consumers are now spending so much time on them, online social networks clearly represent an opportunity for advertisers. Given some consumer reluctance to embrace advertising on social networks, and the lower-than-average click rates these ads generate, brands will need to ensure their creative is relevant to the social environment in order for it to be effective. For the major social networks, this environment is likely to be oriented toward connectivity, entertainment, and fun.
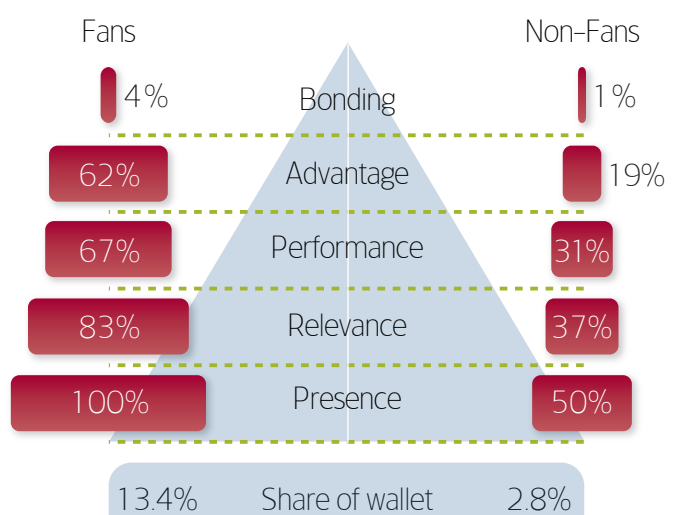
Beyond advertising on social networks, how else can brands legitimately build a social presence? Currently many consumers we interview report that brands can be viewed more or less as "foreigners" or "outsiders" in social media circles, insincere at best or trying too hard to be hip and cool at worst. Unless brands are genuinely committed to building real relationships and sharing the space with consumers, they may seem like the slightly odd guy in unfashionable clothes, standing by himself at the party hoping someone will talk to him.

The importance of fan pages

Fan pages offer a route to enriching relationship with valuable customers, as these already loyal customers are more likely than others to become fans. The chart below summarizes the BrandZ data from 2010, gathered from more than over 100,000 consumer interviews all over the world. It shows that brand fans are overall more loyal and their share of wallet is four times as high as that of non-fans. There is a clear imperative that the fan pages should, at minimum, not alienate these important customers, and ideally should build stronger relationships with them. (See our Point of View titled "Social Media: Fans and Followers Are an End, Not a Means.")

Fans outspend non-fans 4 to 1
The fan-page challenge is to deepen relationships

Fans		Non-Fans
4%	Bonding	1%
62%	Advantage	19%
67%	Performance	31%
83%	Relevance	37%
100%	Presence	50%
13.4%	Share of wallet	2.8%

Fan pages can build equity

In general, personal contact is a far greater influence on purchase decisions than informal online sources (see our Knowledge Point "How to capitalize on word of mouth"), although sometimes recommendations, reviews, and shared experiences posted on specialized networks carry significant weight. Nonetheless, even the general online sources can be useful. In the project for the World Federation of Advertisers, when we asked 3,687 fans across 24 fan pages how those

pages made them feel about the brand when they visited, 43 percent reported that the brand became more appealing. Analysis suggests that the main drivers in generating brand appeal are stylish design and fun content.

Fans reported that their opinions of the brands had improved since they became fans: 49 percent reported "loving" the brand more, 47 percent felt more strongly that the brand was setting trends, 33 percent had a greater sense that the brand was worth paying more for, and 49 percent were more likely to buy it.

While most fan pages generate a positive increase in brand measures, there was a large degree of variation in the response across brands. The Millward Brown FanIndex metric is based on four measures: overall opinion, likelihood to revisit, likelihood to recommend, and attention paid to updates. On the whole, bigger pages with more fans tend to perform slightly better on this FanIndex measure, but other factors need to be considered as well. Our analysis suggested that pages with stronger FanIndices had content that was trustworthy and engaging; they were also uncluttered and easy to use.

Bigger fan pages generally rate better
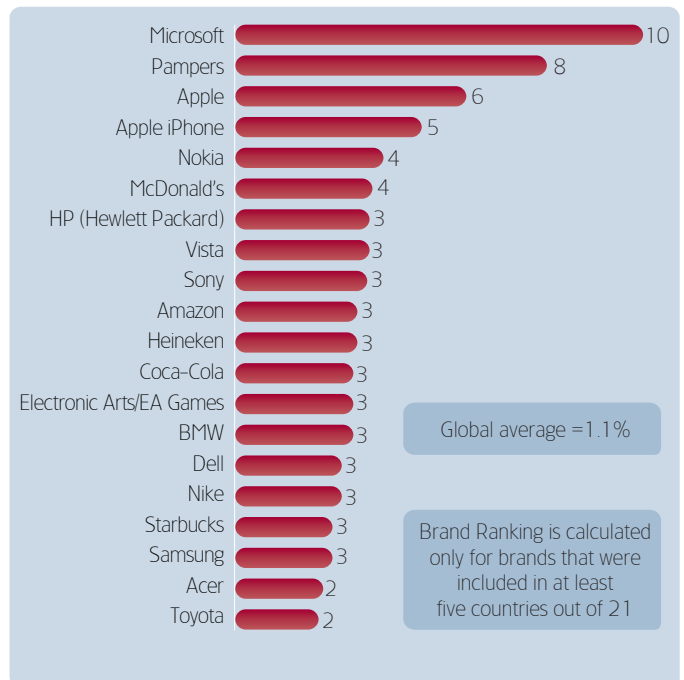But number of fans doesn't tell the whole story
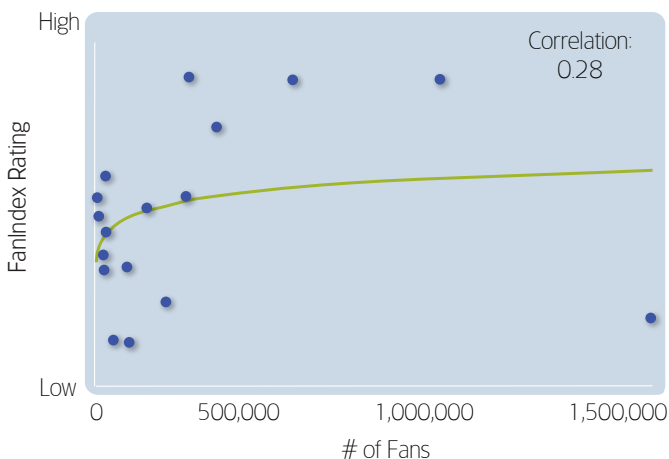
Most popular pages

Using BrandZ data, we were able to create a global ranking of the brands with the most fans among relevant category users.

Top 20 FanZ Scores Globally
FanZ scores represent the percent of category users that are brand fans

Brand	Score
Microsoft	10
Pampers	8
Apple	6
Apple iPhone	5
Nokia	4
McDonald's	4
HP (Hewlett Packard)	3
Vista	3
Sony	3
Amazon	3
Heineken	3
Coca-Cola	3
Electronic Arts/EA Games	3
BMW	3
Dell	3
Nike	3
Starbucks	3
Samsung	3
Acer	2
Toyota	2

Global average = 1.1%

Brand Ranking is calculated only for brands that were included in at least five countries out of 21

From this ranking, we see that category matters. Of the top six brands, four are from categories connected with technology, and the categories with the highest levels of fandom across the whole world are IT software, IT hardware, communication providers, and mobile phones. This is not surprising, as we would expect consumers of these categories to be savvy Web users and more likely than others to embrace social media as a source of brand information.

Among non-tech categories, some are more likely to be topics of discussion than others. For instance, the category with the largest level of global advocacy is diapers. This explains the strong showing of Pampers in the "followers" ranking. Cars come in third in terms of advocacy, so it's not surprising to see BMW and Toyota among the top 20.

Other categories, such as motor fuel and detergents, are much less popular topics for discussion, offline or online. Consumers just don't make emotional connections with certain types of products, and that makes those categories less relevant for advertisers looking at social networking. The barriers to gaining fans are significantly higher for such categories.

Brand Personality is another factor that correlates with fandom. Brands that have more fans tend to be seen as particularly creative, trustworthy, and desirable. A brand that has this kind of personality might find it easier to attract fans.

Country differences

While social networks are a global phenomenon, there are social and political factors that affect how they are viewed on a regional basis. China is an interesting case because the government tightly controls the flow of information. The Chinese we spoke to have been quick to embrace social media but have yet to fully experience some of the applications and platforms. For example, access to Facebook is difficult. They have other social networks such as RenRen that serve the same end, but they feel left out of the global conversation without the ability to use Facebook. They have friends and colleagues who live and work outside China and know what's available — and what they are missing. State controls on sites like Facebook run counter to the freedom they believe is inherent in social media.

India also has a strong desire to fully join the global community on social media but for slightly different reasons. Indians are undergoing a shift in their social networking preferences from the well-established platform, Orkut, to Facebook. They feel Orkut is not evolving fast enough — or with enough innovative features and functionality — to keep up with what people are looking for from social media platforms. In addition, Orkut feels "dated" and too rooted in the region, and more specifically, the developing world. Thus, more and more Indians have moved to Facebook as their primary social network.

10 tips for making best use of fan pages

Taking findings from a range of projects, both qualitative and quantitative, we've drawn up the following set of tips for you to consider to help improve your fan pages.

1 Give the consumer a degree of control. This cuts to one of the core issues surrounding social media — it is controlled by users, for users. Often companies are reluctant to relinquish control of conversations about their brands, but pages that edit or censor consumer interactions seem out of place on a social network.

2 Be interesting. Respondents told us that when looking at brands' pages, they want to see something new, fresh, or different — not a rehash of the same information they can get on a brand's official corporate homepage. They don't want to be "sold to" in the traditional sense — they'd prefer to be wooed or courted. One fan page we researched used a variety of innovative apps and slick, stylish content. It achieved our highest overall FanIndex rating, and has strongly increased perceptions of the quality of the brand.

3 Be trustworthy. Be open and honest. Transparency is a key for brands in social media and is the most critical factor in building trust. Consumers perceive that most brands would rather hide behind policies and procedures than own up to their failings or shortcomings. They don't trust and respect brands that do not post both the good and the bad on their fan pages.

4 Talk like a friend, not a corporate entity. Consumers want brands to communicate in simple, informal, conversational language. They don't want a bunch of technical corporate-speak; the tone should be clear, light, fun, and informative.
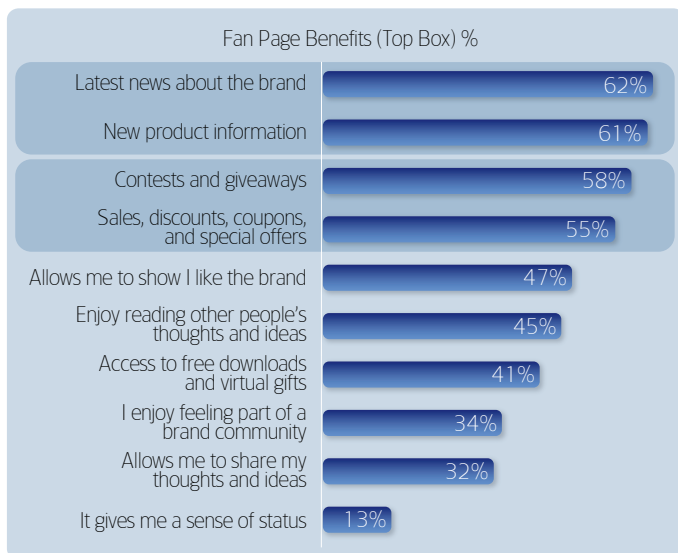
5 Offer deals. Fans like to see their loyalty being rewarded. Though this is not the only reason they sign up to a page, they do often have some expectation of getting something in return. While discounts and coupons are in vogue for brands in social media, they are not a sustainable model; consider other "exclusive" things like special editions or downloads.

6 Offer contests. Fans appreciate contests as a way of interacting with their brands. These do not necessarily need to be major events; they can also be regular, simple challenges that offer relatively small rewards. One very popular fan page, belonging to a premium brand features frequent contests and giveaways. Rather than undermine value perceptions, these efforts have managed to build perceptions that the brand is worth paying more for.

7 Provide news. One major reason consumers become fans is to get information about new products; fans value information about a brand. But, tonally, this must appear as news, never as advertising.

Most valued by fans: news, information, contests, offers

Fan Page Benefits (Top Box) %

Benefit	%
Latest news about the brand	62%
New product information	61%
Contests and giveaways	58%
Sales, discounts, coupons, and special offers	55%
Allows me to show I like the brand	47%
Enjoy reading other people's thoughts and ideas	45%
Access to free downloads and virtual gifts	41%
I enjoy feeling part of a brand community	34%
Allows me to share my thoughts and ideas	32%
It gives me a sense of status	13%

8 Keep it lively. Sites with more frequent posts by the brand tend to have better overall ratings. Of the pages covered in our FanIndex study, no page posting fewer than 15 times per month was rated particularly well. However, posting too frequently can alienate fans; over-posting is one of the major reasons that consumers "unlike" or "hide" brand fan pages. So the key is to find a rhythm appropriate to the nature and style of the page.

9 Create a sense of community. Social networks are about community, so it is no surprise that the fan pages that are growing are those where fans post comments. This makes intuitive sense. It is up to you to start the chain reaction. People never go to empty restaurants; you need to create a dynamic, lively, and fun environment. One fan page scored particularly highly in terms of building a community among its fans. It has managed this by making the brand itself less of the focus, and instead facilitating conversation among fans.

10 Be true to the brand. How you best build appeal will depend on your brand personality and objectives. In order to decide what will work best for any individual brand, the key is to develop distinctive content and tactics to deliver your brand strategy in a way that will appeal to your target audience. One brand whose page strongly increased brand appeal uses a brand's character as the personality for the page. This entertaining approach not only helps bring the brand to life, but respondents reported sharing some of the entertaining status updates with friends.

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