DATA BRIEF: SOCIAL MEDIA

Roughly four-fifths of companies reported using social media technology in their business. There are considerable benefits that can arise from its use ranging from increasing brand recognition and loyalty, learning more about consumers and targeting them effectively, gaining critical market intelligence. A critical benefit is being able to create a relationship between the company and its customers with instant feedback from customers and pushout for the company.

FUNCTION USE. Social media is overwhelmingly used within the marketing function. Still very much in its infancy is the use of social media technology in sales (44%), human resources (28%) and customer service (28%). Only a handful of the companies in the sample saw value in using the technology in development, logistics and production/operations.

TYPES OF USES. About 70% of the companies which currently use social media, have expanded outside of the use of social media as a customer communication channel, to additionally track business indicators through the use of this technology. Customer-facing uses in terms of communication/interaction (84%), advertising/selling (78%) and developing customer insights (63%) are the most frequent uses of social media. More than half (57%) of the companies report using social media for job postings. For the most part companies have not discovered the equally powerful uses of social media as a communication channel for employees, shareholders, suppliers and other stakeholders.
BUSINESS TRACKING. The most frequent business indicator tracked is that of customer satisfaction (47%) while only two-fifths are gleaning information about product brand and corporate reputation. While social media can generate powerful business indicators for the company, only 70% of the companies applied the rich data stemming from social media for tracking business indicators. Currently, the full power of the investment in this technology is not achieved.

PAYOFFS. While lots of companies are using social media, for many the payoffs from its use are nonexistent. Social media improvements on business impacts are perceived to be too soon. Overall, roughly four-fifths of companies reported using social media technology in their business. Beyond customer relations (67%), competitive advantage (59%) and decision-making quality (55%), a surprisingly large number of companies do not see a payoff from social media. It is only with this technology that a majority of the executives couch their comments about how social media has changed the way their company does business in qualifying terms. For most of the executives, the use of social media technologies has resulted in no change as yet, but all see the positive possibilities in the use of social media.

ABOUT THE SURVEY

A total of 124 CXOs were surveyed over a 6 month period. Forty-four percent of the respondents were the chief executive officer (CEO) or President of the company, 11% were COOs, and 17% were CFOs. The size of the companies ranges from small to very large companies with 29% of the CXOs in companies with more than 10,000 employees and 30% in companies with less than 1,000 employees. Total annual revenue ranges from under $100 million (12%) to over $10 billion (11%). The companies are primarily engaged in manufacturing (42%), services (27%), finance, insurance and real estate (11%) and trade (14%) industries. Two-fifths of the companies surveyed were founded after 1990, while 29% were the older, more established companies founded before 1970.