



## Social's Shift to Service

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Why Customer Service  
Engagement is the  
New Marketing

Every piece of technology evolves. Somewhere along the way, technology has changed us, too: how we communicate, share information and ideas, and define ourselves. Social media is no different.

Since the chat rooms and forums of the early 70s, we've been experimenting with "social" technologies. We watched the field bloom and evolve, from MySpace in 2003 to Facebook in 2004 to Twitter in 2006 and Snapchat in 2011. Along the way, social media has developed into a mainstream communications channel, which has given rise to today's empowered consumer. The business to consumer paradigm has forever shifted and it has massive implications across the enterprise.

It's important to watch how consumer behavior shifts as platforms change and social media usage grows—thanks to mobile's proliferation via the ubiquitous smartphone. The mobile-social killer app combo has increased social usage and given rise to new platforms like mobile messaging apps. Our social communities have become part of our identities, serving as powerful broadcasting platforms and providing a window into our wants, desires, likes and dislikes. Historically, it was marketing that first embraced social media: experimenting, learning and reaping benefits over the past decade. In most cases, social still resides within the marketing department. But we are seeing this evolve, with a transition to service.

The industry is seeing a turning point where the social media reins will transition from a primary marketing function to a customer service play. The enormous untapped potential around customer service engagement (powered by social listening) is a key reason why. Of course social media will continue to play an important role with marketing, as well as other areas of the business, but it'll be a different one than in the past. Today, customer service engagement is the new marketing.

There are several factors impacting this trend. This is why social is shifting to service.

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"Customer service is not just about resolving issues; it's about inspiring customer loyalty and engagement, and uncovering new insights. The hidden opportunity here is to identify problems or defects ahead of time—find insights that allow us to take 'customer service' to an entirely new level—learn, engage, empower, inspire and delight."

— Flavio Mello  
Digital Communications Director,  
Cummins

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"With ever-evolving and maturing targeting opportunities, 'social' will become another piece of the bought media decision, with the traditional social engagement moving squarely into service."

— Charlene Li  
Principal Analyst,  
Altimeter, a Prophet Company

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# Consumer Expectations

Consumers today expect to be able to reach out and contact companies when they want and how they want—omnichannel is every brand's new reality. And social is the fastest growing channel for customer service. According to Nielsen, more than 1 in 3 consumers prefer social channels for customer service over phone or email. About two-thirds of people have turned to Twitter or other social media for customer service.

Source: J.D. Power and Associates

According to Pew Research, 52% of internet-connected adults now use two or more social media sites, a big jump from 42% just two years ago. And those figures are even higher with digital natives like the millennial generation. According to PwC research, millennials "have grown up with broadband, smartphones, laptops and social media being the norm and expect instant access to information."

Additionally, other socially inspired service capabilities are also on the rise: self-service, communities and mobile messaging apps. According to a Call Center IQ survey, 76% of businesses are committed to adding or increasing their omnichannel capabilities, like social media.

*Omnichannel:  
"Meet me where I am,  
no matter what."*



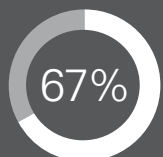
*In the past two years, the number of tweets directed at leading brands' customer service usernames has grown by 2.5X.*

Source: Twitter



*Is Twitter the New Customer Call Center?*

*Twitter recently launched new data and functionality to create improved and transformative customer service solutions for businesses. Oracle is one of the select partners with access to this new proprietary data.*



*Approximately 67% of consumers now tap networks like Twitter and Facebook for customer service.*

Source: JD Power

*"Social gives us a really nice way to extend the customer service that customers get when they go in store. It's really important that we're able to extend that customer service online to a time when mums might not be able to go in store, but really just need help and support as well."*

*— Claire Dormer  
Head of Content and Community,  
Mothercare*

**"We're developing our strategy for social customer service even though, relatively speaking, our volume may be low. We want to be prepared for the future because we feel that the future of customer service is social."**

*— Michael Nagel  
Web and Social Media Manager,  
Cummins*

Facebook is also making a customer service play, currently with their Messenger app and future plans for WhatsApp. With the meteoric rise of mobile messaging apps, look for their one-to-one customer service capabilities to expand. Mark Zuckerberg stated the following during Facebook's Q4 earnings call: "Later this year, we'll be testing new ways for people to use WhatsApp to communicate with businesses and organizations that they want to hear from." Facebook's WhatsApp just recently hit one billion users and is now the second most popular social platform behind Facebook, according to We Are Social. More than 60% of American smartphone users between the age of 13 and 34 use Snapchat, according to ComScore. Bottomline: Consumers will continue to gravitate towards mobile messaging apps and they'll expect brands to engage with them there, too.



**1 Billion  
Users**

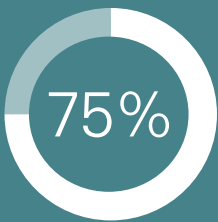
*WhatsApp is now the 2nd most popular social platform behind Facebook with 1 billion users; Facebook's Messenger is fourth with 800 million.*

*Source: We Are Social*



*By 2020, Snapchat users will make up 50% of global workforce.*

*Source: PwC*



*By end of Q1 2015, 75% of internet users had accessed mobile messaging services.*

*Source: Statista 2016*





## ***Speed:***

*“I want an answer, now. I don’t care if it’s 10pm on Friday night!”*

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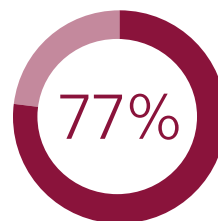
*“For Southwest Airlines, email has been and will continue to be an important tactic, but social media gives us new ways to communicate with customers—and engage with them on time-sensitive issues. Social media has already had an incredible impact.”*

*— Anne Murray, Senior Director, Marketing Communications, Southwest Airlines*

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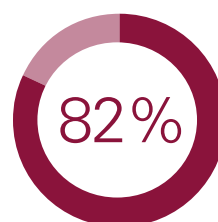
With social, consumers expect a speedy response. Consumers don’t care about a business’s operating hours—they want their information regardless. For example, 53% of consumers who Tweet expect a brand to respond within the hour; that goes up to 72% if it’s a complaint.

According to VentureBeat, more than 2 million negative mentions are posted from the U.S. alone on social media each day. Delayed responses to these comments—or even worse, not responding—are contributing to churn, decreased revenue and damaged brand reputations.



*77% of U.S. online adults say valuing their time is the most important thing a business can do to provide them with good service.*

Source: “Channel Management: Core to your Customer Service Strategy”, January 2015, Forrester



*82% of consumers say the number one factor that leads to great customer service experience is having their issues resolved quickly.*

Source: eConsultancy

# Business Value

Social media is a much more cost-effective and efficient channel for customer service reps and call centers. A study by the Aberdeen Group shows that companies that developed social care capabilities improved year-over-year revenue per contact by almost 20% over companies without social customer service. Solving a customer problem on Twitter costs an average of \$1, just a sixth of what it would cost to solve the same problem through a call center.

Source: Twitter/McKinsey

Better social service leads to overall better customer service and increased profits. A recent global American Express report shows 74% of consumers have spent more due to good customer service. A recent McKinsey study stated that companies that improve their customer service can see a 30-50% improvement in key measurements including likelihood to recommend and make repeat purchases.

Couple these real dollars with the tremendous ability to influence the customer experience, and it's a no-brainer that social service drives business value by cutting call-center costs through agent effectiveness and efficiencies. Unfortunately, more than 82% of companies believe their process for providing customer service on social media could be more mature.

Source: McKinsey

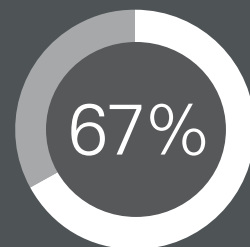
*Social is a cost-effective way to drastically improve the customer experience.*



20%

*Companies that developed social care capabilities improved year-over-year revenue per contact by almost 20% over companies without social customer service.*

Source: Study by the Aberdeen Group



*67% of companies believe that social customer service is the most pressing short-term priority for the contact center.*

Source: Forrester and Conversocial Research, November 2015



\$1

*Twitter costs an average of \$1, just a sixth of what it would cost to solve the same problem through a call center.*

Source: Twitter/McKinsey

# Brand Reputation

Social service is more than just resolving issues – it drives brand reputation. 82% of customers who have had a good experience on Twitter are likely to recommend the brand based on their interaction. (Source: Aberdeen Group) Customers who encounter positive social customer care experiences are nearly three times more likely to recommend a brand.

Source: Twitter/McKinsey

Brands can hear the conversations as they're happening across social, and they have a direct way to engage, resolve issues and positively impact customers—and those “watching.” These public forums can be powerful influencers.

“While customer experience has always been important, this massive shift is being driven by the digital disruption and a term I’ve coined called the ‘Witness Factor.’ The Witness Factor describes what is happening in social networks. With social media, customer feedback and conversations between customers and the company are now very public, where they once were held mostly between customer service agents and because of their public nature, like cave paintings, they are permanent for millions of people to see, forever.”

— Dr. Natalie Petouhoff, Analyst, Constellation Research

Petouhoff’s “Witness Factor” equates to the 1-9-90 rule: 1% complain; 9% respond to complainer; 90% read but don’t respond. “Most of your customers are in the 90%,” she explains, reiterating the importance of social’s public engagements driving brand reputation.

Thanks to vociferous consumers, social service engagements are impacting brand reputation and loyalty in a way never seen before. Through powerful social listening technologies, brands that engage and delight their customers are seeing big benefits.



Over 95% of consumers say they are influenced by what other people say about companies on social media.

Source: We Are Social, global report



90% of people make purchase decisions based on recommendations of friends and family.

Source: Nielsen

“For word of mouth and referrals, social is a really important way that customers use to filter down to what’s important, so social is absolutely critical to us... We can say a product is great, but if a real customer who has bought our stuff says it’s great, there’s a lot more sincerity to that.”

— Claire Dormer  
Head of Content and Community,  
Mothercare

“The benefit for us was not only selling the vehicle, but also getting two million views of BatDad’s test drive and his impressions of the sales experience.”

— Rebecca Harris,  
Global Head of Social Center  
of Expertise at General Motors,  
on a successful social  
engagement with a consumer  
named @BatDad





## Facebook & Twitter Are “Pay to Play”

We are all familiar with the demise of organic growth on Facebook. It's time to face the facts: Facebook and Twitter are now paid channels. But don't fret, they are very effective paid channels—social advertising spend is on the rise. Facebook Marketing Partner Kenshoo's recent report showed social ad spend rose 50 percent in Q4. This trend will force social to be viewed as one of several paid channels, which together form a holistic marketing strategy. Marketing is not abandoning social, just morphing more towards paid and leaving opportunistic engagement situations for service.

“Despite the hope that social platforms represented a new humanization of brands and companies, most marketers will treat Facebook and Twitter like the great paid channels that they have evolved into. With ever-evolving and maturing targeting opportunities, ‘social’ will become another piece of the bought media decision, with the traditional social engagement moving squarely into service.”

— Charlene Li, Principal Analyst,  
Altimeter, a Prophet Company

“As more companies apply measurement discipline to social customer service to ensure that they meet response times and satisfaction metrics, service teams will demand greater direct access to their brands' social profiles. And as marketing teams focus their efforts elsewhere, they'll be happy to hand over the keys... Marketers aren't going to stop posting on Facebook and Twitter, but the best-known social networks just don't offer the organic reach and interactions they used to.”

— Erna Alfred Liouas, Analyst, Forrester



# Social Fuels Unified Customer Profiles

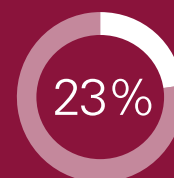
In a recent Gartner paper, “The Five Stages of Social Media Adoption for CRM,” analysts explain that for a majority of businesses, social media strategies to impact CRM are still inadequate. In fact, 60% fall into the first two beginning stages – Initial and Developing – with approximately 33% falling into Defined and only 5% in the Managed mature stage. Gartner cites a lack of a strategic planning, inadequate business-driven metrics, and social siloes as the main culprits that prevent progress.

According to Forrester, less than two-thirds of respondents in a recent survey indicated that customer insights and analytics professionals access their primary social listening platform. (Source: “The Road Map to Integrated Social Intelligence,” December 2015.) For most companies, social still remains in a silo. The great hope of “Social CRM” isn’t happening for the majority. Customer feedback and surveys are important, but they aren’t good at discovering things you didn’t know you should ask or look for—that’s where social insights plays a huge role. And customers today expect business to know them and their past history and interaction.

Look for customer service and next-generation CRM systems to expand and build out stronger, unified customer views with social insights playing a key role. It’s a natural role for service to play as major owners and contributors of customer engagements and profiles.

“Social media is the world’s biggest focus group... social is opening up a new area for communication so we’re getting lots of comments and feedback from customers, which means we can very quickly feed those insights into key areas of the business... and better understand our customers and their needs.”

— Richard Bassinder  
Social Media Manager,  
YBS



Only 23% of companies collect and analyze social media data.

Source: Gartner

“Social CRM is a philosophy and a business strategy, supported by a technology platform, business rules, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment. It is the company’s programmatic response to the customer’s control of the conversation.”

— Paul Greenberg, Industry Analyst,  
Author And Thought Leader

“We have hundreds of employees worldwide that are on social, and they must all be able to access the same knowledge bases and related enterprise resources. Otherwise, we risk creating poor customer experiences if, for example, a call center agent comes up with a different answer than someone communicating via social.”

— David Mingle  
Executive Director of General Motors’  
Global Connected Customer  
Experience Program

“The intelligence we get from social is very powerful, and the biggest benefit to us is understanding customer behavior and preferences. Acknowledging this helps us build stronger relationships. We can tailor our approach to provide the right experience.”

— Mike Cozens  
Digital Experience Lead,  
Vodafone Global Enterprise

# Customer Service Engagement is the New Marketing

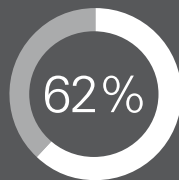
“General Motors continues to strive for excellence with our customer care capabilities, providing new ways to understand and engage with our customers like never before—and it’s a winning strategy for both our customers and our business. We interact daily with our customers on social media, allowing for a quicker, more personal engagement, enabling General Motors to put its customers at the center of everything we do.”

— Rebecca Harris  
Global Head of Social Center of  
Expertise at General Motors

Traditional marketing is trying to get people to notice and engage with your brand. Customer service is engaging with someone who is already invested in your brand. According to various sources, it is anywhere from five to 20 times more expensive to attract a new customer than to keep an existing one satisfied. And in the public world of social, the impact on business is more than just resolving the issue—it’s driving brand awareness and loyalty. Customer service engagement is the new marketing. And it’s a critical piece of the customer experience puzzle—perhaps the most important.

A Gallup survey on customer engagement found that a customer who is fully engaged represents an average 23% premium in terms of share of wallet, profitability, revenue, and relationship growth compared with the average customer.

Improving the customer experience is now the No. 1 strategic priority for business leaders worldwide, according to Forrester’s 2015 Business Technographics Global Priorities and Journey Survey. In today’s very public social environment, customer service engagement has a stronger impact on customer awareness, loyalty and satisfaction than traditional marketing. And that will impact the customer experience much more throughout the lifecycle. Gartner predicts that almost 90% of businesses will be competing almost entirely on customer experience by end of 2016. That’s quite a transformation for businesses and customers.



*62% of customer service organizations view customer experience as a competitive differentiator.*

Source: Deloitte

Social media listening, engagements, data and insights are critical to most every aspect of business today. But the role customer service plays with social listening and engagement will increase drastically as mobile-social usage continues to soar and consumers expectations rise. Social will still play a valuable role in marketing, sales, commerce, product development and more. But its shift to social is a sign of our times and a customer experience priority for all businesses.

“Polaris is a customer-centric organization—we believe deeply in putting the customer at the center of everything we do. Social is a central part to customer centricity, as it’s an arena where we can listen, learn and engage directly with our passionate fan base to make customer- and data-driven business decisions.”

— Holly Spaeth  
Manager, Interactive  
Media and Content,  
Polaris Industries