

## Media Release

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## US companies not tapping social media's full potential

### Australian companies lagging

**17 November 2009:** A Deloitte survey of 400 US companies indicates that while they're effectively using online tools to engage with customers, partners, and employees for brand discussion and idea generation, they continue to struggle with harnessing social media's full potential.

According to Katherine Milesi, a partner of Deloitte's Online Practice in Australia, several data points indicate continued maturation of the companies' use of communities and social media.

"While the number of active users and their level of participation have been considered the top measures of success for an online community, the US survey respondents are paying close attention to non-active users or 'lurkers' – people who observe the community, but don't participate in the discussion," Ms Milesi said.

The survey indicated that:

- 32 percent of respondents are capturing data in how lurkers derive value from the community
- 20 percent of respondents have set up formal 'ambassador' programs, which give outsiders preferential treatment in return for being more active in the community
- 39 percent of the respondents indicated that more full-time people are being deployed to manage the communities.

According to the survey, some of the biggest obstacles to creating a successful community are getting people to join (24 percent), stay engaged (30 percent) and keep returning (21 percent).

"The obstacles can be easily remedied through partnering and new management practices. However, the study indicates that very few companies are taking the steps necessary to overcome these challenges," Ms Milesi said.

While 58 percent of respondents evaluated partnering with existing communities, complementary vendors or end users when developing their community, 55 percent of the companies that evaluated a partnership did not actually partner.

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The study also revealed significant gaps between community goals (such as generating word of mouth, customer loyalty and brand awareness) and how success is being measured.

The top two analytics for measuring success are number of active users (34 percent) and how often people post/comment (32 percent).

“These results indicated that participation is still considered to be the biggest measure of success. Potentially more useful analytics, however, such as increase in search engine rank and citations/links on other sites, are less often utilised, highlighting a mismatch between the desired outcome and how that outcome is measured,” Ms Milesi said.

Of the companies surveyed, a majority agreed that the following continue to be top business objectives of online communities:

- Increase word-of-mouth (38 percent)
- Increase customer loyalty (34 percent)
- Increase brand awareness (30 percent)
- Increase idea generation (29 percent)
- Improve the quality of customer support (23 percent).

However, in the majority of companies surveyed, marketing continues to be the primary driver of online communities, according to Ms Milesi.

“This result indicates there is a significant gap between community goals and the organisations’ capability to fully leverage these communities on an enterprise wide basis,” she said.

## **Australian companies lagging in social media space**

According to Ms Milesi, it is still early days for Australian organisations and social media. While some are embracing it, both for their customers and employees, others are still looking and learning, and many still aren’t paying attention.

“We recently conducted a straw poll of a small group of company directors of the top 200 ASX companies about their awareness of social media. Very few knew much about it. Only one from a group of ten said it was a topic of discussion in the boardroom, yet there was unanimous agreement it should be,” she said.

“Social media can drive real business results in the form of increased awareness and promotion; brand building; productivity savings; lower cost customer service; increased employee engagement and more.

“The key stumbling point for many organisations is their reluctance to relinquish control. Yet what they fail to realise is that this is happening already. People form impressions of organisations through a myriad of sources, including an array of social media vehicles. Gone are the days when the annual report, the website, the ad campaign, the PR campaign and the AGM were the key image shapers for an organisation.”



Ms Milesi said the first step for any organisation wanting to adopt social media for their external audiences is to listen and learn. “You need to become aware of the tribe mentality of online communities, a far cry from prevailing mindset of customer as number,” she concluded.

### **About the US study**

The 2009 Deloitte Tribalization of Business Survey, conducted in conjunction with Beeline Labs and the Society for New Communications Research, evaluated the potential of online communities and identified how enterprises may better leverage from them.

The survey measured the responses of over 400 companies, including Fortune 100 organisations, which have created and maintain online communities today. Participating companies include leading computer manufacturers, software, insurance, online auction, media companies, hotel chains and start-ups. The communities ranged from fewer than 100 members to more than one million members.

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