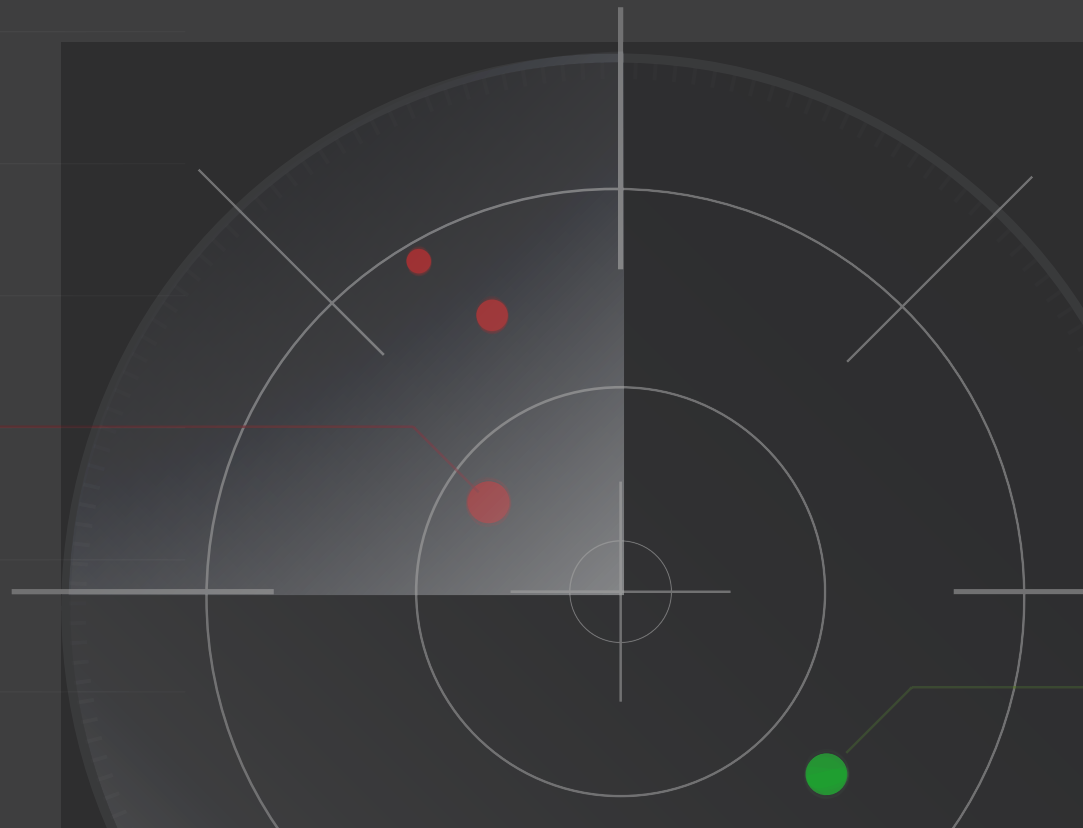


THE STATE OF PLAY: SOCIAL MEDIA IN CORPORATE AUSTRALIA 2011/12 REPORT



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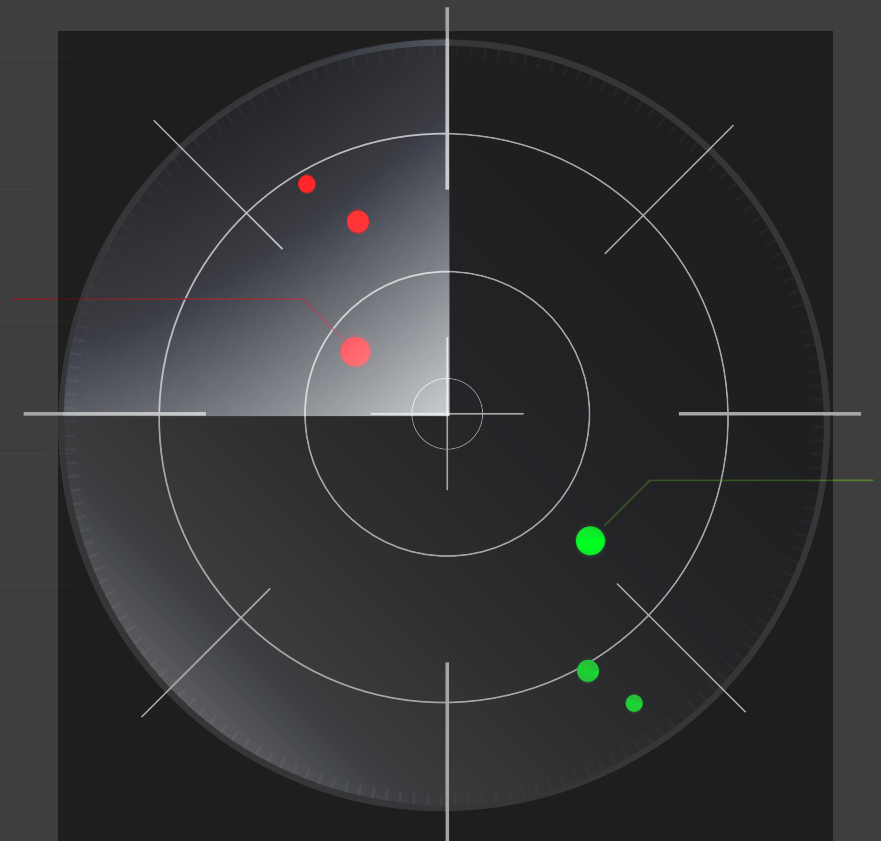


STATE OF PLAY: SOCIAL MEDIA IN CORPORATE AUSTRALIA REPORT 2011/12

Welcome to the State of Play: Social Media in Corporate Australia Report. This report has been commissioned to accompany the Social Media & Communications Summit hosted in Sydney, Australia on 15 November 2011/12

The State of Play: social media in corporate Australia 2011/12 Report has been compiled to follow the well-recognised SWOT approach to considering business challenges and opportunities. It covers strengths, weaknesses, opportunities and threats associated with social media nominated by survey respondents.

The report provides participants and delegates with insights into the current trends amongst some of Australia's leading corporations, government departments and NGOs in relation to the usage of social media and its integration into the business plans of various organisations.



SOCIAL MEDIA TODAY

Today, online communication is the fastest growing medium in the world.

This growth has seen the emergence of social media platforms such as Facebook which has attracted a global user base of over 750 million people.

Social media platforms and networking sites now constitute the top online destinations and register a majority of time spent online by internet users.

Increasingly, social media is becoming an influential source of product reviews and recommendations shaping consumer behaviour online and offline. In Australia, social media has had a particular breakthrough and has recorded the highest per capita use of social media. In fact, Australian online users spend, on average, more than seven hours per month on social media platforms. Social media

is transforming the ways in which organisations operate. Traditional business models are being challenged and organisations are looking to harness the commercial benefits of the new media paradigm.

What it all comes down to is that the increasing influence of social media disrupts the traditional business model. Social media provides endless opportunities for targeted advertising, customer engagement, talent attraction and product innovation. However, social media also disturbs the way that organisations can control information and shape its brand and reputation. This poses a new set of challenges for businesses, governments and institutions here in Australia

and in global markets. Never before has business and government operated in a world where brand, image and reputation face the potential threat and opportunities associated with the internet revolution.

According to Aon's Australasian Risk Management Benchmarking Report the number one risk for companies, institutions and organisations is damage to brand and reputation.

Brand and image has held this risk ranking every year since 2007/08. This is despite the global financial crisis and other changes within the international economy.

KEY FINDINGS

The State of Play: Social Media in Corporate Australia Report provides detailed insights and intelligence into usage, attitude and application of social media and networking platforms by Australian businesses, government departments and NGOs.

The results contained in the report provide a contemporary analysis of what social media means for business.

It provides action points and a greater understanding of the perceptions of corporations and communication practitioners in considering social media initiatives.

The key findings are as follows:

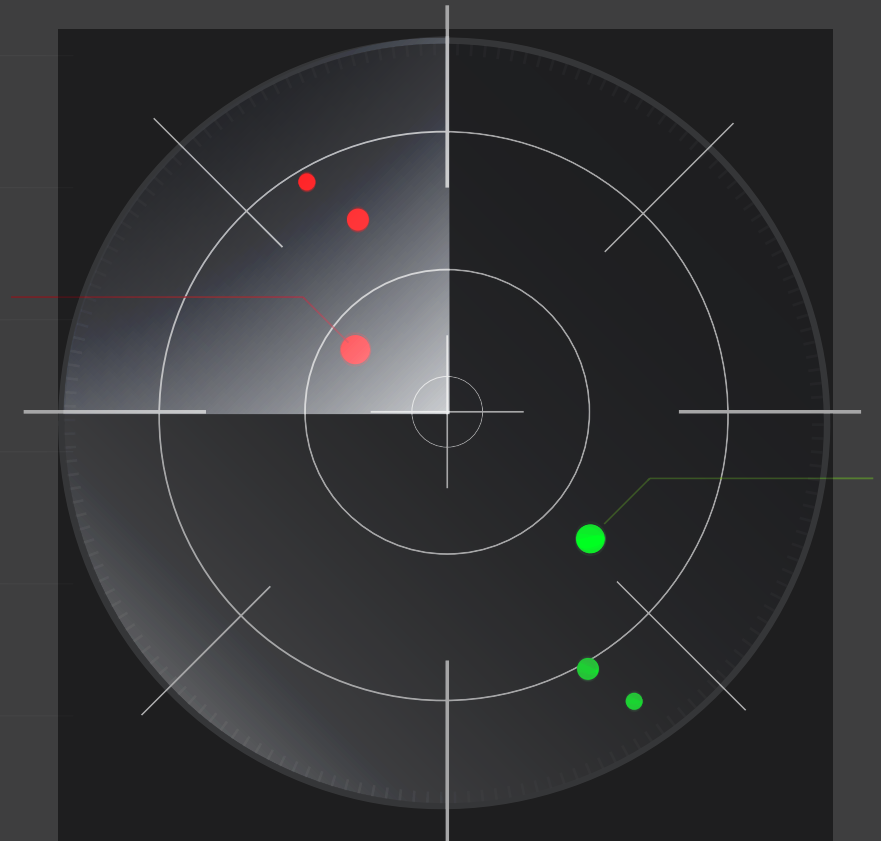
- Respondents represent a large spectrum of privately held and publicly listed international and Australian organisations with 46.5% of survey participants employed by organisations with more than 50 employees.
- Determining a meaningful and measurable return on investment (ROI) was nominated as the key barrier to the successful development, implementation and execution of social media initiatives.
- Lack of support and understanding by senior executives and management was also ranked as a leading influencer within organisations in preventing the further take-up and expansion of social media initiatives.
- Increased brand recognition and improved community engagement were nominated as the most commonly used metrics for measuring ROI on organisation's social media initiatives.
- The most commonly cited positive result from social media engagement was improved relationships with customers and the online community.
- The key stumbling block to successful social media initiatives is a lack of awareness of how to develop, implement and execute social media programs.
- The areas where organisations require the most assistance in social media are strategy, processes and policy.
- Negative feedback and social media crises were rated as the greatest threats to organisations on social media.

IN-DEPTH SURVEY ANALYSIS

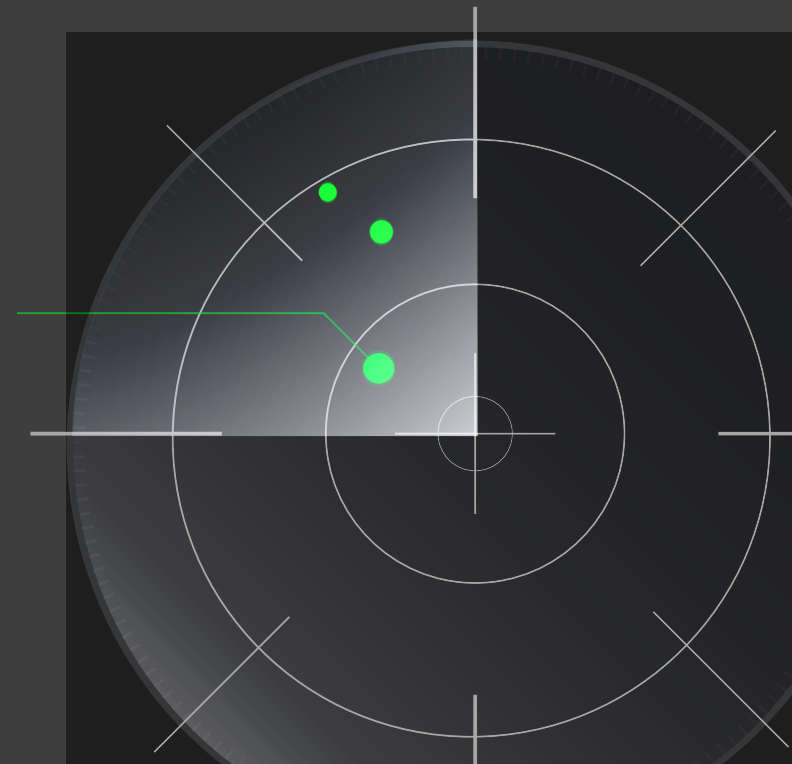
As outlined, The State of Play: Social Media in Corporate Australia 2011/12 Report provides valuable insights into how organisations in Australia measure and manage social media and networking platforms as part of their communications, brand and business goals.

2010 and 2011 provided case studies of social media programs with varying levels of success. While Dell is an excellent example of a company leveraging the power of social media to generate increased sales, share value and brand recognition, Harvey Norman presents a case study of how simplistic and rudimentary social media initiatives can cause long-term damage to brand image and reputation.

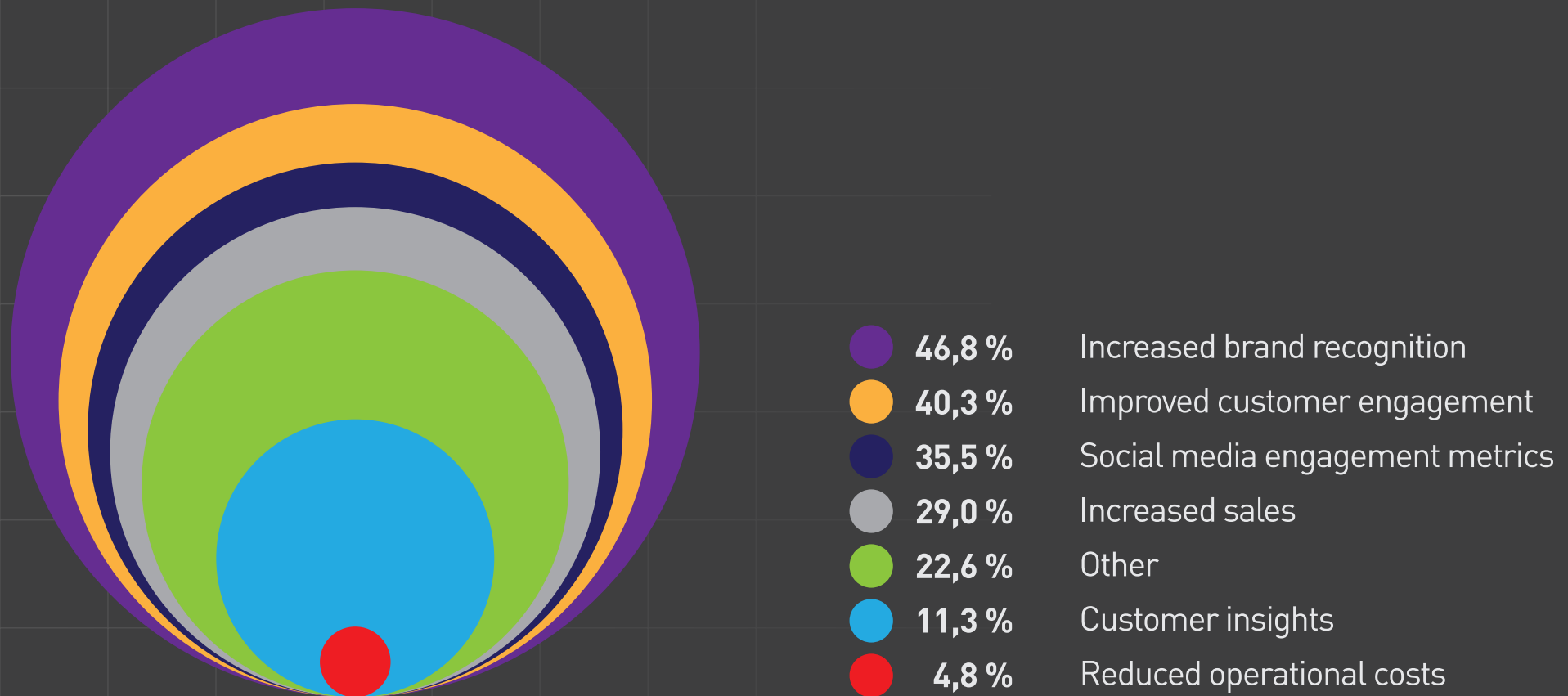
This section of the report provides a more in-depth SWOT analysis of the responses provided by survey participants.



STRENGTHS



How does your company quantify
ROI on social media engagement?



The leading ways for participants to quantify ROI on social media engagement is by evaluating its effect on increased brand recognition, improved customer engagement and by using social media engagement metrics.

Interestingly, none of these are directly commercial in nature and only generate financial returns indirectly. The directly commercial ways of determining ROI on social media, like increased sales and reduced operational costs are only used by 40.3% of respondents.

Other participants highlight the difficulties organisations face when attempting to quantify the return on social media engagement. A representative sample of this commentary is visible below.

“If only we could, it is still fuzzy.”

[Source: Anonymous respondent]

Interestingly, four respondents explained that their organisations do not measure ROI on their social media investments. A representative sample can be seen below.

“Not measuring at this time as we have low levels of social media engagement - there is a project underway to engage and measure in the future.”

[Source: Anonymous respondent]

This indicates that organisations in Australia are finding it difficult to accurately determine financial ROIs on social media engagement. The tendency of quantifying ROI on social media engagement with non-financial metrics is common.

However, it makes it difficult to demonstrate clear financial returns on social media projects to senior management. Indeed, this is a key area, identified by respondents, that needs to be improved.

A representative sample of this opinion is visible below.

“We need to document more concrete goals, which can then be measured.”

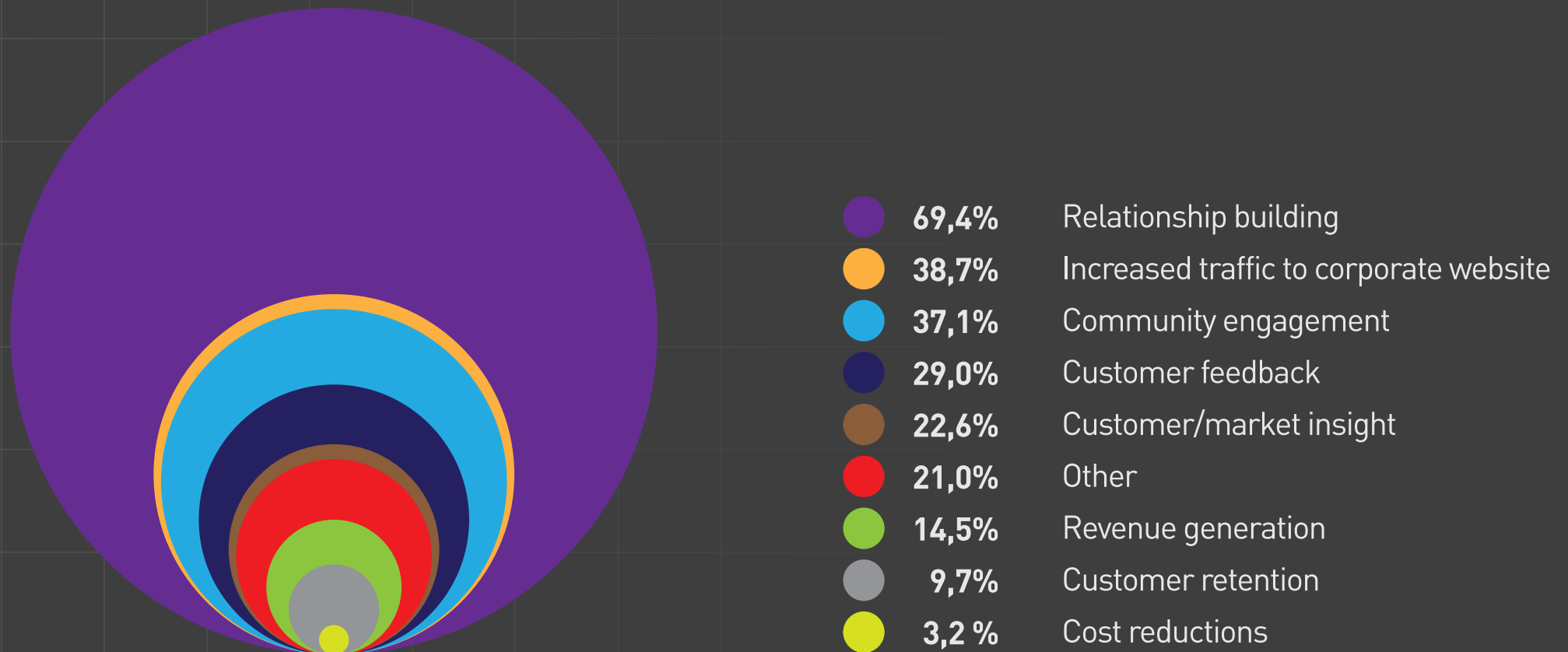
[Source: Anonymous respondent]

“We aim to have a better understanding of how to measure it.”

[Source: Anonymous respondent]

Connected to the question relating to ROI measurement was the issue of engagement and the value of those initiatives.

If any, what **positive** objectives has your company's social media engagement achieved?



A majority of respondents report that they have achieved desired objectives from their social media engagement. Interestingly, a majority of respondents report that these positive objectives have been of a non-financial nature, including customer/market insight, customer feedback, relationship building and community engagement.

A representative sample of the positive relational aspects of social media engagement is provided to the right.

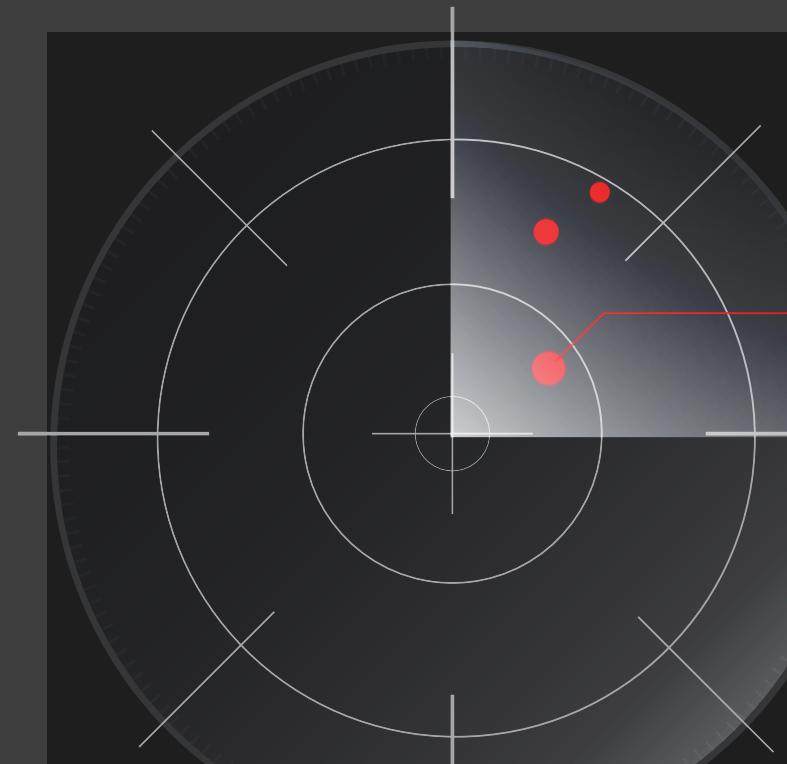
In contrast, only 17.7% of respondents report that they have achieved positive financial objectives like revenue generation and cost reductions from their organisation's social media engagements.

This is consistent with the difficulties organisations face in quantifying the returns on their investment in social media and demonstrates that the majority of Australian organisations are still in the listening phase of social media development as outlined in KPMG's research paper titled 'Social Media: the voyage of discovery for business'.

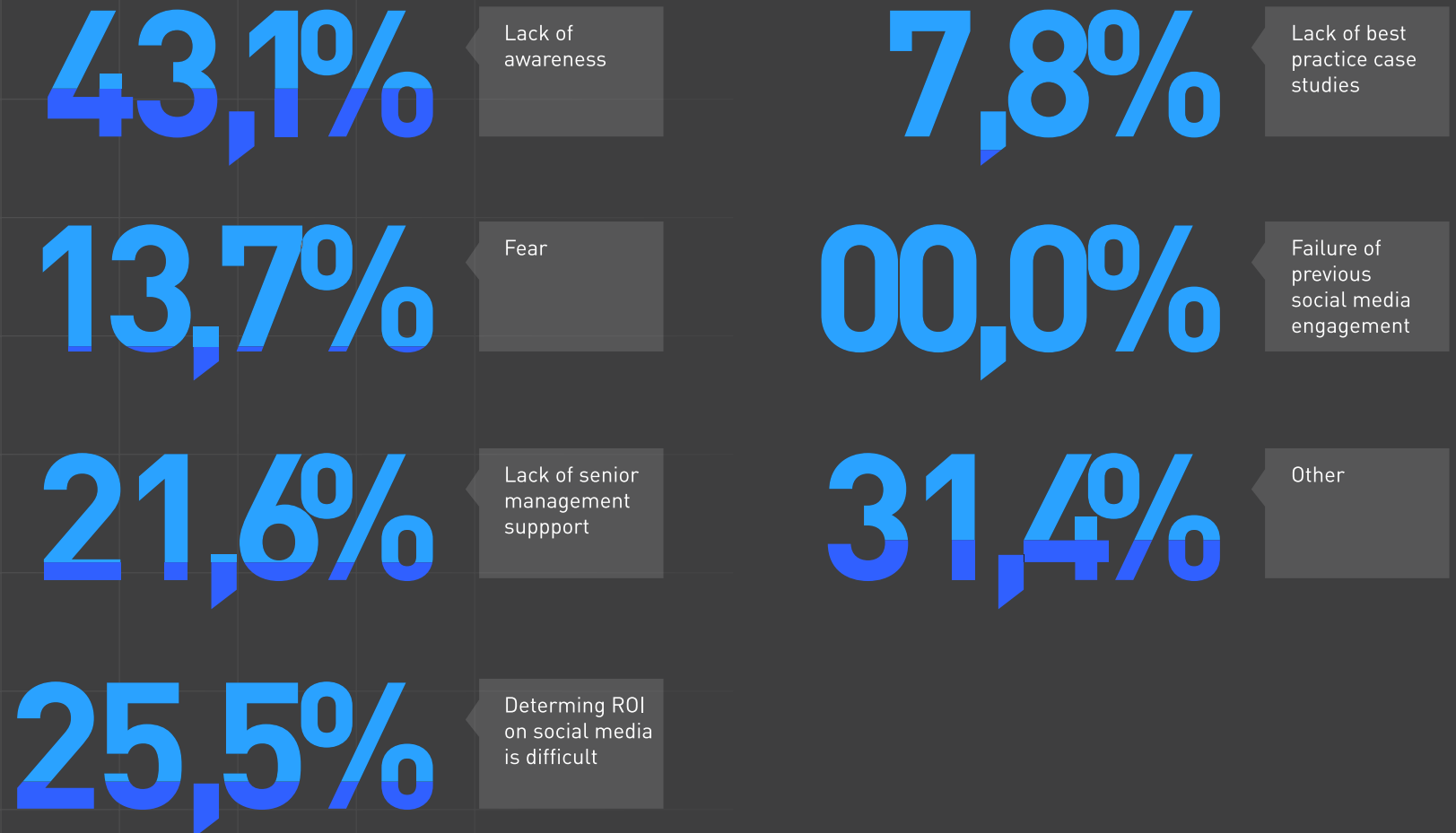
**“Communication and dialogue
through Facebook and Twitter”**

(Source: Anonymous respondent)

WEAKNESSES



What has been the biggest stumbling block for your organisation in realising commercial opportunities offered by social media?



The greatest barriers to realising the commercial opportunities offered by social include lack of awareness, the determination of ROI on social media and a lack of senior management support.

The primary barrier to the successful implementation of social media initiatives as reported by survey participants is an internal lack of awareness. This lack of awareness includes the limited understanding of how social media can assist organisations and how to develop and implement a successful social media strategy. A representative sample of this commentary can be viewed below.

“Lack of time to research and create a specific strategy for social media”

(Source: Anonymous respondent)

Another stumbling block reported by participants is the difficulty in determining ROI on social media. This also relates to the challenge many organisations face in evaluating ROI on its social media initiatives. That is, if a ROI cannot be determined then it is more difficult to justify expenditure on social media initiatives.

A response constituting a representative sample of this commentary can be viewed below.

“Lack of internal knowledge on how to effectively engage and the ROI”

(Source: Anonymous respondent)

Again, the nexus between the absence of appropriate measures limited the ability of respondents servicing internal resources and support for outreach.

The third most important stumbling block to successful social media initiatives is a lack of support from senior management. When senior management is not perceived to support innovative new approaches to social media, it constitutes a significant barrier to the success of new projects. KPMG research confirms the importance of stakeholder buy-in and provides advice on how to gain senior management support for social media initiatives.

“Gaining buy-in across the different business functions and senior management is a significant task, requiring repeat investment of time and effort in some organisations.”

(Source: Social Media: the voyage of discovery for business, KPMG, 2011)

Whilst social media has been championed as a new marketing and communications initiative that can assist in driving opportunity, there is a wide body of evidence that demonstrates that social media can have a negative impact on brand and reputation.

According to the 2011 Aon Risk survey brand and image risk was nominated as the leading risk by respondents. The 2011 Aon report also detected that social media is a leading source of brand and image risk. This is summarised by the quote below.

“I see social media as a big issue. Someone could decide to use social media to make derogatory remarks about any number of elements associated with an organisation.”

(Source: Michael Braude – General Manager Treasury, Risk and Insurance Coca-Cola Amatil Ltd)

If any, what are the **negative** experiences from your company's social media engagement?

43,1%

The business lacked the appropriate expertise for successful social media engagement

17,6%

There was no ROI on the social media engagement

21,6%

The business KPI's from the social media engagement could not be accurately established

11,8%

The business experienced negative feedback or a social media crisis

21,6%

The engagement's resource intensity was too great

29,4%

There was a lack of support from internal stakeholders/senior management

The leading negative experiences from social media engagement that respondents reported include a lack of appropriate social media expertise and a lack of support from internal stakeholders and senior management.

The most frequently cited negative experience from social media engagement is the lack of social media expertise to effectively develop, implement and manage social media initiatives. This is a common experience as social media communications often do not receive the same level of scrutiny, strategic planning and resourcing that traditional corporate communication receives.

Indeed, in many instances, social media projects are often initiated haphazardly by individual employees without undergoing appropriate preparation or attracting internal stakeholder input.

This demonstrates the need for a planned rigorous approach in the development of social media campaigns and investment in longer term resourcing of social media. Another negative experience from social media engagement, nominated by respondents, is the lack of support from internal stakeholders and senior management. When social media does not receive the appropriate support and resourcing within the organisation, it is unlikely that social media projects will succeed.

Further, another undesirable experience reported by respondents was that the resource intensity of companies social media engagement was greater than expected. While this is negative, it can be a side-effect of a successful social media initiative. That is, if the online community responds favourably to a company's online campaign, then the resourcing for the increased community engagement may be too small.

A minor theme reported by 9% respondents, referred to organisations experiencing negative feedback or a social media crisis.

“Our corporate Facebook page was hacked.”

[Source: Anonymous respondent]

Again, the inability or unpreparedness of firms in Australia and internationally to respond to a crisis situation is demonstrated by case studies such as Nestle, BP and Mattel.

This is also reinforced by KPMG’s recent report ‘Social Media – Expanding your Horizons’ which illustrated that 50% of Australian organisations are at the listening stage of social media use whereas 40% have developed a mature approach which encapsulates innovative business practices including communication usage, scenario planning and methodologies for managing dissent and hostile third party interaction .

Australian corporates, government departments and NGOs have an opportunity to integrate an holistic social media communication management plan that addresses internal and external factors of the take-up and use of these tools and platforms.

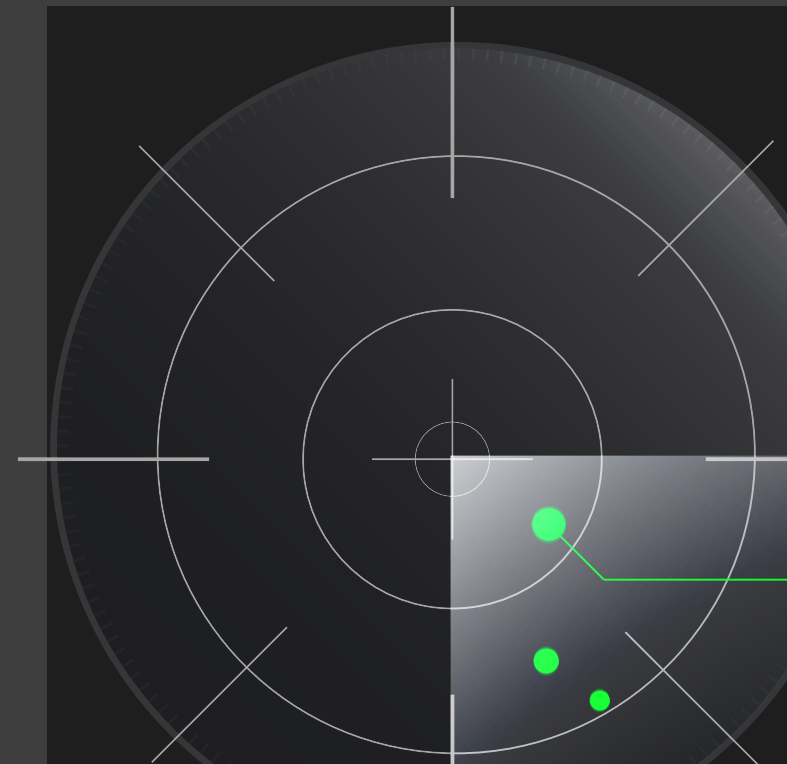
As organisations and institutions adopt a more sophisticated approach to the use and application of social media, enterprises are tapping into the

information and data that can be retrieved and analysed from the plethora of new media and networking platforms.

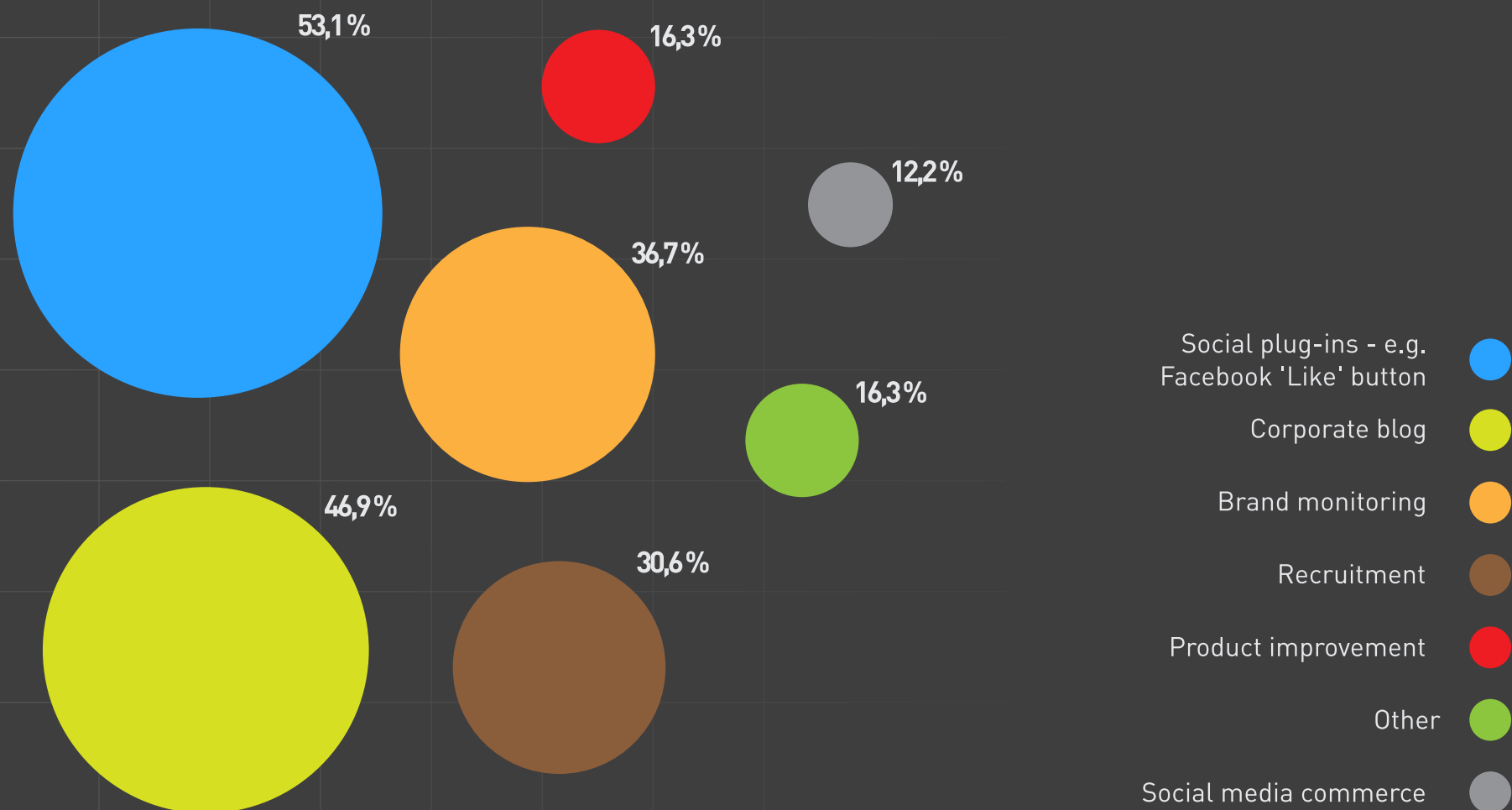
These insights provide critical business intelligence and competitor knowledge about customers, supply chains, employees and associated issues.

Organisations are using competitor analysis as a means of benchmarking activity and success. This rudimentary approach to the use of social media intelligence provides a basic picture of competitor behaviour... but certainly doesn’t go far enough into providing organisations with an accurate and strategic overview of the state of play of social media.

OPPORTUNITY



What **social media** activities does your business engage in?



In looking at the survey results, the leading social media activities that respondents' organisations engage in include social plug-ins, corporate blog communications and brand monitoring.

The two leading activities respondents' organisations engage in relate to corporate communication and dissemination.

The corporate blog provides organisations with a channel to communicate with current and potential customers and social plug-ins allow readers to disseminate this message across social media platforms and networking sites.

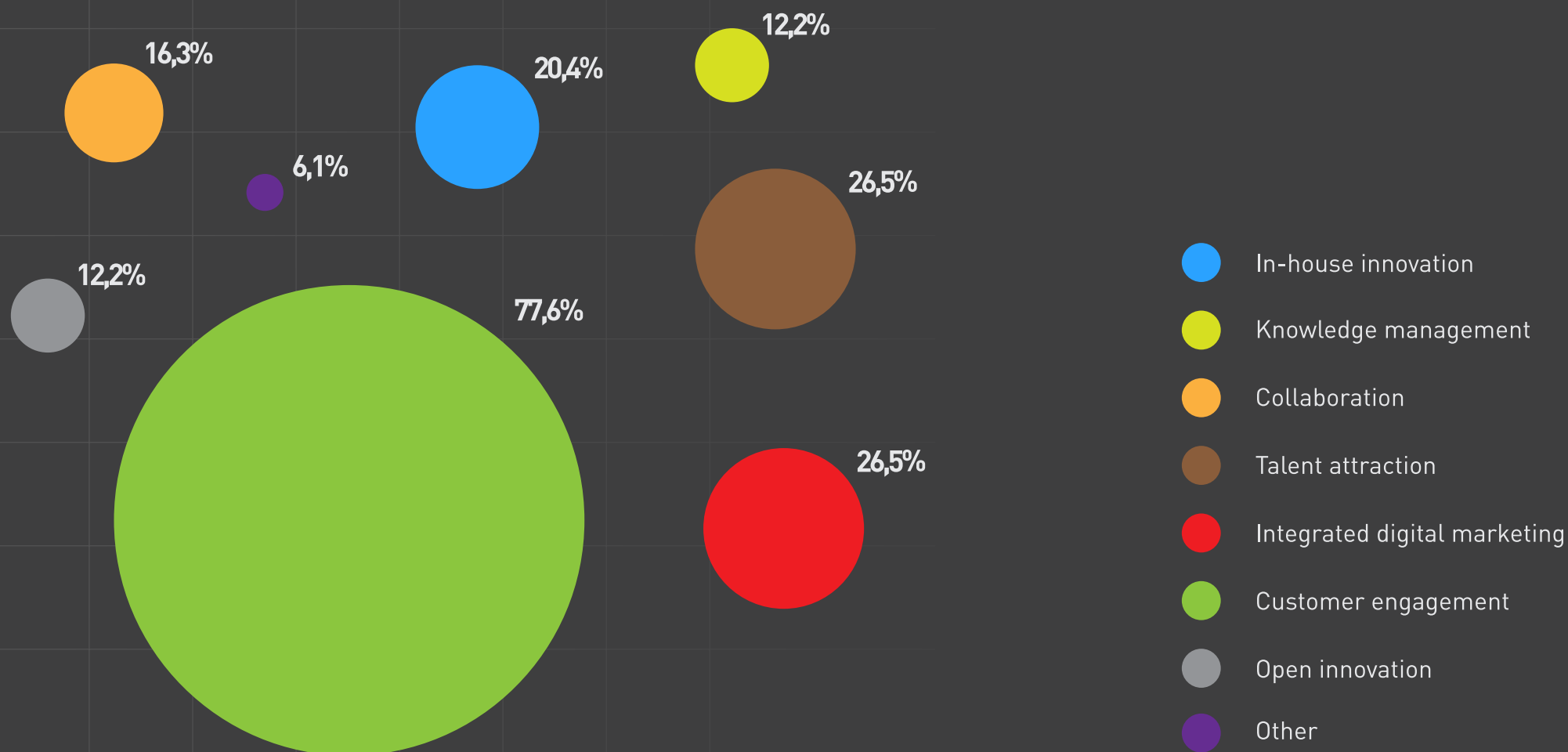
For example, a corporate blog post can be linked to on Twitter or in a Facebook post.



Another common social media activity reported by participants relates to brand monitoring. This is an increasingly common activity by organisations to measure and understand discussions, opinions and commentary about organisations, brands and products.

More than 200 social media monitoring tools have been launched in the marketplace. A range of these tools are used by survey respondents.

What do you see as the greatest commercial opportunity for your business in using social media in **2012**?



In analysing the survey data, the leading commercial opportunities as identified by respondents were in customer engagement, talent attraction and integrated digital marketing.

The primary commercial opportunity identified by survey participants related to customer and community engagement. This is consistent with other findings in this survey emphasising the relational objectives achieved by social media outreach and engagement programs.

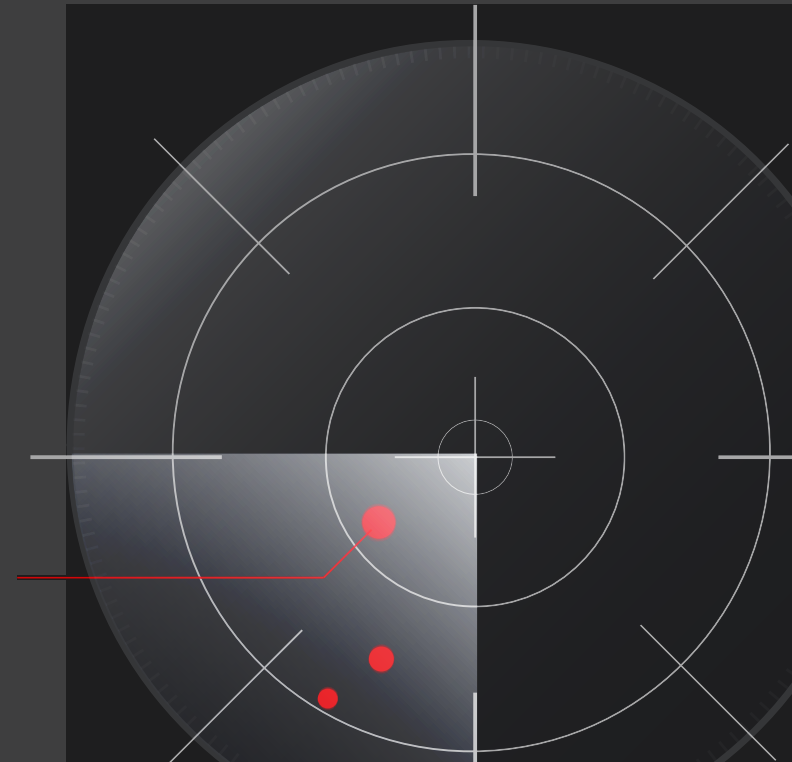
A secondary opportunity reported by respondents was in the opportunity for organisations to attract talent via social media communication channels. Increasingly, organisations are delving into social media to build employer brand recognition to become an employer of choice.



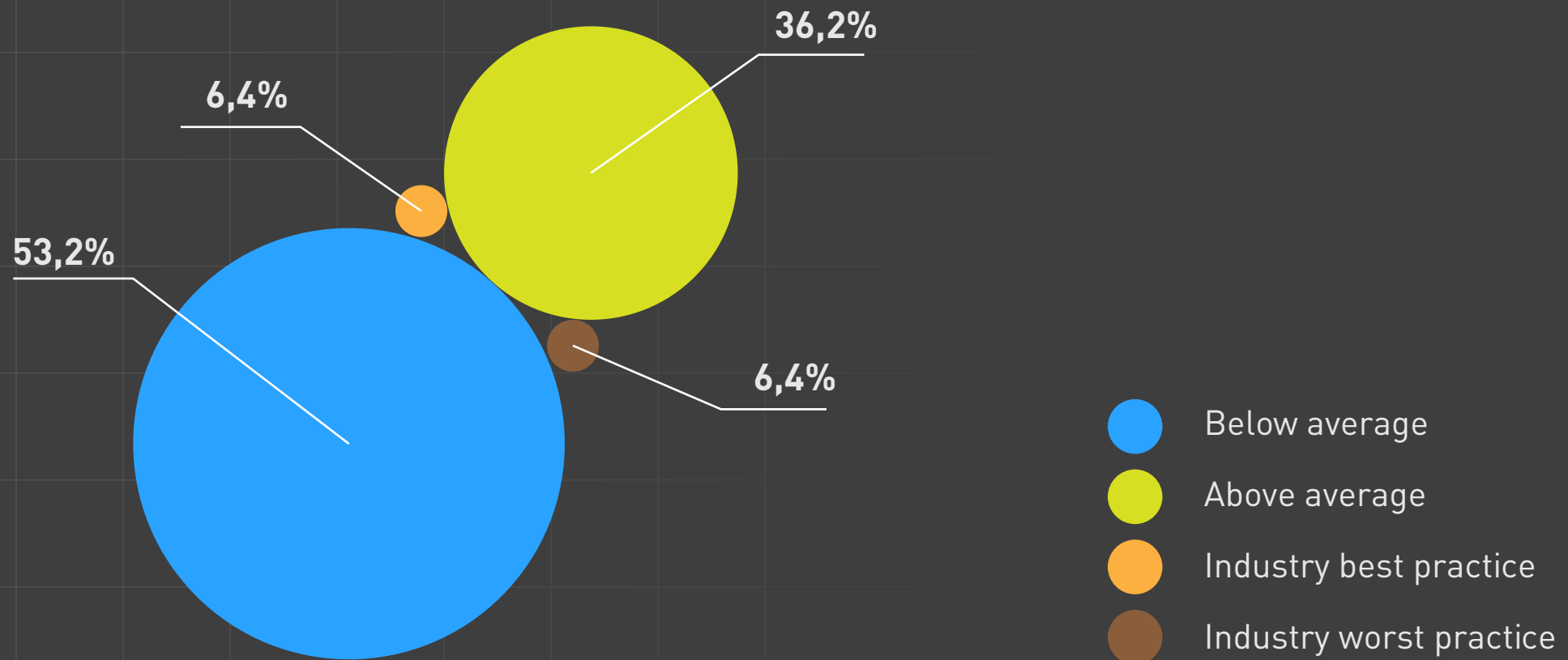
Further, another commercial opportunity as identified by survey participants related to the ability to integrate social media with its overall digital marketing campaign.

By using several platforms and integrating a range of communication channels, organisations can leverage social media to create more influential digital marketing campaigns.

THREATS



How does your company's social media presence compare to its **competitors**?



In examining the data obtained during the survey, a majority of respondents rate their organisations' social media presence below industry average. This reveals a great uncertainty about and a lack of confidence in organisations' social media engagement and outreach programs.

It may also suggest an unjustifiably low level of confidence in the ability of respondents' organisations to successfully develop, implement and execute successful social media campaigns.

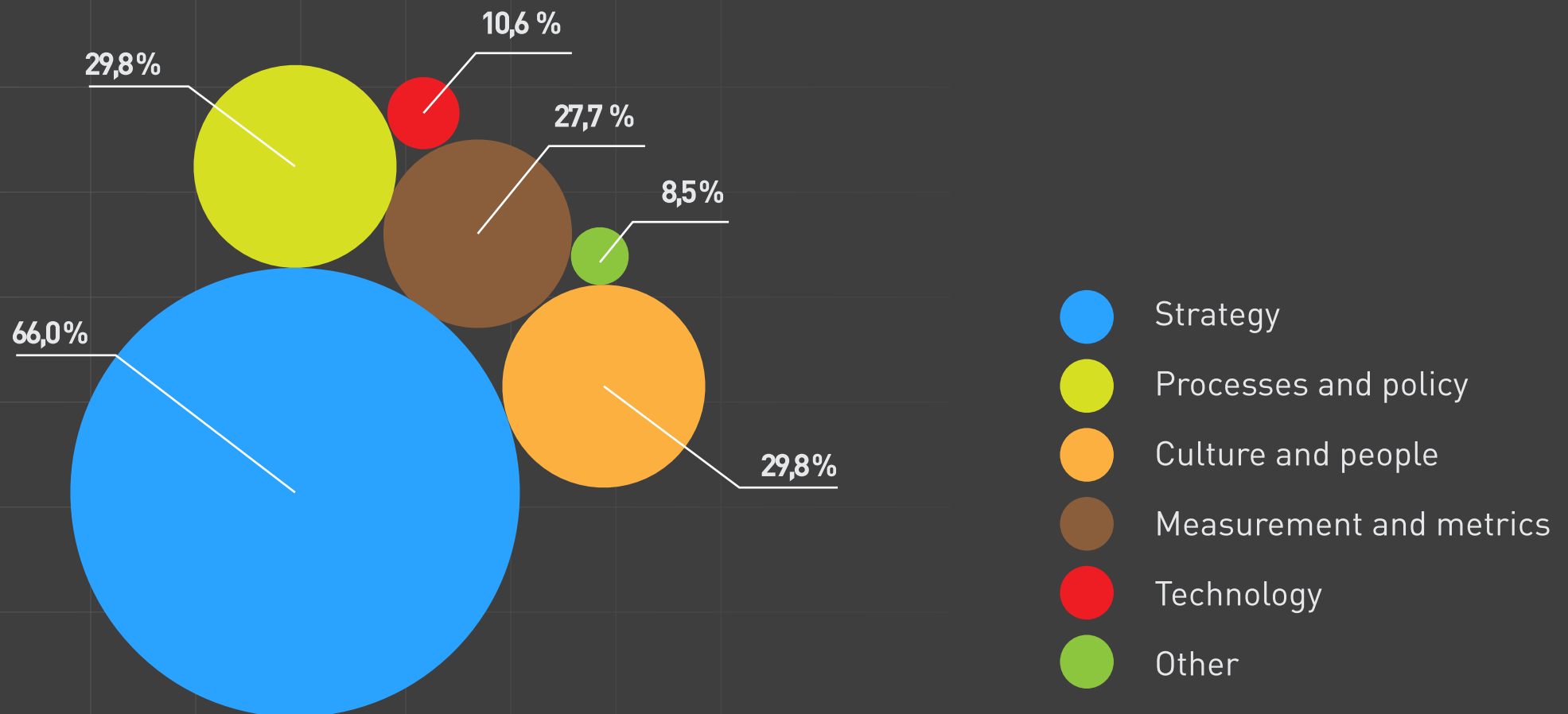
Indeed, the low level of confidence indicates a need for the development of greater internal or external expertise. With greater resourcing and appropriately skilled employees, it is likely that organisations will gain confidence about achieving social media goals.



A first step to mitigate the low social media confidence can be to conduct a gap analysis of competitors' social media presence, strategy and community response. A gap analysis locates strategic gaps where organisations can expand their social media presence and community engagement.

In addition, a gap analysis can provide an evidence-based approach to the determination of appropriate levels of investment in social media initiatives for organisations.

In which area of social media do you believe your company needs the most **help**?



Building on the general themes about the absence of metrics, lack of managerial support, awareness and the gap in perceived use by competitors, the leading area nominated in addressing social media assistance was at the strategic level.

The primary area of social media, respondents believe their organisations require assistance in, is strategic planning. Of the respondents, 66% report that their organisations require help in social media strategy. This is consistent with the finding that a lack of social media expertise was the key negative experience from social media engagement.

“Putting it into action”

[Source: Anonymous Respondent]

An additional area of concern for Survey participants is in culture and people. This area of social media management requires corporate education and social media policies and guidelines. By providing training and appropriate policies governing behaviour, employees will be equipped to engage in social media in a proper manner.

Respondents expressed a desire for assistance with the strategy and implementation of social media. Strategic advice and process and policy implementation can facilitate a risk adverse, evidence based, forward-thinking social media strategy which will result in a social media presence that can achieve desired results.

The final question ‘**What do you consider to be the greatest threats to your company in social media?**’ investigated as part of the survey related to the threats emanating from social media. This question required respondents to provide a more detailed qualitative response. In summary, the greatest threat to organisations on social media was coordinated social media based attacks according to Survey participants.

Of respondents, 30% express a concern about negative social media commentary unfavourably shaping and influencing organisations' corporate brand and image. A representative sample of commentary relating to this threat is provided below.

“Coordinated campaigns directed against the organisation”

[Source: Anonymous respondent]

Whilst some organisations have pursued an active approach to social media, many have been slow to embrace the risks and opportunities delivered by the various platforms. A failure to embrace opportunities can act as a form of risk, allowing others to establish a distinct competitive advantage.

Interestingly, the second most alarming occurrence related to organisations not engaging on social media at all. Respondents expressed a concern about lack of presence within social media platforms and networking sites. Respondents expressed a concern about their organisation's absence within social media platforms and networking sites

“Not getting involved in social media.”

[Source: Anonymous respondent]

This view is supported by KPMG's report 'Social media: the voyage of discovery for business' which emphasises the importance of not being left behind.

“However, probably the biggest risk over the next few years will be avoiding the journey altogether. For one thing seems certain; your audience – your customers – are showing no sign of backing off from social media.”

[Source: Social Media: the voyage of discovery for business, KPMG, 2011]

This concern or fear by corporate managers and other respondents to the survey aligns with international trends and experiences. As outlined in the recent research undertaken by Aon Benfield, brand and image risk has been ranked as the fourth most significant risk facing corporations.

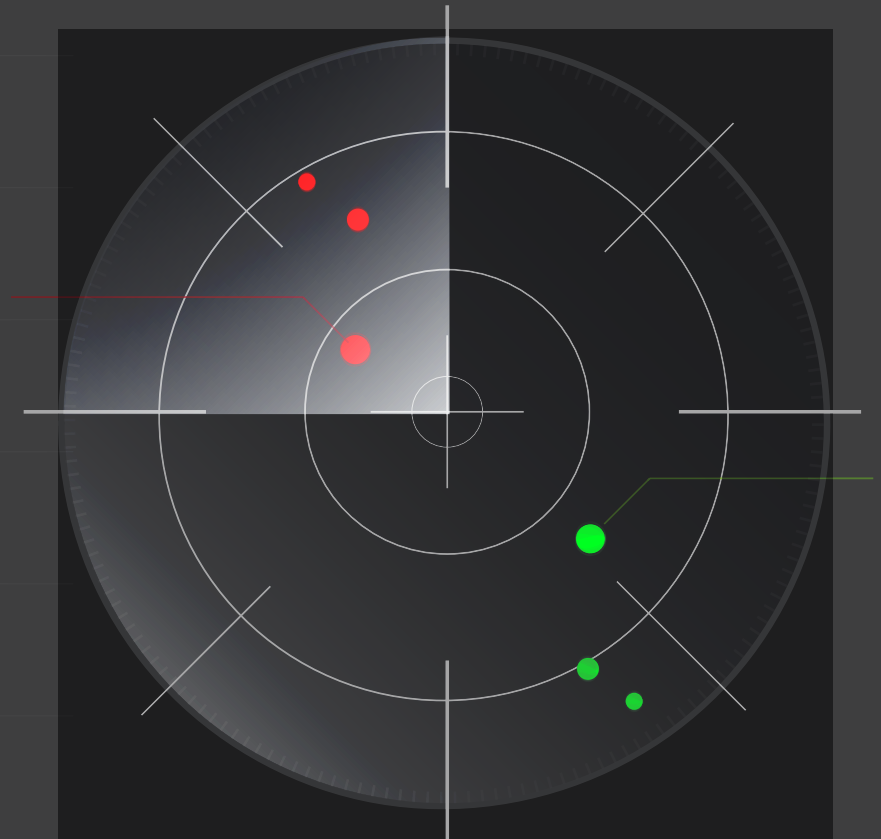
CONCLUSION

The State of Play: Social Media in Corporate Australia 2011/12 Report identified and analysed the emerging trends, risks and opportunities associated with social media in some of Australia's leading businesses, government departments and NGOs.

It is clear from SR7 and Thinqe's analysis that social media is still an emerging communication channel for Australian organisations and that there is great uncertainty of how to best develop, implement and manage social media initiatives.

The main challenges confronting Australian businesses, government departments and NGOs include the need to adopt a more strategic approach that wins the support of senior management through the presentation and delivery of appropriate measurement which can be tied to agreed ROI metrics.

Overall, the survey acts as a contemporary benchmark of the attitudes of a broad range of representatives across organisations in the relation to the use and implementation of social media tools, initiatives and campaigns.



ABOUT SR7

SR7 is the leading social media intelligence provider. We are the difference between 'social media monitoring' and 'social media intelligence'.

Our intelligence and reporting gives clients, whether they are a corporate client or a public relations firm, a comprehensive understanding of their social media footprint

We allow organisations to effectively mitigate against social media brand damage and capitalise on the vast social media opportunities that exist.

SR7 arms decisions makers with knowledge to effectively retain customers and attract new ones. As a leading independent social media intelligence, research and advisory company we deliver project based and ongoing reporting and advice.

www.sr7.com.au



ABOUT THINQUE

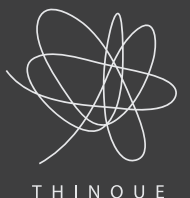
Thinque - a strategic think tank focussed on your future. Innovation, generation and communication trends are upending the ways we think, the ways we connect, and the ways we lead.

And change doesn't really care whether you like it or not. It doesn't need your permission.

This is where Thinque comes in. Our think tank provides GPS directions, thought leading advice and capacity building through strategic consulting, mentoring and training to organisations on 4 continents.

Founded by thought leader and TEDster Anders Sorman-Nilsson, Thinque works with thought leaders and change agents to upgrade your change adaptability, to provide you with a GPS reading of future trends, and to equip you with the latest thinking tools to harness the power of innovation, generation and communication trends.

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FOOTNOTES

- 03 Social Media Report Q3, Nielsen, 2011
- 11 Social Media: the voyage of discovery for business, KPMG, 2011
- 18 Social Media – Expanding your Horizons, KPMG, 2011
- 21 Burbary, A Wiki of Social Media Monitoring Solutions,
- 29 Brand and reputation damage is fourth biggest risk to companies, Inside FAC, 21 October 2011

