



A SNCR Executive Summary

The New Symbiosis of Professional Networks: Social Media's Impact on Business and Decision-Making

By Donald Bulmer, SAP and Research Fellow and Board Member, Society for New Communications Research

Vanessa DiMauro, Leader Networks, and Research Fellow, Society for New Communications Research

Preface

The convergence of the Internet, Web 2.0, and mobile technologies has created a disruptive shift in business. The era of Business-to-Person (B2P) communications driven by all things social (social media, social networks, and social influence) has emerged as a new model for engagement, and Social Media Peer Groups (SMPG) have evolved to take important and influential shape in a new business and economic environment.

This shift has disintermediated many long-standing marketing, communications, and selling beliefs that have traditionally guided how companies interact, support, and collaborate with their customers. We now work in an environment where companies have diminished control over the reputation of their brands, products, and services as the wisdom of crowds increasingly dictate the rules of reputation management and selling. Through the use of social media, customers and prospects now have an almost instantaneous platform for discussion of their ideas, experiences, and knowledge. Increasingly, the use of social media is playing an important role in the professional lives of decision-makers as they utilize the tools and mediums before them to engage their decision-making processes. The social nature of decision-making has increased with impressive strength, connecting generations of professionals to each other—changing the dynamics of customer relationship management, marketing, and communications – forever.

In today's global environment of a vast network of seamlessly connected devices (one billion people connected to Internet and four billion mobile phones) information has the capacity to travel at a business velocity never before seen. More than four hundred million people are sharing billions of pieces of content and experiences each week via online exchanges. Communities of practice, professional networks, email, and SMS are among the tools that enable multi-channel access for individuals (employees, customers, partners, and suppliers). We are finally a part of the long-promised global virtual and collaborative work environment.

Online communities and professional networks have arguably changed the way we do business and are, in themselves, new ecosystems, virally creating communities within communities that

drive brand recognition and brand experience—beyond the control of most companies to manage. Professional networks facilitate vast interactions, connections, and networks of people by enabling collaboration anywhere and at any time.

This research focuses on professionals' use of social media—and it all comes back to the strength of the relationship. Human relationships and peer-to-peer decision-making are inherently interrelated. Traditionally, we make decisions about who we trust in work settings based on a number of factors—one often being proximity. With social media, proximity is often superseded in the trust factor by relativity or like-mindedness. Is this person knowledgeable, credible, believable? Do we share the same views and networks—online or offline?

Because belonging to a peer network or online community requires us to perform publically, to share our background by way of a profile, to display our professional connections and networks, trustworthiness is, in many cases, more tangibly determined. Peer Groups can now be formed by idea sharing and virtual collaboration as easily as the proximity-based groups that often form in office settings.

Enter the era of Business-to-Person (B2P) communications and the emergence of Social Media Peer Groups (SMPG).

Through the use of professional networks and online communities, decision-makers are connecting and collaborating with peers, experts, and colleagues far and wide in an on-demand environment, about the issues that keep them up at night. The impact of these far-reaching business networks is becoming clearer every day as millions of consumers, partners, suppliers, and businesses discuss and share their professional experiences with each other with increasing levels of trust and reliance. It has long been known that peer endorsement is the single greatest decision-making accelerant. Through social media, peer influence cycles are happening at a velocity never before seen and, in many ways, companies are losing the ability to control their messages. They need to get back into the relationship cycle, but on the terms set forth by the SMPG. Participating in the SMPG relationship requires a behavioral change on the part of organizations—one dominated by valuable content and genuine contributions, transparent honesty, and a commitment to follow where the decision-maker wants to lead.

Executive Summary

A great deal of attention and research have been devoted over the last few years to evangelizing social media as a new form of customer-centric relationship building. Building a network or using social media to deepen customer intimacy has become the mantra of today. However, what is often overlooked is the impact of social media to change behaviors, and the potential to use social media to impact a professional's decision-making processes. While everyone is endeavoring to capture the mindshare of the buyer, few understand what success truly looks like.

In an effort to begin to better understand the impact of social media on business, we conducted research to examine the role that social media has on decision-making among business professionals. Specifically, we sought to understand the following:

- Is social media typically regarded as a trustworthy source of information for professionals?
- Does social media offer effective tools to access information, advice, and engage in professional collaboration? How do they compare to traditional off-line networking?
- What are the tools and sources of social media that professionals rely on to make decisions?
- Will social media change the business and practice of enterprise-level operations?

The methodology for this study involved a mixed-methods approach supported by quantitative data gathered via an online survey, which was completed by 356 professionals. The survey included questions designed to help the researchers better understand respondents' perceptions of and experiences with social media in support of their decision-making.

Following the survey process, in-depth telephone interviews were conducted with 12 professionals using a semi-structured interview guide. The researchers used an ethnographic research process to explore the role of decision-making to better understand the survey results in context.

The demographics of the respondents included:

- 23 percent) of respondents identified themselves as CEO of their organization; 50 percent as "Director" (24 percent) "Manager" (24 percent)
- Company size ranged from less than 100 to more than 50,000 full-time employees
- The age of the respondents was well distributed, with the greatest proportion in the 36- to 45-year range
- 25 countries were represented, with 58 percent of respondents living in the U.S.
- All respondents were either the decision-makers or influenced the decision process within their companies or business units

Key findings of the study included:

- Professionals tend to belong to multiple social networks for business purposes
- The "Big Three" social networks, LinkedIn, Facebook and Twitter, have emerged as professional networks
- Mobile is emerging as a frequent professional networking access point
- Traditional decision-making processes are being disrupted by social media

- Professional networks are an increasingly essential decision-support tool
- High levels of trust exist in information obtained from online networks
- Changes are taking place in organizations' internal and external use of social media
- There is a recognized need for peer input in decision-making.
- Connecting and collaborating are key drivers for professionals' use of social media.

Additional findings included:

- Final decision makers are more likely to indicate that they conduct research via a search engine (82 percent vs. 70 percent of Decision Supporters)
- Those professionals with more networks are more likely to gather opinions through their online network, read blogs and query the Twitter channel as early steps in the decision process
- Younger respondents are more likely to read a company blog and to query the Twitter channel vs. older demographics

What Does All This Mean?

Social Media Peer Groups (SMPG) have changed the way we do business as professionals (customers, partners, prospects, and employees). We use social media as a platform for discussion of ideas, experiences, and knowledge-exchange.

As we enter the era of business-to-person (B2P) customer relationship systems, those organizations that harness Web 2.0 technologies and SMPG platforms to enable B2P communications will be the winners. Laggards who do not understand the value of social networking and its appeal to the emotional side of customer relationship management will lose competitiveness and, ultimately, market share. Perhaps most importantly, they will lose the ability to connect and learn from their customers.

Professional networks and business-focused online communities are becoming the new strategic mandate. Effective customer relationships are the core to any successful organization, and the strength of any organization is largely dependent upon the company's ability to deliver the right products and services to its customers in a timely way. Knowing what customers want and understanding their current and future needs is paramount to increasing revenue and exceeding customer expectations.

Online communities provide a prime opportunity for organizations to get to know their customers more intimately and keep the finger on the pulse of their needs and behaviors. The time is now for companies to embrace communities to help them serve their clients better, faster, and in more cost-efficient ways. Through the use of online professional networks, companies

now have an opportunity to forge a dialogue with their customers actively throughout the lifecycle—not just at the point of sale—to learn what they like and don't like about a product or service.

There is nothing more dangerous to an organization's lifeblood than a group of dissatisfied customers. Yet, oftentimes, an organization may not even be aware of clients' issues until they have incurred reputation damage or a trending loss in revenue. By cultivating meaningful relationships online, product development leaders can work with clients to share roadmaps and plans collaboration—and to get early input from the people who would be their buyers at a later stage. Marketing can learn what messages are most effective with their constituents and have greater opportunities to educate and inform the customer, not just with shiny whitepapers and marketing newsletters, but by bringing them into the discussion and process of product and content co-creation. Professional networks also offer opportunities to make heroes out of users, enabling them to share best practice and learn first-hand from each other. This is especially effective with enterprise-level support when the key buyer is a C-level executive: Information-sharing could result in strategic growth opportunities for all involved.

The era of B2P marketing harnesses the new and deep connections that are forming between customers, products, and their suppliers. SMPGs, associations, and other social networks are now one of the most powerful influencing mediums in the world.

The greatest opportunity business has is to engage in “collaborative influence” via the immediacy of impact through social channels.

Great opportunities exist for many companies to engage with customers in social networks to test, elicit and validate ideas through various forms of “collaborative influence.” This can be an extremely powerful way to capture insights to improve existing products or services and identify needs to that support innovation and business opportunities. The move to social or “collaborative influence” requires a shift in sales, marketing, and development philosophy for many companies, however.

Further, it is clear from our research and experiences that challenges will face many marketers and communicators who endeavor to **manage** or **control** social media network content. Companies should be mindful that a primary reason professionals participate in social networks is to collaborate **not** to be sold to. Marketers should develop social media strategies that do not break or breach the social contract that professionals have when working within their social networks – by avoiding overt sales and marketing campaigns and programs. This is not to say that professional networks can't be leveraged effectively for such purposes, but a shift in behavior is required. Those that embrace transparency are the conversations that customers desire. Consider for example, the power of a gated community for key decision-makers that brings together customers of a product or service together with strategy leaders from within the company. Together, innovation ideas can be tested and explored with the customers and roadmaps built based on the actual needs of the buyers.

No longer do companies need to guess what the decision-makers want, or engage twice-removed customer research projects to find out what the customer thinks. In trusted online environments

where the audience is vetted and the rules of engagement are clear, as is the case with most professional networks and online communities for business, companies have an opportunity to make informed decisions for the future- collaboratively with the constituents that matter the most to them. The implementation of collaborative influence strategies designed to interact with customers and prospects will find better results in using social networks to effectively build brand experience, opportunities for innovation, and sales opportunities.

Finally, this research suggests that many professionals are collaborating more outside of their organizations as a result of social media than within their organizations. This is a significant and sad realization for many companies and executives who do not fully understand or appreciate the value that can be derived via the adoption of social media tools and strategies for internal use. Companies would be wise to embrace the desire and expectations by their employees to collaborate by implementing social media tools for internal (behind the firewall) purposes to enable greater connections between employees, encourage sharing of practices and experiences, and streamline communication.

Don Bulmer is a 2009-2010 Research Fellow of The Society for New Communications Research (SNCR) and Vice President of Global Communications at SAP AG. As part of the global communications management team at SAP, Don is responsible for leading the Industry and Influencer Relations organization, which includes: IT Influencer Relations, Business Influencer Relations, Global Customer Communities, and University Alliance programs. Don has more than 15 years of multi-national experience leading award-winning marketing, communication and business development programs with measurable effect in accelerating the sales and competitive strength of enterprise technology, Internet start-up, and professional service companies. Don's expertise includes designing multi-faceted marketing, communication, and public relations programs to support the launch of companies and the introduction of new products and services that have led to the creation and redefinition of several multi-million and multi-billion dollar, third-party validated market categories. Don joined SAP in 2001. He holds a B.A. degree from the University of the Pacific and a Certificate of Professional Development from The Wharton School at University of Pennsylvania. Don also serves as a member of SNCR's board of directors and was inducted into the PR News Hall of Fame in 2009.

Vanessa DiMauro is 2009-2010 Research Fellow of the Society of New Communications Research and the CEO of Leader Networks. A pioneer in business-to-business community building, Vanessa has been creating successful online communities and networks for more than fifteen years. Vanessa is a popular speaker, researcher and author on the topics of online communities, social and professional networking, and Web 2.0 for business. With a research background, Vanessa takes the approach of a cultural anthropologist to help businesses effectively use social media to get closer to their customers, generate revenue, innovation, and tangible ROI. She has both founded and run leading online professional communities, such as Cambridge Information Network (CIN) for Cambridge Technology Partners, Computerworld Executive Suite and CXO Systems' Peer Visibility Network. She consults with many organizations on Web 2.0 for business, and has a blue chip client list that includes Cisco,

Cognizant, EMC, LexisNexis, The Palladium Group, and SAP. Vanessa also serves as an Executive-in-Residence at Babson College, for the Olin School of Management. Women in Technology International (WITI) named Vanessa DiMauro one of “Boston's Most Influential Women in Technology.” She holds both a B.A. and an M.A. from Boston College.

Acknowledgements

The Society for New Communications Research thanks its volunteer Fellows for their work on this project and SAP and Leader Networks for their support in making this study possible.