Quarterly Digital Intelligence Briefing – Social Data

in association with Adobe
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1. Foreword by Adobe

This is the third Quarterly Digital Intelligence Briefing, brought to you by Adobe in association with Econsultancy.

The first report in this series looked at a range of digital-related trends and challenges, including an analysis of some of the metrics being used to measure the success of social media. The second instalment addressed the impact of marketing technology on business, including the uptake of reputation monitoring and social media management systems.

But while both previous reports only touched on themes relating to social media, this report is focused exclusively on the intersection of ‘social’ and business data.

The research shows that while the vast majority of businesses (84%) are using or striving to use social data to understand marketing ROI, only 12% have properly got to grips with how to do this.

We believe this briefing contains valuable insights to help marketers tap into this potential and to help organisations in their quest to put social strategy at the heart of their businesses.

Through this research, we have learnt that companies effectively integrating social data into their broader business activity are reaping tangible benefits which are making a compelling case for further investment in social media marketing.

Publication of this report follows Adobe’s launch of SocialAnalytics. We are excited to have launched a product which is already helping our customers align their social media campaigns with business objectives, enabling them to get more transparency about the impact of social media on the KPIs that determine business success.

For too long, marketers have been relying on data from disparate tools using slow and manual processes which end up delivering little insight on sentiment and engagement only, resulting in social media programmes being managed in isolation and without the business context that makes this data meaningful.

Our goal is for marketers to be able to balance their strategy and investments in social media based on measurable outcomes and in the context of broader, multichannel marketing efforts.

Section 5 of this briefing looks at the importance of unifying different sources of data, a challenge which was a major motivation in developing and launching Adobe SocialAnalytics.

We look forward to bringing you more Quarterly Digital Intelligence Briefings in 2012. Look out also for the fourth instalment early in the year which will look at where digital marketers will be focusing and prioritising their efforts throughout the year.

Thank you.

Neil Morgan
Senior Director, EMEA Marketing
Adobe

3 See Figure 2 and Figure 5
2. Introduction: social data at our fingertips and yet often beyond reach

This third Quarterly Digital Intelligence Briefing, published by Econsultancy in partnership with Adobe, has ‘social data’ as its central topic. The charts included in this briefing are based on a survey of almost 600 businesses (predominantly from the UK and US) carried out in November 2011. For more detailed profiling of respondents, see Section 9.

This is an area rightly attracting great interest because it brings together two of the most omnipresent themes resounding throughout the marketing world. Organisations have slowly been getting to grips with social media and its implications, and trying to harness this phenomenon for marketing, customer service and a range of different business functions.

At the same time, we are all trying to come to terms with the proliferation of data now available for analysis (‘big data’), whether from analytics tools, social listening technology or Facebook’s social graph. This data is at our fingertips and yet often beyond reach. Notwithstanding the challenges of unifying different sources of information (see Section 5), marketers are increasingly appreciating the power of data for improving marketing effectiveness and business performance.

It is no surprise that these trends are coming together, with forward-thinking businesses eager to extract insights and meaning from the social interaction customers and prospects increasingly have with their brands, services and products.

Recent research published by Econsultancy has found that companies have now typically moved beyond the experimental phase when it comes to social media (now 64% compared to 54% a year ago). Part of this progress involves a more systematic approach to social data, the various guises of which are explored in more detail in this report.

We are clearly at the very early stages of this evolution. Figure 1 below shows the extent to which companies say they are harnessing social media effectively for their businesses, with a paltry 16% agreeing they are doing this compared to 57% who disagree.

Figure 1: ‘We are harnessing social data effectively for our business’

3. **The social data opportunity... can you impress the CFO?**

*Figure 2* shows whether the companies we surveyed are using social data for a range of reasons related to a number of business objectives. Around half of companies are now using social data to ‘gauge sentiment’, to enable more ‘targeted and relevant communication’, ‘to improve customer service’, ‘to address specific complaints’ and ‘to inform product and services development’.

It is clear that many companies not yet exploiting the data across all these areas have aspirations to do so. More than half of companies (57%) are planning to use data to ‘measure ROI from social media marketing’, while 45% intend to use social data to ‘measure the returns from other types of marketing’, for example using changes in sentiment and volume of comments as a barometer of brand advertising success.

It can be seen from this chart that measurement of ROI is the toughest nut to crack, along with the use of social data to make tangible changes to business performance (i.e. ‘improving conversions and sales’).

*Figure 2: Does your organisation use social data for any of the following?*
While many organisations have taken a leap of faith by investing in social data analysis, others are procrastinating while their CEOs and CFOs seek proof in the form of pound or dollar signs. As the charts below show, around two thirds (64%) of respondents say their organisations recognise the opportunities with social data. And yet only 40% of companies say their firms are investing here.

The problem for many businesses is that they are using metrics to measure the success of social media activity (for example the number of Facebook ‘Likes’ or Twitter followers), but failing to make the next step by understanding how this drives or correlates with improved business performance. Without this framework, and without establishing the right key performance indicators, it is difficult to make the case for more investment in social media-related business activity and associated analysis.

Figure 3: ‘We recognise the opportunities with social data’

Figure 4: ‘We are investing in social data’
4. Overcoming barriers: how to become a social organisation

The chart below shows how responding companies rate their ability to use social data for the same set of business needs as shown in Figure 2. The biggest struggle is around understanding ROI, but across the whole spectrum there is a paucity of companies who rate themselves as ‘good’.

Companies are best at using social data to address specific comments or complaints from individuals, with 35% of respondents saying they do this well. It is also encouraging that the majority of companies use data to feed into product and services development.

Figure 6 shows the barriers to success, with organisations most likely to be held back by a lack of joined up thinking and organisational silos. As well as organisational structure, companies are also held back by a separation of social data from online data or broader business performance data held in web analytics. A third (34%) of companies say this is one of the three most significant obstacles, compared to 44% who flag up their stove-piped company structure and siloed thinking.

Figure 5: How do you rate your ability to use social data for the following?

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**Figure 5:**

- To address specific comments / complaints: 24% good, 29% okay, 37% poor
- To inform product and services development: 42% good, 42% okay, 38% poor
- To identify influencers, advocates and detractors: 30% good, 29% okay, 30% poor
- To gauge sentiment towards brand / products: 29% good, 30% okay, 29% poor
- To improve customer service: 50% good, 61% okay, 58% poor
- To generate new and relevant communications ideas: 48% good, 49% okay, 48% poor
- For more targeted and relevant communications: 37% good, 32% okay, 37% poor
- Measuring ROI from other types of marketing: 27% good, 27% okay, 27% poor
- Measuring ROI from social media marketing: 13% good, 12% okay, 10% poor

Adapted from: Econsultancy.com Ltd 2011
Figure 6: What, if anything, is preventing your organisation from harnessing social data as effectively as you would like?

What’s the single most effective initiative or programme your organisation / clients have undertaken in regards to social media?

“Collecting social media data and merging with customer and visitor data.”

“Having a unique and engaging product rather than one-off initiatives. The greatest success is in highly influential people sharing your content organically.”

“Implementing a third party management and monitoring tool to achieve objectives and governance.”

“Listening more than we tweet... then focus on key points in newsletter, and design products for conversation.”

“We have discovered that social media brings us extremely targeted leads and creates overwhelming awareness for our brands. That said, we use it extensively for getting noticed by top SEO and technology experts, to attract affiliates and guest bloggers and generate leads. So far our efforts in this have brought great ROI. I am sure that with time we will get only better at this, especially once we find some sort of comprehensive social media analytics solution to measure our progress.”

“I haven’t seen many effective examples – lots of people are doing social media because they feel they should, without setting clear goals or effectively monitoring success.”

“Creating dedicated resource to social and developing a full social strategy instead of dabbling in the environment.”

“Global auditing across eight key countries and development of global strategy for regional adoption.”

“Linking social media platforms so that there is coordinated marketing effort for their goods and services.”

“The most effective campaigns have always been based on true integration with other channels, and those with the most compelling content. Social media has very rarely proved an effective channel if used in isolation.”

“The most integrated ones. For example, a client effectively integrating tools and platforms such as Twitter, Foursquare, Facebook, Google+, website (including mini-site) support and mobile/web apps.”

Company and agency respondents
The matrix below (Table 1) describes in more detail the four stages companies typically go through in their quest to become ‘social organisations’. It can be used as a roadmap by those aiming to move from using social as a fairly blunt tool, to having social data permeate every business layer and inform every decision. There are five key areas that need to be addressed:

- Leadership and culture
- Measurement
- Systems and processes
- Customer experience
- Use of insight

While many organisations have recognised the value of using social data, recent Econsultancy research has shown that the location and integration of social media capability remains a point of debate within businesses striving to harness social data for the entire organisation. The majority of organisations (63%) covered in the Digital Structures and Resourcing survey have positioned social media capability within their marketing team, making it either part of the broader remit of the team (28%), or the specific remit of social media specialists who are part of the team (35%).

Table 1: Becoming a social organisation – a four-stage journey

<table>
<thead>
<tr>
<th></th>
<th>Social as a Tool</th>
<th>Social as a Channel</th>
<th>Social as a Platform</th>
<th>Social Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main objective</strong></td>
<td>Listen and reach – achieve a critical mass of audience.</td>
<td>Participate and publicise – broadcast standard marketing via social media channels.</td>
<td>Engage and capture – understand sentiment, measure engagement and drive purchase intent.</td>
<td>Build and propagate – unveil patterns among interactions, deepen relationships.</td>
</tr>
<tr>
<td><strong>Systems and processes</strong></td>
<td>No guidelines or policy.</td>
<td>No consistent standards for engagement and facilitating interaction.</td>
<td>Policy and guidelines formulated, dedicated roles. Social media performance dashboards.</td>
<td>Fully integrated tools and systems, social media strategy in line with business objectives.</td>
</tr>
<tr>
<td><strong>Leadership and culture</strong></td>
<td>Decentralised / distributed, experimental phase. No dedicated resources.</td>
<td>‘Pockets’ of social media activity within departments, no department manages or co-ordinates efforts.</td>
<td>One department controls all efforts, hierarchical structure.</td>
<td>Cross-functional social media teams, collaborative culture. Co-ordinated use of data / findings.</td>
</tr>
<tr>
<td><strong>Customer experience</strong></td>
<td>Directly addressing comments, reactive, often taken by surprise.</td>
<td>Basic customer service via social channels, focus on sales.</td>
<td>Social data in CRM. Social used as a lead generation and service channel.</td>
<td>Seamless customer experience across all touch points. Loyal communities.</td>
</tr>
<tr>
<td><strong>Measurement</strong></td>
<td>No measurement.</td>
<td>Measuring direct ROI of social.</td>
<td>Measuring total ROI of social.</td>
<td>Use social to measure ROI of social and non-social channels.</td>
</tr>
<tr>
<td><strong>Use of insight</strong></td>
<td>Basic listening, focus on reach / volume of brand mentions.</td>
<td>Identifying influencers / advocates / detractors.</td>
<td>Product and services development, cultivating relationships with influencers, building advocacy.</td>
<td>Listening integrated with internal processes for change.</td>
</tr>
</tbody>
</table>

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Adobe / Econsultancy Quarterly Digital Intelligence Briefing

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5. Unifying disparate sources of data

For organisations to remain competitive, the question is not whether to invest in data management, but rather when, and how much. The modern marketing organisation (not to mention the executive team to which it reports) requires capabilities that begin, and sometimes end, with data unification:

- **Relationship and behaviour analysis** – for better or worse, marketers now get information about their customers and prospects from a wide variety of sources that range between owned, earned and bought media. Everything from whether someone tweets their disapproval to their interaction with a rich media ad to their mobile app use, to a good old fashioned email preference centre can be relevant data.

- **Customer experience analysis** – the customer experience is often the only differentiator between a company’s offering and its competitors’. Understanding how customers use the website, consume its content and interact with the brand is, by definition, a primary goal for any company that considers itself customer-centric.

- **Personalisation and automation** – the ability to direct content at the user level has been a key selling point since the beginnings of digital marketing. The reality has often proved elusive, but for companies that get it right, the rewards are improved ROI, engagement and retention.

- **Content development and deployment** – everyone is a content marketer, whether that means white papers and webinars, consumer focused blogs, user videos, Twitter feeds or one of a hundred other possibilities. Knowing what kinds of content to produce is guesswork for most. Data offers real, timely insight into what content will truly act as a magnet for relevant traffic.

Figure 7: What sources of social data does your organisation collect or analyse?
6. **Social CRM: understand your customers’ social behaviour**

For most organisations, the rewards of social media are largely unknowable or far more modest than they could be. That’s because social media usually exists as a standalone programme that isn’t tied into a structure that couples technology (primarily CRM) with process.

The small minority that truly integrate social with CRM (2% of our sample) has a variety of capabilities and potential learning opportunities that the majority simply can’t access. In almost every area where social offers opportunity, the integration with other information systems is what’s required to fully take advantage.

Figure 8: Which of the following describes your own or your clients’ approach to social CRM?

![Diagram showing the distribution of approaches to social CRM]

Perhaps the most straightforward example is also one of the most powerful – including social data in individual prospect profiles for use by sales people. While companies must take care to adhere to data privacy laws (and avoid scaring people), knowing what someone said in a forum post or an indication of their sentiment can mean more on a phone call than most variables. It gives the sales person something tangible and clearly relevant to talk about, because they’re taking the customer’s lead and often an idea of intent.

Technology also allows us to think beyond the individual level. Social data cross-referenced with existing customer information can give us the power of prediction. Other types of customer research are limited by the fact that they are gathered within a research framework ... social cues come unrequested and unguided. Their unvarnished truth generates anecdotes at an individual level, but in aggregate can help to understand and anticipate whole customer groups.
Behavioural prediction is tricky, complex and somewhat notorious. However, social data has been shown to be an accurate predictor of at least certain types of business outcome. For example, researchers at HP used Twitter rates and sentiment analysis to create a prediction algorithm for Hollywood film revenues that is more accurate than any existing method.

As prediction moves out of its infancy and such algorithms are productised/systematised, companies should be able to apply them to customer segments, using both anonymous, keyword-generated groups as well as the customers and prospects in their CRM systems.

Social CRM also gives us a chance to evaluate all types of marketing by following conversions back through the customer experience and examining the points of engagement in the process. In the modern era, true attribution can’t happen without taking social factors into consideration. As the mobility and anonymity of website visitors increases, social interaction may become one of the more stable indicators of how people are interacting with marketing content.

Why do you think your organisation has been successful in integrating social and CRM data?

“I believe we are learning how to integrate social and CRM data better than previously. It is more a staircase rather than a doorway and we are testing various best practices to see which methods are effective. We want to be more successful and are working hard to get there. As social data capture evolves and new networks such as Google+ appear we are finding it easier to harness the information required to measure customer engagement with our marketing compared to recommendations made by peers.”

“It’s enshrined within their practice and their thinking.”

Client-side and agency respondents

Figure 9: How potentially valuable for your organisation is joining up social and CRM data?
Organisations recognise the potential value in joining CRM with social, but they’ve been stymied in practice, largely by their own systems. Two of the top three obstacles noted by respondents were related: ‘marrying disparate databases’ and ‘technology issues’ were cited by 49% and 37% of the sample respectively.

Technology isn’t the only barrier. The nature of social data is that it isn’t easy to fit into ones and zeros. It’s as varied as opinion and has a notoriously high noise to signal ratio. Some 47% cite ‘processing social input into CRM ready information’ as an obstacle, and at some level it presents an issue to virtually all companies doing social listening.

Figure 10: Which of the following challenges do you face joining up social and CRM data?
7. Social signals – the future of search is happening now

The charts on the next page compare the perceived importance of social signals on search rankings now, and how important responding companies believe these signals will be in three years’ time. Only 25% of companies believe this is ‘very important’ now, but this figure increases to 57% for perceived impact in 2014.

Though this hasn’t yet filtered through to many marketers, one of the most important trends in the world of search engine marketing during 2011 has been the increased importance of social signals for determining search rankings. It is no secret that the major search engines such as Google and Bing are increasingly using signals such as tweets or Facebook Likes as part of their complex algorithms for determining page rankings.

The arrival of Google+, and more recently the launch of brand pages by Google in November 2011, is the latest evidence that social media and search marketing are more inextricably linked than ever.

As recently as 2009, scepticism in some quarters about the direct impact of social media activity on SEO prompted a blog post and debate on Econsultancy about whether there was a significant benefit from social on search rankings. This is no longer in doubt and the discussion now is more around the extent to which social media can boost SEO (and what can be done about it), rather than whether social media is important for search.

Writing on SEOmoz, Dr Pete Meyers, the President of User Effect, examines whether social signals drive traffic. As he points out in his statistical analysis, there is a ‘chicken and egg’ problem in understanding the precise impact of social signals on traffic from search because more widely visible content is more likely to get more social engagement. But the conclusion nonetheless is that +1’s and Facebook Likes drive traffic, and ‘social proof’ psychological principles dictate that search engine users are more likely to click on pages which have been given the thumbs-up by others. And the closer the social connections, the greater the propensity to click.

With search representing such a huge component of most companies’ marketing, we believe that organisations need to prioritise a joined-up approach to search engine and social media optimisation activity now, rather than waiting for social signals to become even more important.

But, worryingly, Figure 13 shows that only 6% of responding companies say that social signals are having a major impact on their search and social media strategies, while 34% say there is ‘no impact’. The remainder (60%) say there has been only a moderate impact.

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7 [http://www.seomoz.org/blog/do-social-signals-drive-traffic](http://www.seomoz.org/blog/do-social-signals-drive-traffic)
Figure 11: At this moment in time, how important do you think that social signals are for determining search rankings?

Figure 12: In three years’ time, how important do you think social signals will be for determining search rankings?
Figure 13: To what extent are social signals impacting your organisation’s (or your clients’) search and social media strategies?

![Figure 13](image)

Can you please describe the steps your organisation / clients are taking to deal with the impact of social signals on search programmes?

“Building really engaging content - displaying thought leadership around our subject.”

“Increasing content creation within social media environments.”

“Reprioritising SEO focus away from traditional site optimisation to social optimisation - providing customers every means to engage with the site and influence Google into improving relevance to products and increase ranking in SERPs.”

“We are actively developing content strategies that are separate from, yet complementary, to our web site content strategy. We have dedicated resources managing social media engagement.”

“Becoming more active on social networks like Twitter and actively engaging following to increase influence. Also creating more ‘share-worthy’ content.”

“Majority of clients are trying to keep pace with the changes around search and social, particularly since Google officially acknowledged some time ago that social links did indeed affect rankings.”

“Making their search strategies more social focused - building real, long lasting relationships with bloggers and writing content with and for them and the customers rather than the search engines.”

“Most clients are dipping their toe in the water by ‘tweeting’ or having a Facebook page but it is fairly innocuous - little to no monitoring or real understanding of the power of social media.”

“Thinking about search and social in a joined-up way.”

“They are evaluating other organisations’ activities, looking for best practice and making initial assessments of how to take this forward.”

Client-side and agency respondents
8. Harnessing real-time data insights

In a business world where decision-making and business success are increasingly underpinned by data, it is no surprise that vendors and technology users are pre-occupied by the need for information in real-time or, to use the industry jargon, ‘on-the-fly’.

In the world of social media, companies are being forced to modify the rear-view mirror approach to marketing strategy which has historically seen businesses wait months for accurate information before making strategic and tactical changes.

This type of approach, with companies resembling oil tankers attempting to change direction, is now being abandoned by more enlightened organisations who can understand the opportunities afforded by a more nimble and dynamic approach.

As Kantar CEO Eric Salama stated at his company’s Digital Connections 2011 event in London in September 2011: “Getting 80% accurate information now is more important than being 100% accurate in six months’ time”.

Social media gives companies an unprecedented opportunity to listen to what customers are saying about brands, products and services, whether to address specific customer service issues or to systematically build customer and stakeholder feedback into product development roadmaps and marketing strategies. It is no surprise that companies are investing in social listening technology which puts actionable information at their fingertips.

The concept of social media as a giant 24/7 focus group is not a new one, but the following examples show how companies are using social data to drive business success.

- Recognising the potential of its technology for its retail clients, Bazaarvoice has recently launched its Customer Intelligence platform which enables clients to filter ratings and reviews by product and customer segment, and to identify promoters and detractors. Clients such as 3M and Cabelas can access qualitative and quantitative data in an instant to see what types of products are most popular (or unpopular) to which types of people. The data can be used throughout the organisation, whether for insights into how products should be marketed or co-innovating new products with advocates.

- Organisations such as Gatorade, Dell, Salesforce.com and NVIDIA have set up their own versions of social media command centres to keep a real-time pulse of their customers, track conversations and sentiment, engage with influencers and provide timely resolutions. For example, Dell’s Social Media Listening Command Centre tracks on average more than 22,000 daily posts related to Dell, as well as Twitter mentions that have a reach greater than the circulation of the top 12 daily newspapers in the US.

- Adobe has recently launched its SocialAnalytics tool, enabling companies such as MTV and Warner Music to connect their social media activities to their key business results. Warner Music Group used Adobe SocialAnalytics to help them understand the impact of their artists’ social media activities on sales. Real-time insights helped optimise when, where and how the campaign team engaged the audience. The social campaign drove a 194% increase in website visits within a single week and 302% increase in orders placed on the artist’s website. Carmen Sutter, Senior Director of Data Services, Warner Music Group, said:

  “Adobe SocialAnalytics and Adobe SiteCatalyst are perfect for understanding social media behaviours to more effectively target content and messaging that encourage greater engagement with artists’ sites and generate more buzz around releases, merchandise and products.”

* [http://www.slideshare.net/dellsocialmedia/social-media-leadership-forum-dell-case-study](http://www.slideshare.net/dellsocialmedia/social-media-leadership-forum-dell-case-study)
The emerging digital fingerprinting / content recognition technology providers (e.g. IntoNow, TVTak) aim to capture the real-time conversation and social interaction that is happening across the increasingly non-linear, connected TV landscape. Organisations will be able to turn these ample social data streams into useful insights, unveil consumption patterns, define appropriate engagement models and benefit from additional commercial opportunities.

Figure 14: Do you agree or disagree with the statement “Real-time social data insights are widely available within our company”?

![Pie chart showing agreement levels](image-url)
9. Appendix: Respondent Profiles

This third Quarterly Digital Intelligence Briefing is based on an online survey of more than 600 client-side and agency respondents. Adobe and Econsultancy promoted the survey to their respective user bases.

9.1. Geography

Just over a quarter (27%) of respondents are based in North America and around two-thirds (67%) in Europe. Other countries and regions represented include Australia, South America and the Middle East.

Figure 15: In which country/region are you (personally) based?
9.2. **Business sector**

Respondents work across a wide range of different industry sectors. The best represented sectors are *retail and mail order* (15%), *education* (9%), *professional services* (9%) and *financial services* (8%). Just over a quarter of respondents (29%) specify ‘other’ as their sector. Other sectors included *public sector/not-for profit* and *IT*.

**Figure 16: In which business sector is your organisation?**

![Business sector chart](chart.png)
9.3. Business focus

The chart below shows to what extent businesses are focused on B2B, B2C, or both. Just under half of respondents (42%) are exclusively focused on B2C, while around a third (32%) are B2B focused. Just over a quarter (26%) are focused on both B2B and B2C.

Figure 17: Is your business focused more on B2B or B2C?
9.4. Size of company by revenue

The chart below shows the annual revenue of responding (client-side) organisations.

At the upper end of the scale, around a fifth of US client-side respondents (22%) work for companies earning more than $1bn.

Just under half (46%) of the respondents based in Europe work for companies with annual revenues of more than 50 million pounds/euros.

Companies
Figure 18: What is your annual company turnover?