

Lithium

social customer experience
why it matters,
what it means for your brand



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we help companies unlock the passion of their customers.

The Lithium Social Customer Suite allows brands to build vibrant customer communities that:

customer experience is top of mind

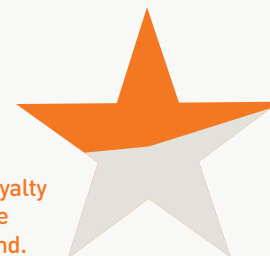
The Internet has so disrupted the nature of commerce today that brands are increasingly duking it out for leadership over the one battle ground they have left—the customer experience. We can no longer expect our pricing, distribution or promotional strategies to catapult us toward market leadership when our goods are available at a dizzying array of prices across dozens of websites. Indeed, only 14% of social customers say special promotions and discounts earn their loyalty, while 47% of social customers say an overall positive experience with the brand keeps them coming back. In fact, 54% of social customers say that 25% or more of the value they feel from consumer experiences is due to the overall experience they have with a company.ⁱ

In today's world, it's the overall experience our customers have with our brand that matters, and it's in exceptional customer experiences that top brands see **the greatest opportunity for competitive advantage**. Fully 90% of companies declare customer experience is a top strategic goal and 75% aim to make it a point of differentiation.ⁱⁱ

customer experience matters

47%

say a company can earn their loyalty most quickly based on the entire experience from beginning to end.



54%

of social customers say that 25% or more of the value they feel from consumer experiences is due to the overall experience they have with a company.

the challenges of the digital experience

Ask any seasoned customer experience professional today and they'll likely fess up to the fact that a differentiated digital experience is no easy feat. Today's customer experiences are more complicated and happen in a **greater number of channels than ever before**. The complexity of the digital realm has given businesses a new sense of urgency to deliver positive customer experiences, yet they struggle to unify the multitude of technologies and touch points consumers now use to connect with brands. If we don't keep our eye on the customer experience ball, we force our customers to wade through disjointed, fractured and frustrating online experiences.

When our customers move from our product pages to customer forums, from our Facebook pages to our helpdesk, they don't care that they are interfacing with four different business units. In fact, they very much prefer not to notice. They wonder why they need to rehash their issues to different employees in different channels and they can (and do) easily share their frustrations to wide audiences with a few simple keystrokes—#[brand]fail.



77%

of brands today claim that improving the online customer experience is a top priority.

From search engine optimization, to digital advertising, to ecommerce, to CRM, we have our work cut out for us creating cohesive online experiences that both acquire new customers and keep them loyal. In all of its challenges and complexities, the Internet has put the online customer experience front and center in the attention span for most brands—and there it remains. 77% of brands today claim that improving the online customer experience is a top priority.ⁱⁱ

But just when we think we've got it all figured out, just when we've optimized customer experience across the complex digital landscape, it all changes once again.

#[brand]fail

enter: social media

If we thought Internet adoption was impressive, social media adoption has been nothing short of breathtaking—65% of Internet users today use social networking sites,ⁱⁱⁱ half of consumers now claim they are fluent or expert in social mediaⁱ and a staggering 1.43 billion people are predicted to be social-network users in 2012.^{iv} For more and more consumers today, being online is now synonymous with being social—participating daily in social networks like Facebook, Twitter, FourSquare and Pinterest.

And our customers are bringing their consumer behavior with them to the social web. 72% report they use social media to stay connected with brands and 51% say they use social media to share product experience and advice.^v

As more consumers become more social, brands are increasingly shifting their attention to the social customer experience—the collection of open, transparent, peer-to-peer exchanges that happen in online communities and social networks.

the economy is increasingly social

72%

of consumers use social media to stay engaged with brands

51%

use social media to share product experience and advice

And business is onboard. Our adoption of social media has been rapid and impressive. Not so long ago, most business conversations around social media were about whether or not to jump in at all. In just two short years, social media adoption among business has nearly doubled. Today, 86% of brands maintain a Facebook page^{vi} and social media is a staple in the marketing mix. Moreover, the **social media conversation** is shifting decidedly from presence to value—from whether or not to show up at all, to how to create meaningful engagement with social customers, how to measure **social media marketing ROI**, and how to connect it with the bottom line.

As much as the Internet has disrupted the economy, social media has disrupted the Internet. What started as an information hub is now a relationship hub. What started as a place to find information has become a place to connect with people like ourselves for that information. The most substantial and important change all that disruption has brought about has been to put control of the conversation squarely in the consumers' corner—just where they like it. Today's consumers are more vocal and empowered than ever and they don't shy away from using their newly minted social media megaphones. Many brands are finding out the hard way that those megaphones can mean trouble for service experiences that fall short of expectations.

consumers are increasingly social



65% of Internet users today use social networking sites



½ of consumers claim they are fluent or expert in social media

1.43 billion
will use social networks in 2012

the social media challenge/opportunity

The hard truth is that social media delivers a painful ultimatum to business: Shape up, or die. Greater than 40% of social customers say that after a negative online social customer experience with a brand, they are likely to steer others away in any number of ways—in person, through email, through their own social networks, and on branded communities. 57% report that after a negative online social customer experience with a brand, they are not likely to spend any more money on its products or services.ⁱ

bad customer experience is costly



40% of consumers say they are likely to steer others away after a negative brand experience

experience. Each month consumers share over 30 billion pieces of content on Facebook and 5 billion Tweets—25% of it including links.^{vii}

Social media makes it unbelievably easy for consumers to share their experiences. With the full power of sharing technology at their fingertips, today's consumers have made social media strategy top of mind for most brands, and rightly so.

great customer experience pays dividends



But the door swings both ways. When brands deliver positive experiences, they invest in an annuity that just keeps on giving. 50% of social customers say they are likely to share positive customer experiences through online social networks and 47% say they are more likely to spend more after positive experiences.ⁱ

With social media firmly entrenched in our culture, those brands still approaching **social media marketing** as an afterthought can count on continued struggles ahead. As social networking continues to grow into one of the most important realms of customer experience, it's the social customer experience that becomes an opportunity for differentiation for the most forward-thinking brands. The **social customer experience** is the new frontier of competitive advantage.

you can't take the social out of the customer

i love my
airline!

Consumers today routinely make **multi-channel journeys** across multiple touch points to educate themselves, comparison shop, make purchases, seek help, rave and complain. Despite our best efforts to corral customers into the most efficient channel for the task at hand, our head-strong friends move about as they see fit, deciding when and how to interact with brands and in which channels. And they rely heavily on each other for tips and advice as they navigate their consumer journeys.

So, what else is new? Before the Internet, before television and radio, before telephones, we regularly asked our friends which cleaning service to use and told them to stay away from the Chinese place on 3rd Street. We've always been brand advocates for the things we love. We raved about the new skin cream we just discovered and told anyone who'd listen about the horrific experience we just had with our tailor. We learned from our neighbors that soda water gets out stains and that old bananas make good bread.

The products we use may have changed, but our behavior hasn't. Consumption has always been a social act. Today, it's our love for electronics, our airlines mishaps and cable company tribulations we talk about. It's all over our blogs, on Facebook pages and in our Tweets, but it's basically the same behavior. We're just gabbing about how we use things in the world. We like peer-to-peer experiences.

We have always socialized around our consumptive habits and wielded enormous influence over one another's consumer behavior in the process. Consumers have always trusted each other more than anything a brand could possibly have to say. For all its complexity, influence moves through today's economy much as it always has. 71% of consumers today say friends and family are among the top 3 ways they become aware of new brands and products.^{viii}

The only thing different about today's economy is that increasingly, consumers are influencing and being influenced by friends and family through online social networks. Social media allows consumers to do what they've always done, what their social habits drive them to do. Online social networks just let them do it faster, more easily, and with greater volume and reach.

Simply put: We can take the customer out of social, but we can't take the social out of the customer. We can plug our ears, refuse to consider the social context of consumer behavior, force them to play by our rules and continue our one-sided conversations with them (read: us blasting out our marketing messages, them ignoring us). Or, we can lean into the fact that our customers are social beasts and come out way ahead of the pack.

i hate
my cable
company!

my new
cellphone
rocks!

solving business problems with social customer experience

Top brands today are proving that a focus on the social customer experience helps them to solve some of the biggest challenges they face, namely:

1. **Today's consumers are increasingly demanding.** When consumers seek **support** online, they expect it to be fast and great. 47% expect service within 24 hours.^v And if it isn't terrific, watch out—according to Jupiter Research, 80% say they'll take their money elsewhere if their service expectations aren't met.

2. **Consumers don't trust brands.** No matter what brands do, we can never achieve the credibility of a peer. 90% of consumers trust peer recommendations, but only 15% trust what brands have to say.^{ix}

Consumers prefer social channels. Even if our service were top notch, our customers would still turn to peers for advice first. 63% of consumers search online to connect with others with similar issues when they need help.^v

3. **Servicing customers is costly.** Traditional contact solutions cost millions to set up, more to maintain and often suffer from high attrition and low productivity rates. Scaling the service end of the business remains deeply problematic for many industries.

47%

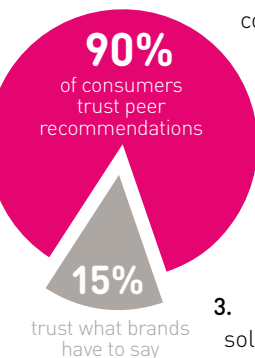
of consumers expect service within 24 hours

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4. **Keeping up with the pace of innovation is difficult.** The traditional cycle of market research, product innovation, focus group testing and product release is too clumsy and slow for today's consumers. Brands that can't innovate quickly are feeling it at the cash register.

Today's **top brands** are meeting each of these challenges head-on by investing in more and better social customer experiences—building, facilitating and cultivating open, transparent peer-to-peer exchanges in social networks. They're launching branded online communities where customers can interact with each other around anything from technical advice to product information to ideas for improvement. They're making it fun and exciting with the introduction of gaming dynamics (or, **gamification**) into social customer experiences to motivate participation. And they're making these engaging customer experiences available to social customers wherever they are—on Facebook, Twitter or their smart phones.



Autodesk®

The **Autodesk** peer-to-peer support community deflected \$6.8 mm in support costs in the first 6 months.



sky

Since **Sky** extended their help forums to Facebook and Twitter, customers report 90-100% satisfaction and resolution.



HP Experts—less than 1% of community membership—solve more than 50% of problems across 7 HP communities.

1%

giffgaff™

100% of **giffgaff** customer service is handled by the community which provides answers in an average of 90 seconds.



creating business opportunities with social customer experience

70%

of consumers report that Internet search is among the top 3 ways they most often become aware of new brands or products

33%

of consumers say that great online customer support keeps them loyal

A focus on the social customer experience not only solves business problems, it creates opportunities for new ways of doing business that drive even more bottom line change. Things like:

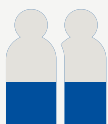
1. **Building awareness.** 70% of consumers report that Internet search is among the top 3 ways they most often become aware of new brands or products^{xiii}. Online customer communities are not only places where we can deliver satisfying social customer experiences. Because they're full of user generated content, they boost search results.
2. **Driving loyalty.** 33% of consumers say that great online customer support keeps them loyal.^v Social support communities have shown time and again to improve the support experience, giving many brands significant increases in their Net Promoter Score (NPS) shortly after launch.

3. **Creating demand.** 74% of consumers use social media to recommend products to friends and 80% are more likely try to new things friends suggest because of social media.^v Content that flows through social media is largely user generated and it wields enormous influence. Social media is an amazingly powerful word of mouth marketing engine.
4. **Improving go-to-market effectiveness.** Brands that enlist their social customers in the innovation process and reward them with more status and privilege when they contribute are raising the pace of business evolution. They draw from a larger idea pool and bring better products to market faster.

The social media revolution has made not just the customer experience, not just the online customer experience, but the social customer experience singularly critical for success with today's consumer. Brands that understand how new and unique business opportunities and real lasting market influence is most successfully propagated through online social networks are gaining competitive advantage.

FICO

Community URLs drive 39% of search traffic for Fico.



SEPHORA

Sephora Beauty Talk community members spend 2.5x more than average—Superfans spend 10x more.

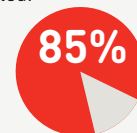
2.5x community user
super fan 10x



The Best Buy community generates millions annually from sales advocacy.



85% of Verizon' IMG 1.9 software is community suggested.



social customer experience must haves

As the social media landscape continues to emerge, (will Pinterest be the next Friendster?), it's important to remain responsive and adaptive. It's also important not to let social fads dictate our **social media marketing strategy**. Remember Facebook Discussions? Facebook decided simply to retire them, and many brands were suddenly left without a way to engage millions of fans.

Yes, we should absolutely show up in the places where our customers congregate. But a winning social media strategy is a lot more than just showing up at the right party. It means engaging with the other guests and enlisting them in your cause.

It takes more than technology to win in today's social marketplace. Driving real business outcomes from our social customers means getting several key things right. Here are the foundation ingredients for the proper mix:

Owned, on-domain media.

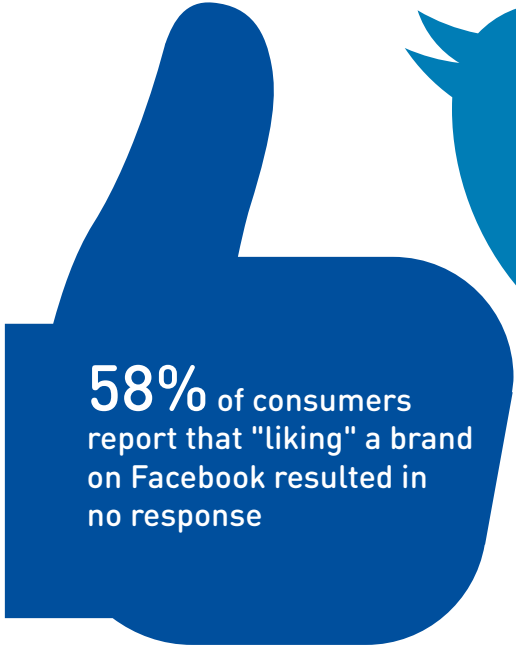
Unlike Facebook pages, online communities are customer networks we own. They can be fully branded and the way social customers experience them is entirely up to us. We'll always be severely limited when we engage with customers through public social networks. Since we have little control over the way the way our customers experience our brand on sites like Facebook, differentiating ourselves becomes problematic. That's the problem with social media that we don't own—its value is constantly at risk.

An **online community** is a central, flexible social customer experience solution that integrates easily with off-domain networks. Importantly, we own all the user-generated content it produces. We can harvest it, analyze it, and use it to inform the business. And we can continue to deliver the right social customer experiences for our brand no matter how the social media environment changes.

Peer-to-peer engagement.

Being social means a preference for companionship, interpersonal interaction, and communal activities. If our customers can find us on Facebook, but can't find or talk to others with shared interests once they get there, we might be giving them a customer experience, but we're certainly not giving them a social customer experience. And we're falling short of their expectations. 65% of customers expect to be able to engage with their peers on branded Facebook pages.v Peer-to-peer engagement puts the social into social customer experiences. We absolutely cannot master the realm of social media—or tap the power of the crowd—without enabling our customers to interact with each other.

Peer-to-peer engagement puts the social into social customer experiences. We absolutely cannot master the realm of social media—or tap the power of the crowd—without enabling our customers to interact with each other.



58% of consumers report that "liking" a brand on Facebook resulted in no response



9% of consumers report they've heard back from a company after tweeting about them

Enlistment and engagement strategies.

Only 9% of consumers report they've heard back from a company after tweeting about them and 58% say that "liking" a brand on FB resulted in precisely nothing.^{viii} Connecting with customers through social networks gives brands exactly that—a connection. And a very tenuous and fleeting one at that. Just 2% of people who like a brand on Facebook ever return to the page.^x

What keeps social customers coming back are engaging experiences. Smart brands are motivating customers to come back and keep participating with **gamification**—chances to level-up, increase in rank, and acquire more status and privilege by contributing more. They're coming out ahead because they're motivating a full range of beneficial behaviors that impact the bottom line—from voting on product ideas to blogging about a technical solution.

"Outside-in" culture

Pulling social customers into the function, not just as another cell in the matrix, but as an organizing principle makes great things happen for brands. Top brands are thinking "outside-in", making **social the way they do business** and inviting customers to play a totally new role in the company. They are engaging and enlisting their social customers as problem solvers, as brand champions, as harbingers of the kind of disruptive change that lands their brand right at the doorstep of competitive advantage.

An outside-in culture knits together the policies, processes and technologies needed to make social customers and their experiences the beating heart of the business. They share social customer data, insights and decision making across all parts of the organization, fully optimizing the critical business asset that is the social customer. When all corners of the business align around the customer, the frustrating challenges of the complex digital environment melt away. Social customer experiences become more cohesive, predictable, trust-worthy, satisfying, successful, and ultimately more aligned with the brand.

conclusion

The challenges of the digital landscape have been made only more complex with the rise of social media. But what social media offers—the power of the crowd—is an asset businesses cannot afford to ignore if they expect to compete for the hearts and minds of today’s social customers. Those who are rising to the challenge of social media are building social customer experiences that engage and enlist the power of the crowd to drive real business outcomes. They’re solving enormous business problems like the cost of scaling support, and creating new opportunities like building demand and influence through social channels. Above all, they’re getting closer to their customers.

resources

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- iii. Internet Adoption Over Time, Pew Internet, 2012
- iv. Facebook Helps Get One in Five People Worldwide Socializing on Online Networks, eMarketer, 2012
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- ix. 39 Social Media Statistics to Start 2012, Socialnomics, 2012
- x. Study: Facebook Timeline Doesn’t Affect Engagement, AllFacebook, 2012

Lithium social software helps the world’s most iconic brands to build brand nations—vibrant online communities of passionate social customers. Lithium helps top brands such as AT&T, Sephora, Univision, and PayPal build active online communities that turn customer passion into social media marketing ROI. For more information on how to create lasting competitive advantage with the social customer experience, visit lithium.com, or connect with us on Twitter, Facebook and our own brand nation – the Lithosphere.

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