



The Socialisation of Customer Experiences UK

2010

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EXECUTIVE SUMMARY

In June 2010, RightNow® commissioned a study to investigate how UK consumers want organisations to engage with them through social networking sites like Twitter, YouTube and Facebook, and what they want to achieve through those interactions. The study identified an expectation among consumers that organisations should interact with them through the social web in order to resolve poor customer experiences. In fact the study found that for some consumers the social web is becoming the first channel they turn to when seeking resolution to their customer service issues.

However, the study also found that consumer expectations and tolerance for social web engagements with organisations is outpacing the speed at which organisations are embracing the channel for customer engagement. The result is that brands are frequently left out of critical discussions, and when they don't participate or respond, the discussion continues without them—for better or for worse.

To help organisations unlock the potential offered by the social web, the following report of the study's findings provides insight into the role the social web has in helping consumers make purchase decisions, what types of engagements they are seeking with brands, and how they use the social web in the context of customer experience.

THE SOCIAL WEB AND THE CUSTOMER EXPERIENCE CONTEXT

Over the past decade hundreds if not thousands of social networking sites have arrived at our finger tips. Touching almost all ages, ethnicities and geographies; the rise and rise of sites like Facebook and Twitter is revolutionising the way we communicate and interact with friends, family, colleagues and, perhaps most revolutionary of all, complete strangers.

And, even though the privacy debate between governments and the networking sites rages on, for the most part we adore this virtual extension of our lives. So much so in fact, that in May 2010, for the first time social networks received more UK internet visits than search engines¹. This popularity played out among the study's participants too, who spend regular time (once a month or more) on the following social web activity:

- 80% use a general social networking site like Facebook or MySpace
- 45% read or post to online forums or communities
- 36% read or post reviews on product or service review sites or sales sites
- 18% use Twitter
- 13% read or participate in discussions on company websites
- 3% 'check in' to location-based social networks like Foursquare

Just as it has transformed our interpersonal relationships, the social web is having an impact on the relationships consumers have with brands. For instance, looking at how UK consumers make a complaint about a poor customer experience today, and comparing that with what they did five years ago, it is possible to determine a move away from traditional contact methods (phone, letter writing) towards online and social channels.

Testament to the shift online, in the past five years complaints by phone and letter have declined by 12 and 19 per cent respectively. Instead, three quarters (75%) of the British public now favour emailing a company when communicating dissatisfaction. The biggest transformation in email usage is among the 55 to 64 age group, 82% of whom now prefer to email about a complaint, versus just 34% five years ago. This groups' preference for using the phone and letter writing also saw the largest decline: 63% to 45% for phone, and 65% to 42% for letter writing.

Meanwhile, UK consumers now seem more willing to air their grievances publicly, for instance, broadcasting a comment on a social networking site, something that wasn't really an option five years ago, now finds favour with 15% of the British population. Likewise, compared to five years ago, people are now three times more likely to write a negative review on a company's website following a poor customer experience, see Figure 1 on page three: 'Transformation of Complaining':

1

FAST FACT

Britons Online

April 2010 Britons spent 884 million hours online²

Social Networks and Blogs accounted for 23% of that online time²

2

FAST FACT

Publicising negative consumer experiences

Men are more inclined to use the social web to publicise their discontent

Without having first sought offline help, 25 to 34's are most likely to post a negative comment on the social web with the expectation the company will contact them to resolve the issue

55 to 65's are most likely to post a negative comment to express their anger/frustration

FIGURE 1

Transformation of Complaining

Complaint method	Five years ago	Today
Phone the company	55%	43%
Write a letter to the company	52%	33%
Email the company	34%	75%
Post a negative customer review on the company's website	6%	18%
Post something on the company's website	5%	17%
Post a blog entry about the experience	3%	7%
Post a negative review on another website	5%	15%
Post on a social networking site, such as Facebook	0%	15%

The study found that nearly a quarter (22%) of British adults have posted a negative comment about a company on a social networking site. The reasons for their action can be split into two groups 'detractors' and 'seekers'. Detractors broadcast comments because they want to warn others against the pitfalls of doing business with that organisation; they use the social web to vent their frustration about their treatment and aim to discourage others from buying the company's products and services.

Seekers have an altogether different approach. Individuals in this group feel they have been unable to get the assistance they need offline, so thought they would post a negative comment to see if the company would contact them to offer help. This group also contains consumers who have posted a comment because they seek direct contact from the company to resolve the issue—what's unique about these individuals is that they had not tried to contact the company offline for assistance prior to the post.

While there's an expectation among consumers that they should be able to use the social web for help, support, and to resolve poor customer experiences with organisations, the study found the reality of organisation-to-consumer interaction to be somewhat different. Of the 22% of Britons who had broadcast a negative comment on the social web, only 24% had ever been contacted by a representative of any company they had posted about and just 11% had been contacted by a representative of the social site where they made the post. However, 50% had seen other users follow-up with posts about their own negative experiences (only 21% reported positive follow-up posts from other users).

DETRACTORS GO SOCIAL BECAUSE

65% want to inform others about a negative customer experience

46% want to express frustration/anger towards the company following the poor experience

30% want to discourage others from buying from the company

SEEKERS GO SOCIAL BECAUSE

34% were unable to get assistance offline, despite trying to do so, and thought the company might contact them following a negative post

14% had not contacted the company offline, and wanted to be contacted directly by the company to resolve the issue

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FAST FACT

Negative Comments Post on the Social Web:

22% of adults have posted a negative comment about a brand

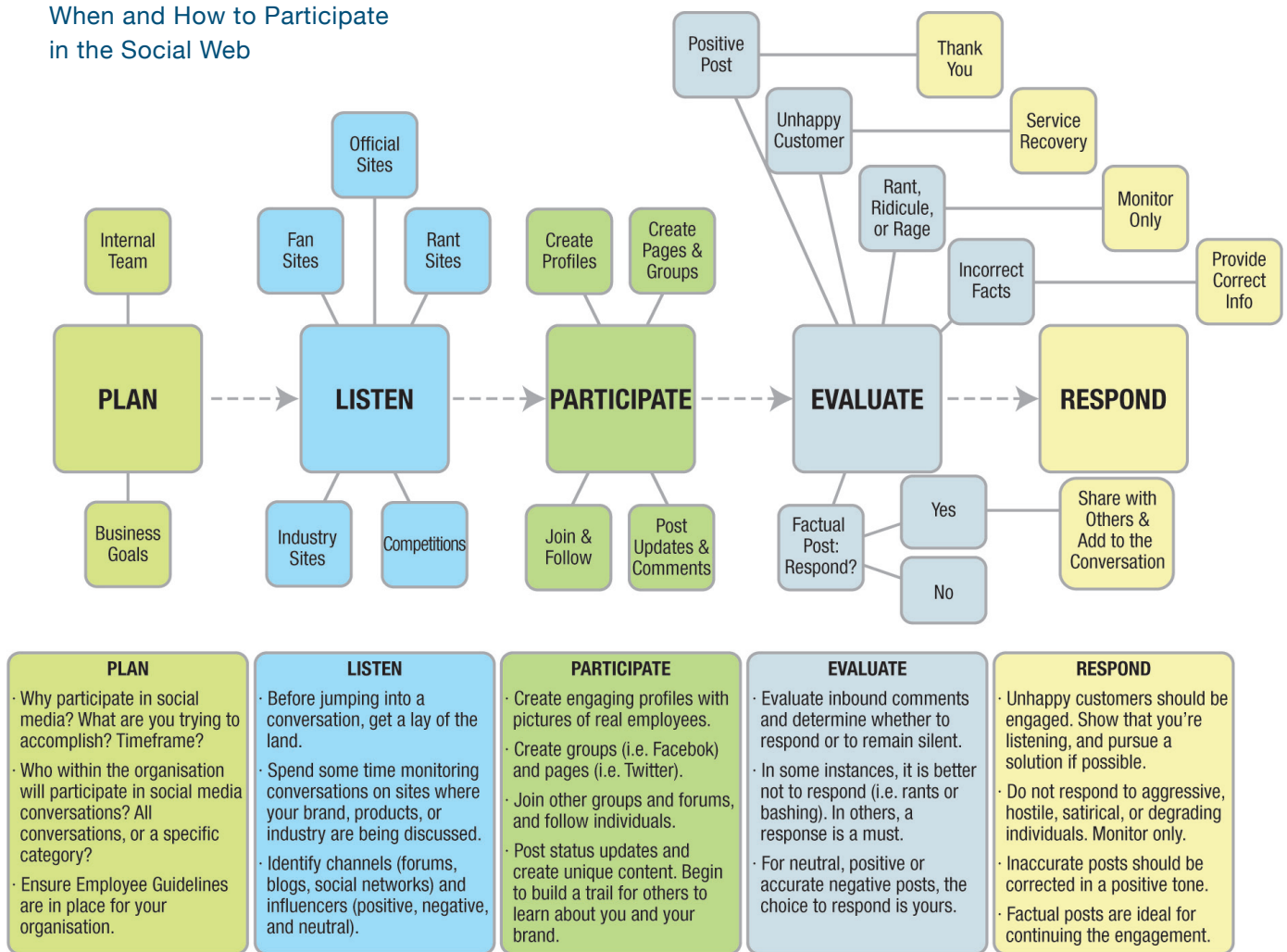
Once posted, 50% said they'd seen other consumers post about their own poor experiences with the same brand

What's clear is that conversations about companies, their products and services, are taking place on the social web and that when companies don't participate, the conversation continues without them. The research showed company non-participation can often exacerbate a negative situation as other disgruntled consumers flock to fill the conversation-chasm with examples of their own poor customer experiences with that organisation.

The problem is that social media is all about conversations, but when brands aren't listening they can't contribute. However, by analysing and understanding the different reasons why consumers take the action they do, organisations can plan a social web communication strategy for an individual that considers tone and sentiment and applies the appropriate action. See Figure 2 below: 'When and How to Participate in the Social Web':

FIGURE 2

When and How to Participate in the Social Web



THE SOCIAL WEB AS A CUSTOMER SERVICE AND INTERACTION CHANNEL

In addition to the consumer who will try to provoke contact or seek resolution to an issue via the social web, the study also discovered many other consumers are open to engaging in service resolution dialogues through this channel. For instance, respondents said they would be happy for an organisation to contact them via a social networking site in order to:

- 58%: Follow up if they posted a comment about their feelings after a negative experience
- 56%: Resolve a specific problem they had posted about
- 50%: Follow up if they posted about a positive experience

The tolerance of British consumers for accepting service interactions with organisations on the social web is a powerful endorsement for integrating social networking sites with wider customer care programmes. Far from being viewed as too ‘Big Brother’, consumer expectation that organisations will participate in social dialogues suggests they understand that companies should be listening to what customers say about their products and services on the social web, and actually following up with individuals who post comments.

However, while consumers are willing to accept socialised customer service and support, even at a general interaction level, it appears that organisations are not connecting with their customer bases on the social web. Just 15% of all UK adults who participated in the study have connected directly with a company representative through a social networking site.

Recognising the great potential offered by the social web for organisations that actively listen and proactively engage with consumers needs to be balanced with an understanding that not everyone is open to the same approach. Just as it’s imperative to plan any organisational participation on the social web, it’s also essential to ‘know the customer’ a social strategy is trying to engage and to understand that a ‘one size fits all’ approach may not be the answer, see Figure 3 on page five: ‘Understanding Your Customers’.

From analysing the gender and age of the study’s participants a somewhat confusing picture emerges about how consumers may react to intervention from an organisation on the social web. It identified differences across gender and age and, broadly speaking, found men to be more tolerant of organisations interacting with them through social networking sites when it comes to following up on positive or negative comments.

Oddly enough, those aged between 55 and 64 are both the most, and least, likely to welcome follow up about a specific issue they’ve posted about, this age group is also the most open to interactions with a company following a negative comment post whereas the 45 to 54 age group is the most open to contact after a positive comment broadcast. However, these

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FAST FACT

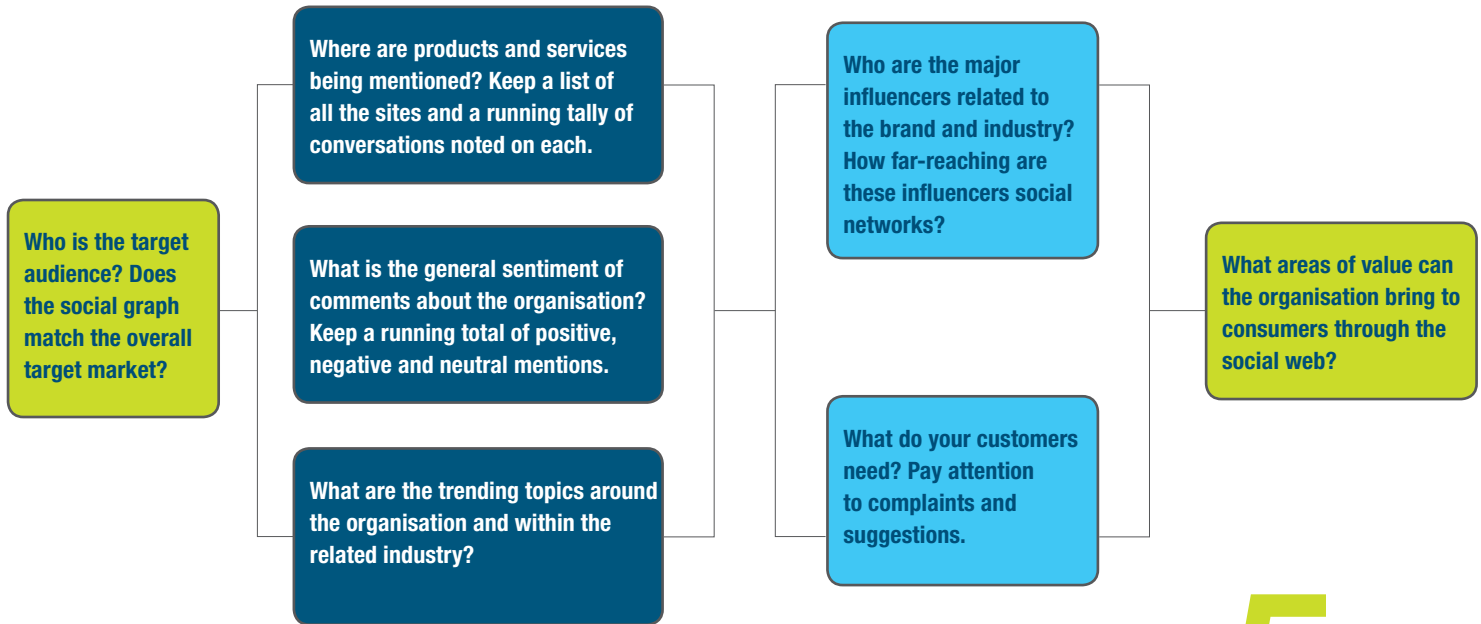
Why Consumers Want to Engage Socially with Brands:

- 64% – discounts and offers
- 46% – get tips or advice on something relevant to a product
- 38% – receive notifications about a brand or service
- 27% – to give direct feedback on products or services
- 21% – to follow the brand and be part of its community
- 14% – to advocate a brand’s mission or work

minor variances between genders and age groups do not detract from the study’s overriding finding that the social web is a tangible channel for service incident resolution and a hugely influential resource for shaping brand sentiment and customer loyalty.

FIGURE 3

Understanding Your Customers – checklist



The study also sought to place the social web within the wider context of what consumers want from an organisation presenting itself on social networking sites. Access to discounts and offers tops the list while being sold products or services is the least desirable attribute. In between, again there’s opportunity to engage consumers in dialogue and to overcome complaints or issues they may have.

Meanwhile, there is an abundance of opportunity for fostering brand advocacy among consumers where they can become ‘brand fans’ or join a branded community. 46% of respondents said they ‘befriend’ or ‘like’ brands on social networking sites while 21% seek a more emotional connection with a brand and are members of a company-owned community.

Exploring the reasons why consumers follow brands on social networking sites and online communities, reveals a number of areas where organisations can effectively engage with consumers, see Figure 4 on page seven: ‘Top Five Reasons Consumers Follow Brands & Join Branded Communities’. For the consumer-oriented organisation the list of reasons presents the perfect scenario for fostering a culture of self/peer-service

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FAST FACT

What Consumers Want on the Social Web:

- 70% – discounts and offers
- 59% – special rewards for those who regularly participate in discussion
- 58% – respond to a negative comment
- 58% – respond to a positive comment
- 56% – resolve customer service issues that have been posted
- 32% – market services/products

among customers, while also nurturing groups of users to help shape product development, all of which should ultimately lead to deepened customer loyalty.

FIGURE 4

Top Five Reasons Consumers Follow Brands and Join Branded Communities

1. To receive offers (vouchers, discounts etc)
2. To get tips or advice on something relevant to a product
3. To receive notifications about a brand or service
4. To give direct feedback on products or services
5. To follow the brand and be part of its community

THE SOCIAL WEB AND PURCHASE DECISIONS

With UK consumers confirmed as active participants in discussions on the social web and as dedicated brand followers through communities and forums, the study analysed what sources consumers turn to when considering a purchase and how positive and negative discussions on the social web influence their spending.

Even though it's impossible to tell if the standards and expectations of other customers are similar to their own, and therefore appropriate to their need, the study's participants esteem the opinions of people unknown to them; placing, although marginally, online customer reviews before the recommendations of friends and family. What becomes abundantly clear is that British consumers are no longer passive recipients of sales and marketing efforts.

Whether consumers are just scanning conversations or actively participating in them, there is also a strong reliance on peer-to-peer discussions and recommendations in online customer communities when deciding what to buy. To that end, user communities are quickly becoming an essential part of every large consumer-centric organisation's online presence; see Figure 5 on page eight: 'Types of User Communities and Their Benefits.' Not only does a community cultivate peer-to-peer guidance and support, it is also a critical delivery model for providing what consumers want (offers, hints and tips, loyalty recognition etc) and a valuable asset for building emotional connections with customers.

Out on the broader social web, the study discovered that what people see posted by other consumers shapes their opinion about organisations, to the point where a positive or negative comment influences immediate and future spending decisions. For example, more than a third of British adults (35%) said they had decided not to purchase from a company following something they'd read on a social media site.

Drilling into the number of consumers who have boycotted a business reveals that negative discussions on the social web are highly detrimental

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FAST FACT

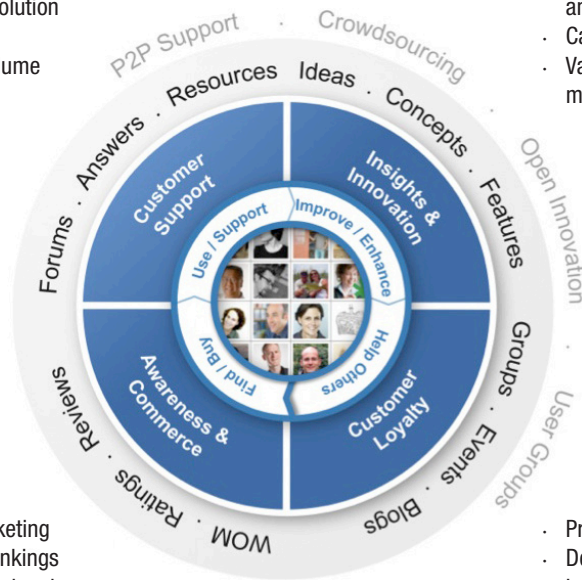
What Influences Purchase Decisions?

- 78% – online customer reviews
- 76% – recommendations from friends and family
- 64% – independent industry reviews
- 56% – recommendations in online communities/forums
- 54% – discussions in online communities/forums
- 36% – company marketing materials
- 35% – advertising on TV, radio, online, publications etc

FIGURE 5

Types of User Communities and Their Benefits

- Use forums for peer-to-peer support
- Increase zero-contact resolution
- Boost agent productivity
- Reduce inbound email volume



- Gain consumer insights through observation and direct engagement
- Capture ideas for products and services
- Validate concepts before taking them to the marketplace

- Drive word-of-mouth marketing
- Improve organic search rankings
- Support product ratings and reviews
- Create buzz for events and campaigns

- Provide special offers and discounts
- Deliver useful product information
- Invite customers to help shape your brand
- Create an emotional connection with customers

among prospective customers. Of the 35% of Britons who decided to not buy from a brand, 49% were a potential customer of the organisation. The chance of expanding sales among infrequent shoppers is also impacted as 40% of respondents stated they had made occasional purchases with the brand. More alarming still, is the impact on regular customers, here there's nearly a 10% churn just because they have seen a negative discussion on the social web.

With nearly a quarter of British adults having posted a negative comment about a company on a social networking site it's possible to see how extensive the damage can be from a single negative comment post. Add to that the other consumers who rush to offer examples of their own negative experiences with a brand and the detrimental effect becomes increasingly difficult to control. The importance British consumers place on non-corporate resources, and the degree to which they are influenced by negative customer experiences, indicates that organisations must start to view the entire internet as an extension of their own corporate digital properties and place extra effort on identifying which consumers are most active on the social web in relation to their brand, and take steps to interact and influence them.

While negative discussions can detract from reputation and revenue, positive discussions on the social web can also influence consumer

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FAST FACT

Negative Social Web Comments Stop Sales:

- 39% of Britons have decided not to buy from a company following something read on the social web
- 49% of those were prospective customers
- 40% were occasional shoppers
- 9% were regular customers

behaviour, potentially increasing website traffic and both online and offline purchases. Nearly half (49%) of consumers have visited a company's website following a discussion, post or tweet about its products or services. A lower, yet still significant percentage (39%) have been so influenced by a discussion they've seen about a company on a social networking site that they have bought something from the company.

Connecting consumer purchasing behaviour to the influence wrought by social media dialogue creates the most compelling case for adopting a social customer experience strategy. By cultivating positive sentiment among consumers active on the social web there's a real opportunity for organisations to harness its transparency and extend relations with existing customers while reaching new ones.

Where once feedback and complaints about a customer experience were handled one-to-one, consumers now have the ability broadcast their dissatisfaction en masse, to an audience more inclined to believe consumer say-so over corporate marketing and advertising. Not only that, but customers are exploring social media as a means through which they can obtain a whole raft of experiences. Some seek financial incentives and purchase recommendations, while others search for advice, help and support.

This shift in control from companies to consumers makes it increasingly tough for an organisation to 'manage' the image it presents to the world and this can make the social web a scary and unforgiving place. What's more, as the study found, non-participation on the social web potentially exposes brands to negative sentiment that can impact potential and existing customers.

However, by addressing the medium as another opportunity through which to interact with customers, one that can be integrated with a broader customer experience strategy, it is entirely possible to successfully harness the power of the social web, giving consumers what they want while tapping into a rich source of consumer insight.

APPENDIX

¹ Press release: 'Social networks now more popular than search engines in the UK,' 8 June 2010, Experian Hitwise

² Press release: 'UKOM reveals how Britons spend time online,' 19 May 2010, The UK Online Measurement Company

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FAST FACT

Positive Social Web Comments Drive Sales:

- 71% made a purchase online through an e-tailer
- 40% purchased online via the company's e-store
- 25% bought offline via a store

ABOUT THE AUTHOR

Jo Brealy, Director, International Influencer Relations

As the Director of International Influencer Relations, Jo Brealy works cross a variety of geographies and business lines to articulate RightNow's key messages, taking them to a wide range of influencers via an array of different methods and mediums. Before joining RightNow in 2004, Jo worked for a number of different IT PR agencies and brings nearly 15 years experience in marketing to RightNow's communication programmes.

ABOUT RIGHTNOW

RightNow is helping rid the world of bad experiences one consumer interaction at a time, seven million times a day. RightNow CX, the customer experience suite, helps organizations deliver exceptional customer experiences across the web, social networks and contact centers, all delivered via the cloud. With more than ten billion customer interactions delivered, RightNow is the customer experience fabric for nearly 2000 organizations around the globe. To learn more about RightNow, go to www.rightnow.com.

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METHODOLOGY

1,505 users of social media participated in an online survey.