INTERACTIVE SESSION: MANAGEMENT

SOCIAL COMMERCE CREATES NEW CUSTOMER RELATIONSHIPS

To most people, Facebook and Twitter are ways to keep in touch with friends and to let them know what they are doing. For companies of all shapes and sizes, however, Facebook and Twitter have become powerful tools for engaging customers. Location-based businesses like gourmet food trucks can tweet their current location to loyal followers and fans. Appointment-based businesses can easily tweet or post cancellations and unexpected openings. Larger companies run sweepstakes and promotions. And companies of all sizes have an opportunity to shape the perception of their brands and to solidify relationships with their customers.

Companies are rolling out ads that capitalize on the social media features of Facebook to achieve greater visibility. For example, many Facebook ads feature the ability to 'Like' a brand, send a virtual gift, answer a poll question, or instantly stream information to your news feed. Twitter has developed many new offerings to interested advertisers, like 'Promoted Tweets' and 'Promoted Trends'. These features give advertisers the ability to have their tweets displayed more prominently when Twitter users search for certain keywords.

Levi's was one of the first national brands to use Facebook and Twitter to allow consumers to socialize and share their purchases with friends. The Levi's Facebook page has posted 500,000 Like messages posted by friends sharing their favorite jeans. Within the first week of its share campaign, Levis received 4,000 Likes. The company began using Twitter in 2010 by creating a "Levi's Guy," 23-year-old USC graduate Gareth, to interest customers. He has over 6,000 followers and is responsible for responding to queries and engaging in conversations about the Levi's brand on Twitter. In 2011, the company created a personalized Friends Store where shoppers can see what their friends Liked and bought.

The all-purpose electronics retailer Best Buy has 4.6 million fans on Facebook and 200,000 followers on Twitter. Best Buy uses a dedicated team of Twitter responders, called the "Twelp Force," to answer user questions and respond to complaints. Because Best Buy has so many social media followers who are generating feedback on social networks and related sites, the company uses text mining to gather these data and convert them to useful information. Best Buy has a central analytical platform that can ana-

lyze any kind of unstructured data it supplies. The company uses that information to gauge the success of promotions, which products are hot and which are duds, and the impact of advertising campaigns.

Wrigleyville Sports is a small business with three retail stores and e-commerce sites selling sports-related clothing and novelties like a panini maker that puts the Chicago Cubs logo on your sandwich. The company has been building a Facebook following for over three years. Facebook page posts use much of the same content as its e-mail campaigns, but the company's Twitter campaigns have to be condensed to 140 characters. Some Wrigleyville promotions use all of these channels while others are more social-specific. For example, in 2011, the company ran a Mother's Day contest on its Facebook page exhorting visitors to post a picture of Mom demonstrating why she's the biggest Chicago Cubs fan. Wrigleyville tracks purchases related to its promotions with its NetSuite customer relationship management system and is able to tell which promotions yield the most profitable new customers. Wrigleyville knows which customers responded, how much they spent, and what they purchased, so it can measure conversion rates, the value of keyword buys, and the ultimate return on campaigns.

Many companies are running online ads that focus less on pitching their products than on promoting their Facebook pages and Twitter accounts. The ads feature menu tabs and allow users to click within the ad to see a brand's Twitter messages or Facebook Wall posts in real time, or to watch a brand's video content from YouTube—all within the Web page where the ad appears. Incorporating live content from Facebook and Twitter makes online ads appear less "static" and more current than other content.

For example, a recent online ad for the Mrs. Meyers cleaning brand stating "Clean should smell better" instructed users to "hover to expand." When a cursor was placed over the ad, it exposed an area that displayed Facebook Wall posts, Twitter postings about Mrs. Meyers, or a company video, all without leaving the Web page being visited. Consumers spent an average of 30 seconds interacting with the ad, compared to 11 seconds for other types of online ads, according to Google. Consumers were also more likely to click on a "Learn More" button to go to Mrs. Meyers' own Web site, with 35 of every 1,000 users

clicking through, compared with an average of just one in 1,000 for traditional online ads.

Even if the Facebook or Twitter postings in ads show brands apologizing about missteps or customer complaints, advertisers may still benefit. Today, the more honest and human companies appear, the more likely consumers are to like them and stick with them. For example, JCD Repair, a six-year-old iPhone, iPad, and Android repair business based in Chicago, found that encouraging customers to post reviews of its service on Facebook, Yelp, and Google+ Local helped generate more business. Although the vast majority of the reviews are overwhelmingly positive, Matt McCormick, JCD's owner, believes that even the bad reviews can be useful. A bad review here and there not only helps you look more credible, it can also give you very valuable feedback on what you're doing wrong, McCormick believes. It also gives you a chance to set the situation right with the customer. If you deal with problems swiftly and set things right, people are impressed.

Still, the results can be unpredictable, and not always beneficial, as Starbucks learned. Starbucks runs contests on Twitter regularly and uses the service to spread free product samples. In 2009, Starbucks launched a social media contest that was essentially a scavenger hunt for advertising posters. Users who found the posters and posted photos of them on Twitter would win a prize. The campaign backfired. At the urging of anti-Starbucks protesters, users flooded Starbucks' Twitter feed with pictures of employees and protesters holding signs criticizing Starbucks' labor practices.

Sources: Melinda F. Emerson, "Even Bad Reviews on the Web Can Help Your Business," *The New York Times*, July 17, 2012; Doug Henschen, "How to Get from CRM to Social," *InformationWeek*, February 22, 2012; Betsy Sigman, "Social Media Helps Build Strong Brands," Baseline, March 9, 2012; Andrew Adam Newman, "Brands Now Direct Their Followers to Social Media," *The New York Times*, August 3, 2011; Geoffrey A. Fowler, "Are You Talking to Me?" *The Wall Street Journal*, April 25, 2011; "In a Few Words, Growth," *The Wall Street Journal*, June 6, 2011; "Starbucks and Twitter: Hash Tag Hell," Viva Visibility, vivavisibilityblog.com/hash-tag-hell/; and "Anti-Starbucks Filmmakers Hijack the Coffee Company's Own Twitter Marketing Campaign," bloggasm.com, May 21, 2009.

CASE STUDY QUESTIONS

1. Assess the management, organization, and technology issues for using social media to engage with customers.

2. What are the advantages and disadvantages of using social media for advertising, brand building, market research, and customer service?

3. Give some examples of management decisions that were facilitated by using social media to interact with customers.

4. Should all companies use Facebook and Twitter for customer service and advertising? Why or why not? What kinds of companies are best suited to use these platforms?

B2B) contributing about $4.1 trillion of that amount (U.S. Census Bureau, 2012; authors' estimates). By 2016, B2B e-commerce should grow to about $5.6 trillion in the United States. The process of conducting trade among business firms is complex and requires significant human intervention, and therefore, it consumes significant resources. Some firms estimate that each corporate purchase order for support products costs them, on average, at least $100 in administrative overhead. Administrative overhead includes processing paper, approving purchase decisions, spending time using the telephone and fax machines to search for products and arrange for purchases, arranging for shipping, and receiving the goods. Across the economy, this adds up to trillions of dollars annually being spent for procurement processes that could potentially be automated. If even just a portion of inter-firm trade were automated, and parts of the entire procurement process assisted by the Internet, literally trillions of dollars might be released for more productive uses, consumer prices potentially would fall, productivity would increase, and the economic wealth of the nation would expand. This is the promise of B2B e-commerce. The challenge