

# Understanding and Measuring the Value of Social Media

Mohan Nair

Frank Eliason is the most famous customer service manager in the United States.<sup>1</sup> He is Comcast's "Twitter man" because he came up with the idea to "Twitter" customers of Comcast by searching the web for instances when Comcast is mentioned in a negative phrase.

With only two-and-a-half years under his belt, Eliason became the director of digital care and has now set the pace for corporations wanting to follow Comcast into the social media revolution.

Social media can be defined to include YouTube, Twitter, and Facebook, to mention a few of the best-known sites. Some are business networks, others narcissistic destinations where users chest-beat or message about their indulgences. Social media can be described as online tools where content, opinions, perspectives, insights, and media can be shared. Some

*Social media such as Facebook, Twitter, and YouTube are relatively new to many established parts of the business world, which means that many organizations are experimenting, at least to some degree, when they make their initial forays into social media. This article discusses the considerations organizations face with social media, including the cost issues and what, how, and where to measure engagement with social media.*

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people create content, while others lurk, observe, or disseminate content. At its core, social media is about relationships and connections between people and organizations.

Social media is new to the business world. We are all experimenting, so anyone who pretends to be expert in these topics is ignorant, rare, or audacious. This article discusses the considerations in social media, including the cost issues, but cannot provide the answers to questions about exactly what, how, and where to measure an organization's forays into social media.

## SHOULD WE MEASURE SOCIAL MEDIA AND, IF SO, HOW?

Yes, we should measure social media investment but we should not start our social media strategy by starting to measure its value up front because social media is, like the telephone, just a way people

communicate. Businesses issue phones to their key employees all the time, but they do not ask them to justify the value of the phone. Immediate access to work and better communications are simply essential parts of the job for some people. Much the same claim can be made now for social media.

When we deploy new approaches to communication in business, we are first trying to find value in experimentation. We see many examples of unique uses of social media, but when you start, you should first look for the direction it takes you, not

measure whether you actually get there (yet, at least).

## THE DIVERSITY OF SOCIAL MEDIA

Blogs, mashups, podcasts, widgets, wikis, and vlogs (video logs) are all different expressions of social media. Each has significance to the virtual world and serve different purposes. In a rough sense, they all work in concert to create the experience on the Internet. Here are brief descriptions of some of these forms of social media:

- **Blogs:** Users post messages in an attempt to start a conversation or debate.
- **Mashups:** Websites or property that combine various information sources and create a unique offering with this information.
- **Widgets:** A piece of software that performs a task of some sort on the web.
- **Wikis:** Term used for pieces of software or content that allow for group collaboration and editing. Usually found in “wiki” pages that define a topic of interest that is edited and created by many users.
- **Vlogs:** Video logs, as in YouTube.com

Social media is the variety of media offerings that surrounds social networking to give it life and content.

## WHY SHOULD WE ENGAGE IN SOCIAL MEDIA?

The social media property on the web is exploding and fast becoming a necessary part of the arsenal of any organization.

It took 38 years for the radio to attract 50 million listeners, and 13 years for television to gain the attention of 50 million viewers. The Internet took only four years to attract 50 million participants, and Facebook reached 50 million participants in only one-and-a-half years. Facebook, which was originally designed for Harvard students and launched in 2004, has become a phenomenal example of social engagement. By 2009, Facebook had already achieved 100 million monthly active users covering age groups from 13 to 65; by the end of 2010, there were more than 500 million users.

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This technology reflects our social behavior and is unlike any other. Many technologies are usually going against what we normally do. Technology adoption cycles have long been a function of the adaptability of the users. Social media, and particularly networking, are what is happening already, except on a local scale. One voice gains electronic power and scale.

Historically, technology has been injected into our business and society, and it has usually required a major shift in our business practices and process or our culture. But because we are social beings, social network-

ing and media are something we do already. So now the key questions many organizations are asking are “can we monetize social media in business?” and “is the risk worth the gain?”

## SOCIAL MEDIA MOMENTUM CAN BE DANGEROUS TO BUSINESS

Consumers now expect companies to have a social media presence. Just as the radio, television, and Internet drove advertising dollars, social media can reasonably be expected to be monetized somehow and sometime. But how does an organization know how to get involved and to participate—to lead or stay out? How do organizations measure and monetize this new approach to engage customers, partners, and employees? What does success look like?

Answering the questions requires much more than quick responses. However, a few good experiences may help frame these questions so that we can gain insight into this approach. Here are some suggestions:

- Don’t look at social media as a mere add-on to your current media offerings.
- Understand what others are doing with social media, and compare your strategy to theirs.

## NOT JUST AN ADD-ON TO YOUR CURRENT MEDIA

Many businesses want to know how they can get into social media. But merely having the desire to be in social media

is not the best way to address this question. When the Internet entered the business world, many organizations just built their own websites and thought everything was done. They did not realize that a website will not attract anyone unless it is viewed as part of a larger media strategy that expresses the brand of the organization. Now Facebook, Twitter, and other social media are being treated in a similar way—the assumption again being that “just get one and the people will come.” So some organizations have obtained for themselves a Facebook or Twitter identity, they get into social network technology and make their way into the blogospheres, but often no one knows or cares.

Companies that make a presence in social media may fail to recognize that social media and networking are not just a media-outreach program; instead, they are an entirely new platform. Similarly, the personal computer was not just an extension of the mainframe, the telephone was not just an extension of ground mail, and the airplane was not just an extension of the car. These are all platforms designed to change the way we connect and communicate. The personal computer was not an extension of the mainframe, yet many thought it should never be in the workplace when it first came out. I remember when I sat in front of one at Intel in the early 1980s, and all I could think about it was “Wow, what can I do with this now?” (By the way, it was the size of the entire table at that time. But PCs rapidly became smaller and gained processing power that few could have dreamed possible. Note, also, that there was only one small operating system then;

it was called DOS and came from a small company named Microsoft.)

Years later, document systems like Wang dominated the market, and Apple was just starting to challenge the sensibilities of the average users. Wang lost its dominance as PCs soon changed the manner of our interactions in business. Social media are making similar revolutionary changes. Like hardware and system platforms, the social media “platform” is a virtual, connected but separate mode and medium of connecting and engaging consumers, and it will surely become a part of the commercial aspect of business.

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## WHAT ARE OTHERS DOING WITH SOCIAL MEDIA?

Organizations are experimenting with social media in the following ways:

- co-creating new product designs with customers and prospects;
- listening to the market and monitoring customer impressions;
- connecting all vendors and partners in their value chain and being in constant dialogue with them;
- engaging customers by using networking as another advertising and messaging platform; and

- serving customers through the media.

To do these things, an organization needs to have a strategic view of social media and a tactical implementation capability, not just a tactical adjustment to the budget. This media addition should not be considered incremental add-ons but transformational (i.e., your teams must think and do differently). Second, social media teams must go where customers meet so that they can converse and connect. Business-to-business organizations find this difficult, because they are not retail but wholesale in their approaches; the systems in their organizations don't usually lend themselves to such retail one-to-one dialogue.

Furthermore, most organizations are more used to telling and talking than they are to listening. In social media, people are talking, so the key is to listen more and talk less. Audiences are very attuned to insincerity. Authenticity is the calling card of any social networking exercise. You may think you are being heard, but you are ignored if you are self-serving.

Ambiguity in measurement and placing trust of the brand in the hands of your community of customers and prospects can be uncomfortable for many organizations. Brand managers will state that the brand is about customer action, but when they see social media dialogue and customers talking and acting over the brand of your company, it is not business as usual.

Even though the general assumption is often that groups make bad decisions or cannot self-regulate, the wisdom of

crowds has been documented. Groups that gather on the web set their own rules in a social network; they can expel those who do not conform to those rules.

As organizations transform to become more transparent and open to comment, they realize that their brand is an active agent of the social space and that the better way to build a business is “with” customers talking on the web, not “to” customers one-on-one in a controlled space. The ultimate marketing result is word of mouth. All marketing and branding efforts lead to one true measure—are people recommending you, and are they talking in positive terms about you? So social media is about talking and sharing. You can watch that interaction if you spend the time and energy participating in their conversations.

### MEASURING THE SUCCESS OF A SOCIAL MEDIA JOURNEY

Organizations should manage their entry into the social media space before they start to measure it. Trying to measure up front probably isn't worthwhile. It is very similar to trying to monetize customer conversations or leads and prospects in a user-group meeting. These statements are not ideally suited for measuring return on investment or even value. If we view this entry as a new competency and platform for dialogue (and then, yes, sales), we realize that measuring the amount of sales before platform creation is premature.

If we view this as strategic competency, then we can use the balanced scorecard as one way to understand and view this effort.

The balanced scorecard is used to articulate and manage strategy and make it operational. Consider these balanced scorecard perspectives as a way to understand the strategy:

- Customer: What is the unique proposition you are offering? What is your voice, and who are you serving?
- Financial: What is your investment approach? How do you measure returns?
- Internal: What internal processes are to change and transform?
- Learning and Growth: What new competencies are you

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creating, and what does it enable?

As we map the phases of strategy formulation to the social media strategy, we can ask ourselves if we are learning about the media completely. Are we building the internal competencies that will lead to customer acquisition or service, and then are we gaining the appropriate financial returns as a result of the strategy executed?

This approach will allow you to monitor, manage, and—as the learning grows—measure the real results of the social media endeavor.

### THE HEALTH CARE INDUSTRY—AN EXAMPLE OF SOCIAL MEDIA TRANSFORMATION

People go to the Internet for health information about as much as going to their doctor.<sup>2</sup> Regence, the Blue Cross Blue Shield affiliate in the Pacific Northwest, did research on this and showed that 15 percent of survey participants trust the Internet more than their doctor. The fact that people are searching for health information more than almost any other form of information on the Internet tells us that the industry is changing.

Participants go to social media to:

1. See what other consumers say about health issues, medications, and treatments;
2. Research other consumers' views, experiences, and knowledge and to post their own views;
3. Learn skills or get educated on a condition they wish to manage or manage for others;
4. Get and give emotional support; and
5. Build awareness around a disease.

Social networking technology harnesses the collective knowledge, ignorance, biases, and insights of the active participants. Cynics argue that much of these insights are sometimes non-evidence-based and incorrect. This can be true sometimes, but the collective intelligence of crowds is what we live with everyday. It is what happens at parties, on every telephone conference call, and in every classroom; we form opinions on information the

same way. We think of analytics, but we often function based on collective impressions, even in medicine.

### THE SIDE EFFECT COULD BE THE MAIN EFFECT

There is ample evidence that social interactions improve health. In 1979, a large-scale California study showed that people with the lowest levels of social contact had mortality rates two to four-and-a-half times greater than those with strong social networks.

The Framingham Heart Study assessed the interconnected social network of 12,067 people reviewed over a decade and found that social networks play a role in the spread of obesity.<sup>3</sup> Further studies based on the Framingham Heart Study have uncovered that social networks can carry weight gains through friends, siblings, and others.

The details of these findings are varied and cannot be adequately generalized, but it does confirm the power of social networks, unaided by technology, measured over 32 years. This side effect could be the power of crowds<sup>4</sup> in passing on good as well as not-so-good behaviors and impressions. This fundamental finding that networks spread biological and behavior traits and even feelings tell us that we cannot walk into this lightly and must consider the side effects of our interactions and interventions.

Health care on the Internet falls into four categories today:

1. Dialogue (people talking to people),
2. Diagnosis (people trying to find out what and why),

3. Decisions (people trying to make a judgment on information and action), and
4. Delivery (people giving something to other people, or organizations giving something to someone).

### Dialogue

It used to be that when a patient met with a physician, it was a one-way communication or symptom and resolution. Now patients are actually armed with information, research, questions, and also conversations with others who share the same symptoms. The patient brings his or her network of connected con-

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versations to the doctor's office and might even rate the experience afterward. Or he/she may tweet about the event and share learnings. I call this "Patient Plus," because the patients bring their entire network of knowledge, relationships, and support with them.

It is also interesting and ironic, but real, that even though there are very strong laws that protect patients from the misuse of medical and personal information, some patients are eager to share their profile and information on the web—whether anonymously or not, and either to help themselves or others. This unique phenomenon has

been characterized as a movement from a "need to know" to a "need to share" culture by Forrester Research.<sup>5</sup>

Pew Research declared that 83 percent of patients search online for health information, and 57 percent are eager to share their new health or medical information. Furthermore, half of all online health information searches are on behalf of others, not the ones who do the searches.<sup>6</sup>

Dialogue systems are proliferating as more and more consumers want relevant and timely understanding of medical and health information both directly and from others who share their needs. Regence designed a system to capture physician reviews.

It shares over 40,000 physician reviews (mostly positive, by the way) but also houses over 20,000 blog posts per week and is engaging over 600,000 on the member web environment.

So we are rapidly moving from a one-to-one environment to a many-to-many health information exchange.

### Diagnosing

Patients give up private diagnosis to gain valuable treatment information and insights on the social media platforms and online communities. Of course, this is not encouraged, but it happens daily. Patients go to the web to find information about their illness and converse with others about the complexity of their predicament.

Physicians fact-check, problem-solve, and also learn from each other using the social media platforms. One, Sermo.com, is used by more than 110,000 US physicians. As the social media

platforms are energizing a need to engage communities to collaborate for solutions, new business models and new products seem to be emerging.

## Decisions

Undoubtedly, more and more information, correct and incorrect, is finding its way to the social platforms. In the past, medical information and conversations were private and paternalistic (i.e., top-down). Now the use of technology and the electronic publishing of information have democratized information, giving it raw to all who wish to engage.

Consumers want to make better decisions and are seeking to be actively engaged participants of health care, not mere patients or consumers of health care. As more and more information is disseminated and dialogue occurs, consumers will increasingly look to these platforms to formulate decisions about treatments and costs.

Most health care sites have treatment cost estimators and the like. At Regence, this feature (which is housed in myRegence.com) is visited about 900 times a day. Consumers ask it questions so that they can make decisions about their treatments. Consumers are also shopping for doctors online and deciding whom they want to be treated by. Consequently, over 12,000 physicians have posted their profiles and approach on myRegence.com to differentiate their approach from one another.

## Delivery

Many retailers like Dell Computers and Best Buy have

mastered selling on the web, but they are also mastering social media to deliver value and gain insight. Similarly, hospitals and insurers are moving to deliver value through social media as well. In a sense, consumerism, health care, and retail are markets that will be colliding in the next decade.

Take Zoomcare, for example. Zoomcare,<sup>7</sup> a service conceived and delivered by physicians with the consumer in mind, takes appointments on the web and will send you a response via phone or Internet mail very quickly about your requested time. Most of your interactions

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are via the Internet. When you arrive at the doctor's office, you will only be asked for basic information once, and then almost everything is online. Your doctor will come to see you at the waiting room and bring you into the examination room. He/she will get you out in 15 minutes for a basic visit, because your time (like theirs) is valuable. There is no waiting, because you have scheduled the time and everything is about value for time.

A number of hospitals are on Facebook, Twitter, and even YouTube. But there are still a small number compared with

the 5,000-plus hospitals in the United States that are engaging in a retail delivery approach. But times are changing, and the digital health economy is slowly awakening. Health plans are also engaging and will have to accelerate their involvement as more and more individuals enter the system seeking advice and knowledge from others as they engage with the system. As more consumers enter the health care marketplace and demand the same experiences they receive in consumer and retail markets (e.g., transparency, conversations, greater understandings in real time, and feedback), the systems will have to transform using social media.

## UNDERSTANDING THE VALUE OF SOCIAL MEDIA AND NETWORKING

Social media is more than another form of media. It is a movement where consumers and businesses engage in unstructured dialogue, discovery, and delivery of information, and make decisions to purchase. Its language is conversational. It is commerce, where people purchase, but also community, where people gather, connect, and communicate.

It is a complex marriage of sociology and technology that cannot be underestimated in its impact to the brand of an organization. The choice as to when to engage, how to manage and measure, and whether to lead or to follow is complex but not impossible. These cannot be answered at this time simply because the context and the market dynamics are strong variables in these decisions. We

are all experimenting and learning. But some are courageous and have shown initial success, while others are cautious and may be keeping their powder dry till they see bigger markets open.

Ultimately, social media are about strategy and tactics—not just tactics. It is a strategic instrument that can transform an organization that engages as much as it transforms the engagement with customers, employees, and partners. This is

what strategy is made for. The challenge is to make the decisions when the unknowns of the market prevail. It is here where the great companies become greater as they make and serve markets rather than simply responding to markets others have created.

## NOTES

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