

Using Social Media to Build Community

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EXECUTIVE SUMMARY

This paper reports on a study of social media use by North American insurance firms. Following the framework of a recently published paper on effective social media employment, we look specifically at three insurers with different approaches to Web 2.0. Relative to what has been reported before in other industries, all have effective social media programs, but there are definite differences in their ability to build communities around their Internet efforts. Based on those differences, we can draw some conclusions on the effectiveness of different social media strategies.

Keywords: Social media, Web 2.0, Facebook, Twitter, YouTube, Insurance, Virtual customer environment (VCE)

BACKGROUND

The rapid growth of Web 2.0 applications over the past few years has had important implications for businesses and how they use the internet. In spite of the massive coverage related to these technologies, however, scholarly research on the topic, particularly in relation to commercial applications, has been limited. Businesses looking to better compete through new means have embraced Web 2.0 but have lacked reliable studies on exactly how and why such applications will help them.

This paper reports on part of a wider study of social media use in the North American insurance industry. We adapted and applied a methodology for evaluation of social media use by business to gain a sense of how Web 2.0 technologies have been employed by different firms in the same industry, essentially looking at the range of practice. As analyzed through an appropriate conceptual foundation, such studies can begin to categorize social media use and provide guidelines for others.

Web 2.0 is the term we use to generally refer to second-generation technologies allowing more interaction and collaboration between and among providers and users. The applications and benefits can be seen in multiple areas of the business, including internal purposes, customer-related purposes, and in relations with external partners/suppliers (Bughin, Chui, & Miller, 2009). This paper centers on the customer-related applications, sometimes referred to in the literature as virtual customer environments (VCEs). VCEs can be extremely useful in terms of building a sense of community with customers, something long recognized as valuable to an organization. Web 2.0 simply allows the community to be built in new and more effective ways.

The concept of community is a major theme in modern sociology. The traditional foundations for defining community consisted of geographic proximity, ethnicity, social class, or political distinctions. Boorstin (1974) suggested that the definition of a community was shifting away from a geographic and interpersonal collective, however, toward a loose gathering based on consumption of brands in the consumer society that followed the industrial revolution. Similarly, Cohen (1985) defined community on the basis of shared meaning and not geography or other structural elements.

In a general sense, community represents a group of people who have something in common with one another that differentiates them from other groups. It is the boundaries that ultimately define the community and, for Cohen, the boundaries are created symbolically in the minds of the community members. Community is symbolically constructed and based on a system of values, norms, and moral codes. The symbols of a community are seen as mental constructs that provide people with the necessary means to formulate their own meaning. Rituals confirm and strengthen social identity and sense of belonging.

For Cohen, a community ultimately exists in the minds of its members. It can be transformed, preserved, or even deserted. Although it has a shared history, it is malleable and can mean different things to its members. He sees an intimate relationship between community and identity, with the highly symbolized community providing a sense of identity to its members. Community becomes a repository of meaning and source of identity.

Maffesoli (1996) contended that mass culture has disintegrated and that social relationships are conducted through fragmented tribal groupings. The breakdown of the nuclear family, the explosion of knowledge, and the decentralization of communication media have all contributed to reinforcing the tribal paradigm. These tribes are based on shared lifestyles, values, and interests. Examples include sports clubs, political parties, hobby groups, and single-issue pressure groups.

Even though loosely organized, these tribes exert a powerful sense of integration and inclusion among their members. Group solidarity is maintained through shared rituals, shared values, and similar styles of dress and appearance. These tribes are organized around the popular phrases, brands, and sound bites of consumer culture. Beyond mere fashion fads, new forms of social collectivity are taking root which challenge our established modes of politics and tradition. These tribes formulate what Maffesoli calls "lifestyle cultures."

Godin also employs the tribal metaphor to explain how the Internet has undermined the impact of mass marketing and mass communication, allowing people to connect with others who hold shared interests or ideals. In his definition: "A tribe is a group of people connected to one another, connected to a leader, and connected to an idea" (Godin, 2008). He argues that tribes give ordinary people the power to lead and make change.

With Godin, we begin to see more of a connection of communities to the business environment. Continuing in that vein, a brand community is described as "a specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand" (Muniz & O'Guinn, 2001). The three key characteristics of a brand community are shared consciousness, rituals and traditions, and a sense of moral responsibility.

Shared consciousness is an intrinsic connection among members and a collective sense of difference from outsiders. Shared rituals and traditions perpetuate the history of the community and unite its members. This may take the form of simple actions such as Saab owners who honk and wave when meeting other owners on the road. Moral responsibility is a sense of duty and obligation to the entire community and its members. This can include recruitment of new members, assisting members with training, or solving their problems. As an example, Macintosh user-group members offer troubleshooting advice and repair techniques to each other. Many other organizations are finding that user-generated technical support is both cheaper and more efficient to provide to their customers.

Resnick (2001) defines community as "an opportunity for customers to interact with each other to achieve their needs." Although customers usually maintain the communities, they can be subtly encouraged and sponsored by companies. The two major company goals for these communities are building brand image and maximizing contact with customers. Communities also provide "non-intrusive touch points through which information about customer demographics, preferences, and lifestyles can be directly observed" (Resnick, 2001).

A common theme among all of these theories is the social construction of reality. In business, brands reach out to consumers in an attempt to become part of their lifestyles. Customers perceive brands as a promise for a specific experience. This experience is often shared socially with others leading to the formation of a community and a shared sense of identity.

If an organization can form a community (or one occurs organically, beyond the organization's prompting) that creates consumer-company (C-C) identification, scholarship has established that a number of benefits can accrue (Bhattacharya & Sen, 2003). Specifically, C-C identification leads directly to greater company loyalty, more company promotion among consumers, more consumer recruitment by the community, and more resilience to negative information. In addition, the community tends to feel it has a stronger claim on the company, expecting more responsiveness to communications or concerns. To the extent that communities can be created, there are clear benefits to organizations. And the Internet provides opportunities to create such communities.

Kanamori and Kimura (2003) have studied net communities and their role in brand marketing. Communities form around general product categories or lifestyles or, alternatively, around specific brands. The communities tend to revolve around three purposes, information, exchange, and creation. And successful net communities are characterized by asynchronous communication, anonymity, emphasis on consumer experience content, a sense of volunteerism toward community members in needs, and autonomous interaction among members with respect to consumption of goods.

Similarly, Nambisan and Baron (2010), though looking specifically at purposely built co-creation virtual customer environments (VCEs, mentioned earlier), note that social forces drive the birth, growth, and success of these communities. In particular, if VCEs can help users build social capital, provide opportunities for exchange (building reputation or personal expertise), or enhance social identity. The better opportunities the online communities can offer in these areas, the more successful they will be.

Finally, pulling all of these concepts together in relation to Web 2.0, new social media tools appear to offer an even greater opportunity for building communities and gaining these types of benefits. In particular, the speed and scale of VCEs is significantly enhanced by Web 2.0 technologies (Kane et al., 2009). Social media allow organizations to establish deep relationships, rapidly organize communities, provide for knowledge creation and synthesis, and yet also effectively filter the avalanche of data and information these tools provide. And this pays off in the bottom line, with one study suggesting an unambiguous dollar return from Facebook fans in the areas of spending, loyalty, propensity to recommend, and brand affinity (Syncapse, 2010).

In short, communities are an effective tool in building brands. As virtual communities have appeared with the advent of the Internet, new opportunities present themselves to create even stronger customer relationships with even greater advantages to the organization. And the tools of Web 2.0, focused on interactivity and self-identifying groups, offer even more potential. The question is how to effectively assess progress by businesses in utilizing these tools and thereby learning how to best employ them.

METHODOLOGY

This study follows the template laid out by Culnan, McHugh, and Zubillaga (2010) for assessing the effectiveness of an organization's social media strategy. Effective implementation is defined as attracting a critical mass to the community who then interact with both the organization and with each other, as well as evident processes to benefit from co-created content. The elements of effective adoption are then characterized as mindful adoption (intelligent choice and use of Web 2.0 tools), community building, and absorptive capacity (evidence of responsiveness and use of community-generated content). Each of these elements has specific evaluative criteria that we will note when applied.

We collected data on the largest North American insurance firms (by sales) in property, life, and health insurance (most overlapped these categories). The result was 18 insurance firms studied, including subsidiaries, where appropriate. Over a two-month period in early 2011, all were reviewed starting with a comprehensive analysis of the main and related websites. Social media applications were then located as well. Data on linkages between sites, number of users, and related information were then collected, as well.

Specific results for three firms (Liberty Mutual, Progressive, State Farm) are presented in this paper. These firms are all well-known and portray a range of Web 2.0 applications. Data of interest are available in the following tables, along with a discussion of our qualitative impressions and our analysis of the data.

DESCRIPTION

Although the websites of the firms aren't really a part of Web 2.0, they are important from the standpoint of tying social media to existing marketing communication efforts and do provide some insights on linkages between Internet efforts. Thus, it's important to acknowledge and discuss them as part of this analysis.

Homepages

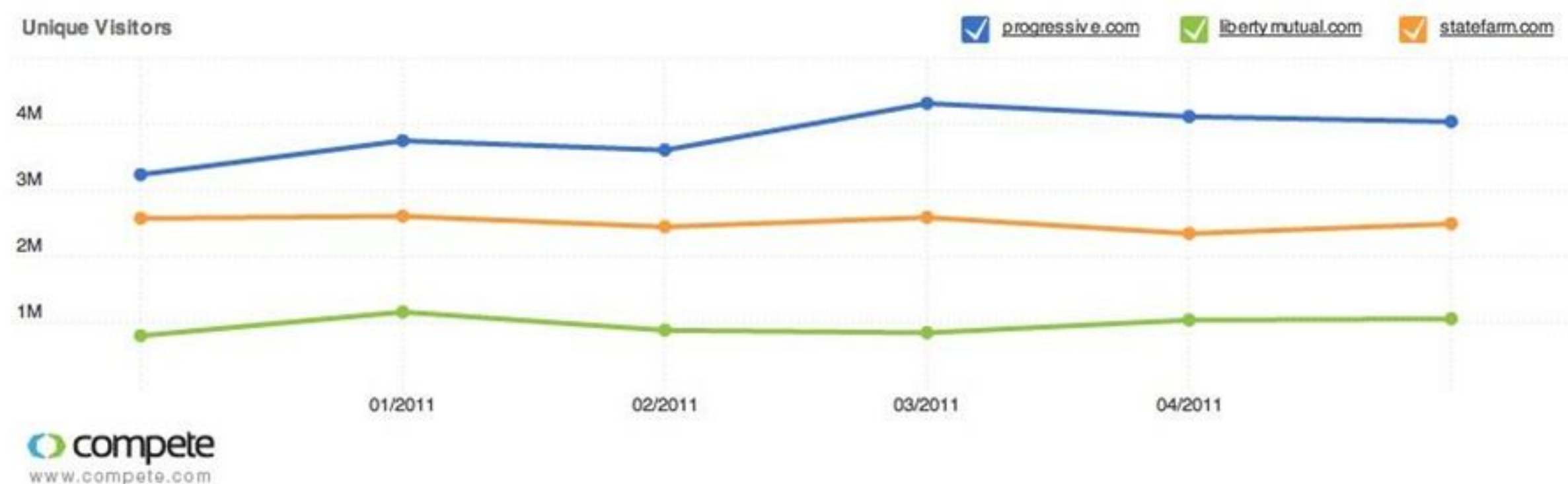
The Progressive homepage features the brand personality, “Flo,” who serves as the focal point for the firm’s current marketing efforts. Both icons and text links direct visitors to the many products that the company offers, vehicle resources, and company information. A prominent application box invites visitors to submit information for a quote. Finally, there are icons for social media sites including YouTube, Facebook, and Twitter, as well as a link to mobile applications.

The Liberty Mutual homepage contains a flash-enabled slideshow of major products, along with customer tools such as an auto coverage calculator and car insurance quote form. Visitors are invited to connect with the company through its social media sites including Facebook, Twitter, LinkedIn, and YouTube. Liberty Mutual also has a direct link to mobile applications. The keyword “Responsibility” is prominently featured on the site and is a foundational theme in its marketing communications, including mass media advertising. Liberty Mutual also maintains a linked microsite for The Responsibility Project, which it defines as “exploring what it means to do the right thing.” This microsite is home to a lot of the detail about this theme and initiative.

The State Farm homepage features the red brand color prominently. The central image is static but rotates on different visits. It features the actor from one of the ad campaigns and includes an app for an immediate quote and a direct link to a “double discount” microsite. There are additional, sectioned spaces that include a “find an agent” app and “claims” app. There are tabs in another area taking visitors to specific parts of the website, including an agent locator, a learning center, an “about us” area, and a security/privacy link. There are two distinct areas with social media links for Facebook, Twitter, YouTube, and Flickr. The website features a broad array of planning tools, calculators, and helpful resources and it also includes a mobile link.

Website traffic for the three sites can be compared using metrics from Compete (2011) and are presented in Figure 1. Progressive has the highest traffic at about 4M unique visits each month. State Farm is next at 2.5M, and Liberty Mutual achieves 1M unique visitors.

FIGURE 1
Website Traffic



Facebook

Progressive maintains multiple Facebook pages. Its main page features Flo but is focused primarily on providing company information, promotional offers, and feedback to customers. Flo does have her own page and this is easily the most popular site with 2.5 million likes at the time of research. Metrics for these sites and other social media applications for all three insurers are available in Table 1. Other Progressive pages include:

- Progressive Guy, a supplementary advertising campaign
- Help Flo, supporting the Help Flo promotional contest
- Dress Like Flo, a group supporting a Halloween promotion
- Progressive X Prize, supporting the Automotive X Prize sponsorship

- Route-Rageous, a Facebook game app
- Progressive Commercial, the commercial vehicle page, has a sweepstakes giveaway on the landing page
- Progressive Motorcycle, motorcycle insurance, includes a couple of sponsorships, Corn for Kids (selling corn at rallies) and Women's Motorcyclist Foundation Adventure for the Cure.
- Progressive Pets, an app for posting pet photos, links to the pet insurance microsite.
- Going Solo with Progressive, for teens or others just getting their own insurance.
- Faces of Pride, a site to post photos and info on diversity, pride, and progress.

TABLE 1
Social Media Metrics

	Liberty Mutual		Progressive		State Farm	
	Site	Activity	Site	Activity	Site	Activity
Facebook	Liberty	5,227	Flo	2,458,048	State Farm	56,276
	Resp Sports	2,719	Progressive	21,257	SF Nation	32,827
	Coach of the Year	1,154	Faces of Pride	19,786	SF Teen Dr	3,093
	Resp Scholar	621	Motorcycle	3,509	SR Canada	214
	Resp Project	117	Pro Guy	3,058		
			X-Prize	2,044		
			Dress Flo	1,981		
			Pets	1,185		
			Commercial	1,128		
			Help Flo	819		
			Route-Rage	358		
			Going Solo	79		
Twitter	Liberty	2,447	Progressive	6,122	SF Nation	21,093
	Coach	724	Ask Prog	1,543	State Farm	9,106
	Resp Scholar	285				
YouTube	Coach	192,121	Progressive	1,924,381	State Farm	2,910,597
	Resp Sports	89,979				
	Resp Project	69,343				
	Liberty	16,752				
	Resp Scholar	2,610				

Liberty Mutual's landing page is not a typical wall but more of a traditional information page with links to the company's products and services on its homepage. There is also the 2099 Racing Game, a gaming app. There are tabs for careers, with video, polls, and the normal wall and info pages. The wall contains frequent daily postings, usually by Liberty Mutual employees or brokers, along with likes and/or comments from visitors. The company also maintains additional Facebook pages:

- The Responsibility Project has very little recent content or activity and does not appear to be active.
- Responsible Sports, supporting youth sports programs.
- Coach of the Year, honoring college football coaches who succeed on and off the field.
- Responsible Scholars, challenging students in undergraduate programs to demonstrate what it mean to be responsible.

State Farm's primary Facebook page offers diverse content including promotions, sponsorships of social causes, a "Rate My Driving" app that can be done with friends and earns a graphic "license plate," and a mobile app, "Steer Clear" for completing a safe driving discount program. There are many comments posted on the wall, both positive and negative, which is generally the case with Facebook. The company also maintains additional Facebook pages:

- State Farm Canada, for the separate Canadian arm of the firm. The landing page highlights the Community Action Hero contest.

- State Farm Nation is aimed at building a Facebook community. The landing page contains an invitation to like the page and gain access to content (alternate endings to ads, funny videos, and a link to an expired contest that featured the band Weezer).
- State Farm Teen Driving, focusing on teen driving safety and linked to its microsite promoting this cause.

Twitter

Progressive Twitter has a great deal of activity, including responses to consumer compliments and complaints. There is also an AskProgressive twitter account. As the name suggests, it is essentially questions and answers about Progressive products, claim service, etc. The Twitter accounts provide basic answers to common customer questions and concerns on a very timely basis.

The Liberty Mutual Twitter page is active with one to two tweets per day. The tweets are a combination of news and responses to customer complaints and compliments. The company also uses tweets to reinforce its sponsorship activities, encouraging followers to attend events or watch television programs that it has underwritten. Separate accounts are maintained for the Coach of the Year and Responsible Scholars programs.

State Farm's main Twitter account is populated with several tweets a day, from both State Farm and from others. The emphasis is on responding to customer service issues. This site seems much more responsive to customer comments and complaints than others we reviewed. There is visible information on the side for connecting to other State Farm social media sites (Facebook, YouTube, Flickr). State Farm also maintains other Twitter accounts, chiefly one for their State Farm Nation initiative. This site is focused more on social networking and promotions, much less on customer service issues. It attracts more followers than the main company site.

YouTube

Progressive's YouTube site has not only video but also the quote app and links to other social media. The site has 97 videos, including ads, promotions, and visitor uploads (for promotions). Most of the activity centers on views of their popular series of ads featuring Flo, the Progressive Girl. The comments section is fairly busy with 446 comments, both positive and negative.

Liberty Mutual's main YouTube channel has 31 videos, providing both advertising and more in-depth information. There are also a couple of introductions to PBS' American Experience show that Liberty Mutual helps to underwrite. There are a handful of comments. The company maintains several other channels to support the Responsibility Project, Coach of the Year, Responsible Sports, and Responsible Scholars initiatives. Upload views for these programs far outnumber the main company channel.

The State Farm YouTube site holds a lot of content (187 videos) including advertising and some custom content. "Fail Fridays" is a series comparing funny stories of "fail" (e.g. save a drowning kid, take him to the hospital, then get hit with hospital bills). There is also a High Tech Toolbox series on auto repair. There is a find-an-agent app on the side. There are also many educational clips on preventing fires at home, cooking safely, and preventing accidents. Comments are pretty extensive on most clips.

RESULTS & DISCUSSION

Beyond these descriptive comments, data organized along the lines of the Culnan, McHugh, and Zubillaga (2010) study are presented in Table 2. In their original study, the authors' guidelines for implementing external social media included:

- Coordination is needed to promote use
- Address risk management issues up front
- Develop procedures to process unstructured transactions

As seen in the table, our results generally confirm these recommendations and go beyond in a number of ways.

TABLE 2
Social Media Comparisons

	Liberty Mutual	Progressive	State Farm
Mindful Adoption			
Platforms	Websites (10) Facebook (5) Twitter (3) YouTube (5) Mobile apps	Websites (10) Facebook (12) Twitter (2) YouTube (1) Mobile apps	Websites (3) Facebook (4) Twitter (1) YouTube (1) Mobile apps
Primary Applications	Customer Service Branding Sales	Customer Service Branding Sales	Customer Service Branding Sales
Accessibility	Direct links to all social media off of homepage Social media “connect” page	Direct links to all social media off of homepage “Progressive communities” page	Direct links to all social media off of homepage Social media connections page
Community Building			
Critical Mass (greatest activity site)	Facebook 5,227 Twitter 2,447 YouTube 192,121	Facebook 2,458,048 Twitter 6,122 YouTube 1,924,381	Facebook 56,276 Twitter 21,093 YouTube 2,910,597
Content Creation	Most current, Responsibility Project is dormant	Current, constant new items	Current, constant new items
Absorptive Capacity			
Monitoring/Response Evidence	Responsive Not overly active	Responsive Active	Responsive Active

Coordination is indeed key, but in more than one way. The original Culnan article emphasized the coordination between the different social media sites. From the main homepage, there are connections to the main Facebook, Twitter, and other sites. And at the main Facebook page, links exist to not only other social media (Twitter, YouTube) but also to many, if not all, of the other Facebook pages. Similar connectivity is seen through Twitter. The main point is that there can be multiple social media offerings, for different purposes and different audiences, and it should be painfully easy to navigate across them. This is basic social capital theory, that benefits come from structural (number of links) and relational (strength of links) components of a network (Nahapiet & Ghoshal, 1998). A network diagram of the firms in question would show a bigger network and denser patterns from the Progressive and State Farm sites, though all the three firms show both width and depth in their choice of platforms, as well as easy connectivity.

But coordination is also important from the standpoint of the overall marketing communications platform. Our results strongly suggest that integration with traditional branding and communication campaigns helps to leverage the social media platforms and deliver better results. Traditional branding tools such as logos, taglines, slogans, and brand characters are echoed by all the firms in their social media campaigns. Indeed, strong branding can lead to strong consumer interest in social media, as evidenced by these firms.

Progressive and State Farm are especially adept at skillfully integrating media to deliver coherent marketing messages, reach diverse audiences, and build a strong brand image. This integration includes traditional advertising, social media campaigns, CSR programs, customer support resources, and sales promotions. The themes from traditional techniques are then carried over into their social media. Progressive leverages the power of their popular brand character Flo, producing by far the most popular Facebook site. State Farm develops social media initiatives for specific objectives such as customer support, community building, and social responsibility. State Farm also makes use of its popular “magic jingle” advertising campaign in its social media, especially at the high-traffic YouTube site. Liberty Mutual uses new media effectively to enhance its

advertising and build brand equity that's based on themes of social responsibility, though it has yet to deliver the same kind of results as the other firms.

Culnan and her coauthors also note an ability to process unstructured transactions. This goes to interactivity and the capacity of the firm to deal with consumers on a one-to-one basis, regardless of what the consumer's prompt might be. In order to create an effective web community, consumer comments, complaints, compliments, video or picture posting, or any other action they initiate needs to be acknowledged and, if necessary, resolved. This can include directions for taking an issue off-line, but the organization needs to be seen as responsive. All of the firms studied handled this fairly well.

But interactivity has other components, demonstrated in our study. Most obvious is an ability to keep content current and of interest. If not given a reason to routinely revisit a social media site or track its updates, consumers will lose interest. Progressive attracts users precisely because of its constant creation of interesting new facets of its social media sites. Promotions, advertising clips, specialty items, commissioned content, and other such features help to draw consumers back to see what's new. In Progressive's case, this includes items such as the "Dress Like Flo" Halloween promotion, "Be Flo's Helper" (in a television ad) contest, video of new television ads, and similar content. State Farm also does well in this area, particularly if you look at the popularity of its YouTube site where both of its current television advertising campaigns are featured, as well as the commissioned comedy videos, "Fail Fridays." Liberty Mutual has some excellent content as well, including some contributions from well-known recording artists, but much of it was loaded a long time ago. Its Responsibility Project is a great concept, with a purposeful link to the current television advertising campaign and the insurance industry. The Project also has some great content. But without more recent updates, it's not going to achieve the same interest or critical mass seen in some of the other firms.

Interactivity also has to do with an ability to prompt contributions from consumers. While receiving complaints is one useful function of a social media site (better there, where it can be answered, than elsewhere on the web), this aspect of interactivity goes beyond complaining. One wants consumers to be involved with the brand, its brand characters or images, and other aspects of the marketing communication effort. If all content on a website is coming from the organization, even if frequent and interesting, there is a failure to build a community to its fullest extent. Here again, the most successful social media sites of these insurers have substantial contributions from consumers: Facebook wall postings, tweets, YouTube video postings and comments on company videos, and other such items.

In short, what we have here is a demonstration of much of what is successful in social media. Although insurance is not generally seen as one of the most interesting consumer goods, most of the firms in our full sample, including these three, have fairly sophisticated approaches to social media. Of the three firms discussed here, two have extremely successful social media presences, but with decidedly different approaches. Progressive bases a lot of its appeal on its brand symbol and spins a great deal of other marketing content, including promotions, off of its traditional media. State Farm also relies on its traditional media, but has developed web-specific content and a number of other initiatives beyond its brand icons to also establish a firm Web 2.0 presence, including not only Facebook but also a highly successful YouTube site. Liberty Mutual also has some very successful social media initiatives, including a well-thought-out "responsibility" positioning that is leveraged across numerous media and applications. But it also demonstrates the danger with not keeping social media up-to-date and interactive, at least at the time of this study. Its numbers are satisfactory, they certainly far exceed the critical mass definitions of previous work in the field, but they are not at the same level, yet, as some of their competition.

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