

Social networks: Companies hearing but not listening

April 16, 2012

Sixty-four percent of Spanish companies already include social networks in their marketing and communication strategies, although many doubts remain about their actual impact on sales.

Spain is ranked seventh in the world in terms of social network engagement, with 20 million users daily. This figure is not lost on Spanish executives, who realize the many advantages of these channels over traditional media.

Nevertheless, most companies spend a miniscule amount on tapping into social networks, with less than 10 percent of their budgets going toward online marketing.

This paltry investment shows that many companies, either due to ignorance or skepticism, are still feeling their way in the brave new world of social media.

Not only that, but executives also feel that social networks lack certain functionalities and have minimal potential for actually boosting sales.

These are some of the conclusions of a [new study on social media in Spain](#) coordinated by IESE's [Julian Villanueva](#) and José Luis Orihuela, a professor of communication at the University of Navarra.

Based on a survey of more than 600 Spanish executives, the report examines how businesses perceive and use social media as a marketing and communication platform.

Read: ["What it takes to be a digital leader"](#)

Do social networks boost sales?

In general, executives believe social networks make it much easier to reach the target audience, increase brand awareness and affinity, and provide customer service. Sixty-four percent of the survey respondents already include social networks in their marketing and communication plans.

Yet many companies are still unconvinced about the actual impact of social media marketing on sales, with only 3 out of 10 respondents considering them more effective than traditional media advertising.

In spite of, or perhaps because of, their much higher cost, Spanish executives continue to allocate far more money to traditional media.

While just under half of the companies surveyed believe that marketing on social networks can help increase sales, only 20 percent of companies actually go so far as to try to measure its direct impact on sales performance.

This paradox may derive from the difficulty of gauging the effectiveness of sales campaigns on social media, and especially their return on investment (ROI).

But it could also be because the impact on sales is much more elusive than, say, TV advertising or promotional discounts.

Read: [**"Use of social media needs better governance"**](#)

Popularity stakes

Return on objectives (ROO) is the most commonly used indicator of social media success, as it allows companies to gather quantifiable results, such as the number of fans, retweets or conversations, based on well-established goals.

When evaluating the results, 3 out of 4 respondents focus on the increased website traffic and the number of followers they generate, while almost half of companies evaluate their search engine positioning.

End customers are the prime target of social media marketing, although some companies also try to reach out to shareholders and stakeholders.

To reach a broad network of stakeholders, most marketing teams prefer to use Facebook and

Twitter, though not all companies make extensive use of these platforms: 34 percent say they have little or no activity on the former, and 43 percent on the latter.

Staying "on message"

One of the major obstacles facing companies is conveying a message that is consistent with their overall marketing strategy. Indeed, 43 percent of respondents acknowledge that their company's social media approach is not sufficiently aligned with the company's broader strategy.

As a result, some social networking efforts may seem a little forced, or the messages conveyed in the networks inconsistent with how the brand is portrayed in other media.

The fact that social networks are bidirectional brings new challenges in terms of aligning marketing and corporate communications.

One way companies have tried to address these challenges is by appointing a community manager to monitor conversations and opinions regarding the brand, as well as interact with customers and oversee the company's social media strategy.

Online reputation management

For businesses, one of the main priorities of social networking is listening to customers.

However, only a third adequately measure their online reputation, perhaps because they are unaware of the tools available for doing this.

Large multinationals are far more likely to manage their online reputation than domestic firms, with SMEs trailing far behind.

Only 1 in 5 of the companies surveyed has had to deal with online communication crises, often resulting from false rumors, product complaints or poor service.

In 3 out of 4 cases, companies actually responded via social networks — a testament to the usefulness of these platforms for responding to criticism.

Most of these crises were resolved satisfactorily, which belies one of the excuses often given by management for not being present in social networks — namely that doing so may lead to more criticism.

Despite the obvious risks and flaws in social media marketing, only 1 in 5 managers has a negative opinion of their social media experience.

A resounding majority plan to invest more time and resources in social networks than they did during the previous year, regardless of the severe economic crisis.

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