

The Society For New Communications Research

THE SOCIAL CONSUMER STUDY

Social Media and Societal Good

By Vanessa DiMauro and Don Bulmer



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Introduction

The super-connectedness of global communications has challenged how companies interact, engage and maintain relevance and trust with their key audiences and the public-at-large. The reputation of a company is no longer defined by what they “report” or what they “say” they stand for. Instead, they are increasingly defined by the shared opinions and experiences of socially-connected consumers.

With greater access to information and news, heightened awareness of economic and (geo) political matters and -- most important -- the experiences of other individuals communicated via online communities and social networks, consumers are more discerning about the companies they choose to do business with and support. We are now in a “so what”, “show me” or “can I trust what you say” business, political and social economy.

In May 2014, we conducted a study to explore the factors that inform, impact and shape trust, loyalty and preferences of the digitally connected consumer. We tested the belief that brands which can tap into emotions about and awareness of their values (human/social) are most likely to inspire positive action and loyalty from consumers.

This report highlights key findings from the research, based on surveys completed by 927 respondents mostly from the U.S. with about 10 percent from rest-of-world. We conducted this study in conjunction with The Society for New Communication Research (SNCR).

The study explored:

- Expectations for brands by digitally engaged consumers
- Characteristics of the relationship factors between a consumer and a brand
- Whether corporate social responsibility (CSR) influences consumer behavior
- How strongly do perceptions of a brand’s “making a positive difference” shape consumer preferences to purchase or affiliate with the brand
- The rewards (e.g. product offers, discounts, CSR) that consumers favor most from brands
- The impact of rewards on a consumer’s digital behavior (e.g. purchase, endorsement, vote, rate, etc.)

We also offer guidance for brands on how to engage and reward consumer behavior (i.e. encourage action/engagement in exchange for “something” the consumer deems of value) to increase levels of loyalty and brand preference.

In this study, we defined corporate social responsibility as: a societal impact or societal good when companies make socially responsible contributions in the community or world that go beyond the company’s normal revenue generation in their day-to-day strategies and operations. These might include acts that benefit the general public such as clean air, clean water, financial stability and literacy.

Gender vs. Generation Gap: There are greater differences in consumer decision-making behavior between genders than between generations.

While we expected to see a strong difference between Millennial consumer behaviors vs. older generations, the findings overwhelmingly support gender as a stronger factor than generation. Women are two times more likely to turn to social channels to inform their decisions about purchases than men (31% vs. 15%). Moreover, women place more importance on the degree to which a company commits to operating with a social conscience, and are influenced most by: what the media reports about a company, online customer reviews and ratings, and a company's advertisements. Twenty-five percent of women are more likely to make a purchase when they learn about an organization's positive social impact actions compared to only 12% of men. And, women (regardless of age) are more likely than men to engage online as advocates or activists on behalf of or against a brand.

The Social Influence Factor: Social Media sharing plays a significant role in influencing buyer decisions.

A seemingly small percentage of people who share online one or more times per month (24%) have great influence on a much larger majority of consumers who read online sites to inform decisions or opinions (67%). Consumer ratings/commentary and personal recommendations are most frequently cited as the top sources to inform decision making and purchases. Clearly, word of mouth -- or keyboard and touch-screen -- matters. In the absence of personal recommendations, buyers frequently go online to inform their decisions. The majority of respondents (71%) regularly read social media sites as part of their information gathering routine; 76% consider what their friends, family or other trusted information sources say about a company when they are forming an opinion about a company.

Loyalty is a Big Win: Once a company earns a consumer's loyalty, the typical factors a consumer uses to make purchase decisions becomes less scrutinized because the customer trusts the company to serve them well.

Quality and price (75% vs. 72%) rate as the most important factors when choosing to buy from a company followed by trust (50%), positive ratings online (43%) and personal recommendations by family and friends (42%). Once loyalty is established, consumers depend less on the input or opinions of others. In these situations, continued loyalty is more heavily weighted towards quality, customer service and price.

Consumer Advocacy is Hard Won: When taking action to share an opinion online, people are slightly more inclined to do so based on a negative experience.

70% of respondents report sharing a negative experience online (sometimes/frequently), while 68% state they have shared a positive experience online (sometimes/frequently). Respondents who advocate online on behalf of brands to which they are loyal tend to focus on clarifying inaccurate information about the company as an advocacy activity.

Consumer Good vs. Societal Good: There is a significant gap in consumer views and expectations for a company's Corporate Social Responsibility (CSR) efforts and societal impact.

Less than 10% of respondents indicated the CSR or societal impact of a company is of high importance in making a decision to purchase. Many respondents described societal good using "good for me" examples, such as low prices and discounts, rather than "greater good" outcomes for the planet,

social causes and others. While this is a disappointing commentary on consumer behavior at large, it suggests there are opportunities for companies to educate around what societal good really means, especially if they connect this message to how their CSR programs help the world and the consumer.

When quality and price are largely equal in a purchase decision, nearly three in five people report a moderate to strong positive impact on likelihood to purchase when they discover information on the positive societal impact of a company. Slightly more people (61%) report a moderate to strong negative impact on likelihood to purchase when hearing news on the negative societal impact of a company. Product or service experience (positive or negative) is two times more likely to be shared than news of a company’s social impact (positive or negative). News of the negative societal impact of a company has greater impact on women (13% more than men).

Power of the Medium: Social media maintains a strong influence in the lives of consumers. Reading social media sites is the second most popular activity consumers engage in – just behind watching TV. It rates higher than listening to the radio or reading the newspaper.

Consumers frequently use social channels to share their experiences with companies - both positive and negative - and this, in turn has a material impact on influencing buyer decision making.

The Details

Social media maintains a strong influence in the lives of consumers. Consumers use social channels frequently to share their experiences with companies (both positive and negative). This has a material influence on buyer decision making. This is especially true among women, who are two times more likely than men (31% vs. 15%) to turn to social channels to inform their decisions about purchases.

Respondents also reflect the importance of social media when considering companies, products and services, with 67% indicating that they read online ratings and opinions one or more times per month. Again, women are more likely to be the high frequency readers of online opinions.

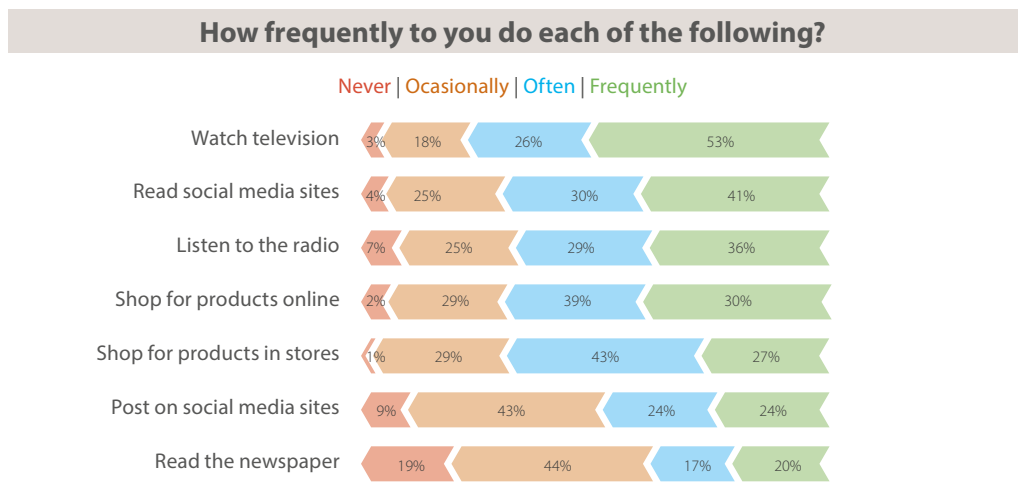


Exhibit 1

How often do you read ratings or opinions about companies/products/services on online social media forums?

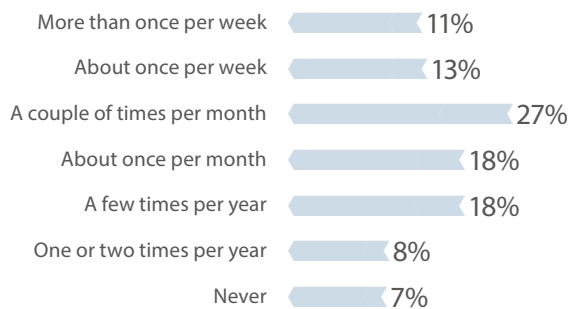


Exhibit 2

Social Media Influence: Brand Impressions and Purchase Decisions

It's a business verity that retaining a customer costs less than acquiring a new one -- a primary driver for customer retention programs. But what role do social media play in reaching, engaging and retaining key customers? We sought to understand which factors affect brand loyalty among social media users.

Through the data, it became clear that social media influence and impact is like throwing a pebble in a pond – the ripple effect reaches far and wide. A seemingly small percentage of people who share online one or more times per month (24%) have great influence on a much larger majority of consumers who read online sites to inform decisions or opinions (67%).

The majority of respondents (71%) regularly read social media sites as part of their information gathering routine and 76% consider what their friends, family or other trusted information sources say about a company when they are forming an opinion about a company.

Especially interesting were responses to the question “when deciding whether you will purchase products or services from a company that you have not used before,” 66% (the top response) report that online sites where ratings and commentary from other consumers are posted were their 1st or 2nd source of information. This factor was weighted more heavily than friends or family recommendations.

This influence trend is reinforced throughout the study, especially during the conjoint analysis segment of the study. We offered study participants a portfolio of company descriptors with varying conditions ranging from the price of the company's products (low / moderate/ high), general quality of products offered (low/moderate/high), length of time the company has been in business (20+years/5 or less) and general reputation (positive societal impact/ negative societal impact).

While product or service quality is the most important factor in purchase decisions, the positive or negative information shared on social media played a critical role. 37% of buyers surveyed weigh quality as a factor and 27% consider information shared on social media channels.

How often do you post your ratings or opinions about companies/products/ services in online social media forums?

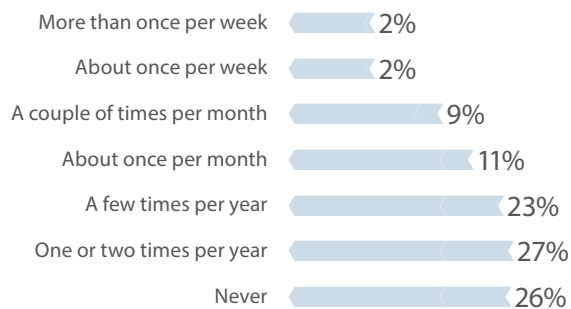


Exhibit 3

Have you ever actively defended or advocated for a company you felt loyal to? If so, describe a time when you did? (open ended)

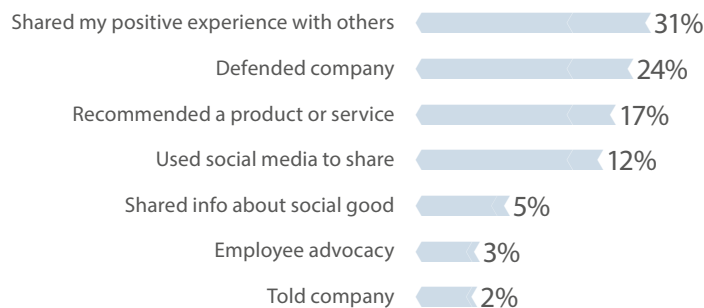


Exhibit 4

The Experience Factor: Customer Experience is King

The research highlighted that a positive customer experience is the single most important factor in determining loyalty among respondents. Even more important than price! To learn more about loyalty factors we posed an open-ended question in the study “What are the events or factors that cause you to be “loyal” to a company, that is, you continue using that company as opposed to actively seeking other options?” and received 600 responses from 525 individual survey takers.

The discrete responses ranged widely but the themes were concentrated around having an all-around positive customer experience, consistently receiving good value for the price, and a longstanding positive reputation. Some examples of how respondents described a positive customer experience included: pleasant in-store interactions, easy to do business with, generous return policies, listens and responds to issues. Overwhelmingly, a positive customer experience was critical to establishing and sustaining customer loyalty among respondents.

Further, we identified that:

- Quality and price (75% vs. 72%) rate as the most important factors when choosing to buy from a company followed by trust (50%), positive ratings online (43%) and personal recommendations by family and friends (42%).
- Women are nearly twice as likely as men (13% vs. 7%) to place “positive societal impact” among their top three reasons to share online.

Rank the importance of the following factors when you are choosing to buy products or services from a company.

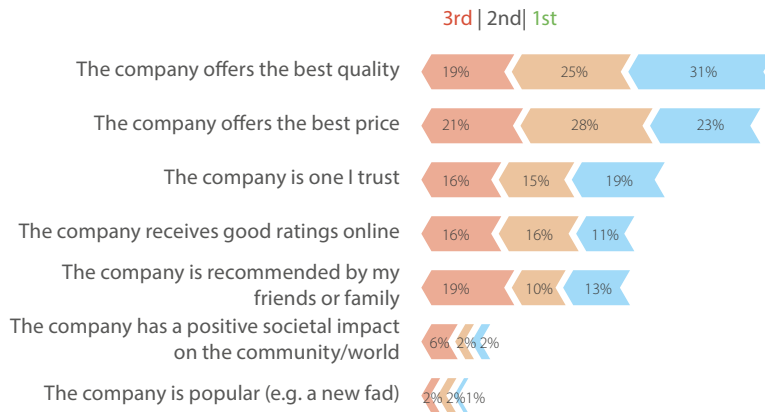


Exhibit 5

Social Media Behavior & Brand Advocacy

To better understand how consumers think about taking action to criticize or advocate for a brand, we asked respondents to describe an incident and give an example.

70% of respondents report sharing a negative experience online (sometimes/frequently) vs. 68% stating they shared a positive experience online (sometimes/frequently). Interestingly, we found respondents who advocate online on behalf of a brand cite clarifying inaccurate information about a company to which the respondent is loyal among the key reasons for taking action.

There was a high awareness among respondents that they have the power to reach large numbers of people through their social sharing activities. When taking action to publish an opinion online, respondents were more inclined to do so based on a negative experience than a positive one. Product quality experiences had significantly greater influence than a company’s societal impact.

We also learned that once a customer is loyal to a brand, they tend to consult online sources less often to inform future purchase decisions. Continued brand loyalty is based on quality, customer service and price.

What are the events or factors that cause you to be “loyal” to a company, that is, you continue using that company as opposed to actively seeking other options?

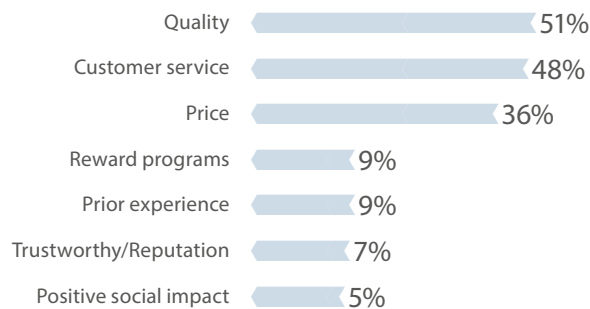


Exhibit 6

How often have each of the following factors influenced you to post your ratings or opinions about a company/product/service in an online forum?

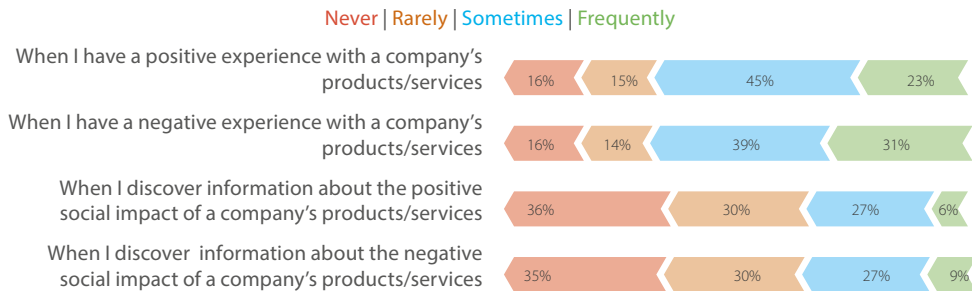


Exhibit 7

Consumer Good vs. Social Good

We asked a series of standard and open-ended questions to understand how a company's behavior in the area of Corporate Social Responsibility (CSR) or societal impact reflects in consumer views and preference to companies. The definition used in the study:

CSR is a societal impact or societal good when companies make socially responsible contributions in the community or world that go beyond the company's normal revenue generation in their day-to-day strategies and operations. These might include acts that benefit the general public such as clean air, clean water, financial stability and literacy.

The responses were surprisingly clear that a company's commitment to societal impact can be quite superficial, with little consumer interrogation about distinguishing a company's true impact compared to the firm's "marketing" of its social good activities.

Many people defined a societal good using examples such as "good to me" (e.g. low prices, discounts) rather than a "greater good" (e.g. to the planet, a cause, or others). Respondents did not appear to distinguish between companies which showcase the impact of their "greater good" efforts and other companies whose efforts were more marketing of beliefs.

In addition, through conjoint analysis described in the Methods section of this paper, we sought to isolate the impact of CSR on consumer purchase behavior when all other buying factors were equalized. We posed a number of factors including: length of time a company has been in business; whether or not the company makes a positive contribution to CSR or is reported to have made a negative impact on society, along with the price (low or high) and quality (low or high) factors.

When quality and price are largely equal:

- Nearly three in five respondents report a moderate to strong positive impact on likelihood to purchase when they discover information on the positive societal impact of a company.
- Slightly more (61%) report a moderate to strong negative impact on likelihood to purchase when hearing news on the negative societal impact of a company.
- Product or service experience (positive or negative) is two times more likely to be shared than news of a company's social impact (positive or negative).

- News of the negative societal impact of a company has greater impact on women (13% more than men)

While a company's societal impact is not a main loyalty factor across the board, the respondents who identified with this factor tended to be more passionate in their responses than those for whom CSR was not considered as important.

What societal impact means to consumers can range widely – there is no shared understanding

In effort to understand what respondents perceive to be evidence of corporate social impact we asked them to share examples of companies that are making an impact and how. Specifically we asked respondents to name the company they discovered was making a positive societal impact, share what that information was, and how they obtained that information. Two hundred and seventeen people offered detailed responses.

Categorized examples include:

- Donating to charity, supporting foundations or causes
- Environmentally friendly building (e.g. solar farms or green data centers)
- Making cruelty-free products
- Using multi-racial or un-manipulated images of models
- Organic or non-GMO ingredients
- Fair pay practices
- Environmentally-friendly practices (recycle, plant trees)
- Encouraging staff to volunteer
- Hiring people with special needs or immigrants

Many different types of companies were identified ranging from small local companies to multi-nationals. Among the most frequently cited were (alphabetical) Amazon, Tom's Shoes, Starbucks, Target and Wal-Mart.

Additional observations are:

- Women place more importance on the degree to which a company commits to operating with a social conscience, influenced most by: what the media reports about a company, online customer reviews and ratings, and a company's advertisements.
- When discovering information about the positive societal impact 80% of the people engage via a mix of online and offline channels. Women are more likely to share online than men (32% vs. 25%).
- Half of respondents placed (positive) environmental and societal impact among the top three influencers for increasing likelihood to buy products.
- Nearly half of respondents placed (negative) environmental impact among the top three reasons for decreasing likelihood to buy products.

How important are the following factors when you form your impressions about a company?

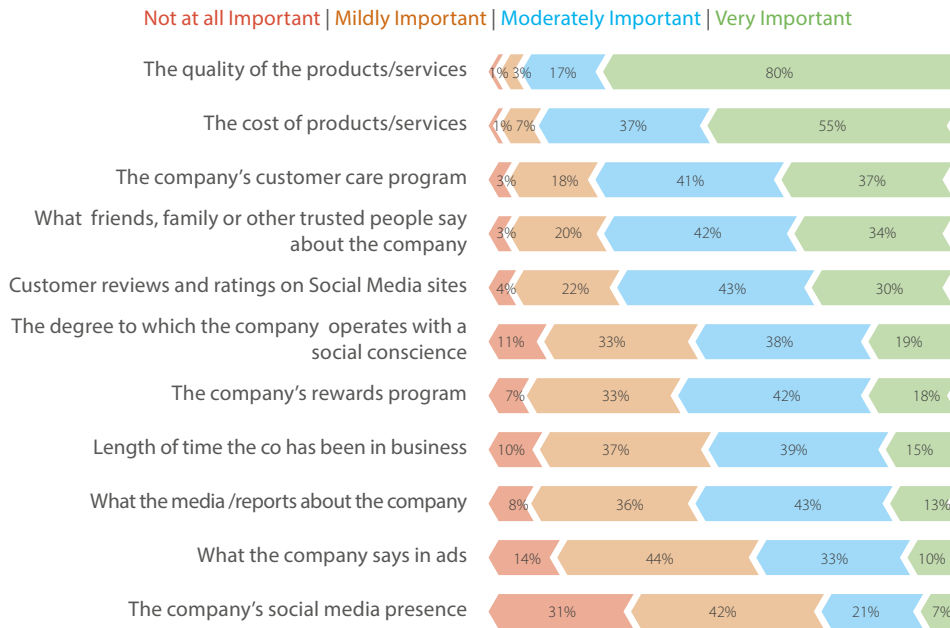


Exhibit 8

It is especially interesting to note that, in the question regarding key factors for FORMING an impression of a company, customer care programs are not especially high. However, as noted earlier, it is a driving factor for establishing and maintaining loyalty.

When you discover information concerning the positive societal impact of a company's practices, what impact does that information have on your likelihood to purchase their products/services?



Exhibit 9

Rank the following company communications in order based on which makes you more likely to buy products / services from these companies.



Exhibit 10

Observations on the Gender Gap

Women are significantly more likely to be influenced by information they learn regarding an organization's positive impact on society. Specifically, women place more emphasis on the degree to which a company commits to operating with a conscience, what the media reports about a company, customer reviews and ratings, and advertisements.

Twenty-five percent of women are more likely to make a purchase when they learn about an organization's positive social impact actions compared to only 12% of men. When women discover information concerning the negative societal impact of a company's practices they are 31% less likely to purchase from that company, compared to 21% of men.

It is also interesting to note the sharing behaviors women use to promote a product or support an organization that is having a positive societal impact. Women are more likely than men post ratings or opinions when they have a positive experience; more likely to look for ratings or opinions online than men; are more likely share information about an organization online (solely or in concert with sharing with friends and family) than men (32% vs. 25%). It is clear women are generally more responsive to information about an organization's impact on society and are quick to make their views known online and offline.

How an organization's societal contributions influence purchase preference also displays a gender gap. Women are more likely to place charitable donations as a top three influence trigger for likelihood to buy products and services from a company, and are more likely to avoid purchasing from companies reported to have underpaid employees or engaged in hiring discrimination. On the flip-side, men responded to reinvestment of profits for social good as consideration factor for purchase decisions, and are more likely to cite fraudulent claims as a deterrent to making purchases.

Distinguishing Features of the Social Media Activist

Through the study, we sought to develop an understanding and profile of the social media consumer advocate/activist. Based on an analysis of responses related to online behavior and purchasing influence/incentives, women (regardless of age) are most likely to engage with – on behalf of or in opposition to -- a brand online .

Here is the profile of a social media advocate/activists based on the study:

- More likely to be Women Under 35 (32% vs. 25% who are not social media activists)
- More likely to be Twitter users (51% vs. 37%)
- Have seen an improvement on their financial situation over the past two years (61% vs. 52%)
- More likely to access the Internet via a mobile device (35% vs. 28%) rather than a personal computer

Passive social media consumers tend to be men (regardless of age) and more likely to not have had their financial situation improve in the past 2 years, and have the lowest rates of Mobile device use as their primary means to connect to the Internet.

Social media Detractors, or those who's online actions are driven by negative experiences tend toward higher percentages having a Twitter account, and greater numbers with improved financial situation (at least compared to and Passive).

Methods

There were 927 respondents to this study (858 through an online panel and 69 from social media sites). Results were examined both in aggregate, and across the following three categories: Age: 18-25 (9%; n=80) Young Millennials, 26-35 (36%; n=334) Older Millennials, 31 to 45 (19%; n=177), Over 45 (36%; n=327), Gender: 54% women (n=494), 46% men (n=426) and LinkedIn Users: High (Often or Frequent 48%; n=448) and Low (Never or Rarely 52%; n=477).

About The Authors

Don and Vanessa have been collaborators on multiple research studies for the past five years; *The New Symbiosis of Professional Networks: Social Media's Impact on Business and Decision-making* by Donald Bulmer and Vanessa DiMauro (Feb 28, 2010) and *The Social Mind* by Vanessa DiMauro, Peter Auditore and Don Bulmer (Apr 1, 2012). The studies can be downloaded at <http://www.slideshare.net/vdimauro>

Vanessa DiMauro is the founder and CEO of Leader Networks, a research and strategy consulting company that helps organizations succeed in social business and B2B online community building. DiMauro is a popular speaker, researcher and executive advisor. With over 15 years experience in social business leadership positions, she has founded and run numerous online communities, and has developed award winning social business strategies for some of the largest and most influential companies in the world. Many of her clients have won industry awards such as Forrester's Groundswell and SNCR's Excellence in Communications.

Her work has been covered by leading publications such as the New York Times, the Wall Street Journal and Forbes. DiMauro was recently named a one of 40 top social marketing masters worldwide by Forbes. Vanessa DiMauro sits on several

boards including The Society of New Communications Research (SNCR) and Social Media Today. She is former Executive-In-Residence at Babson College's Olin School of Management, holds both a B.A. and M.A. from Boston College and blogs at <http://www.leadernetworks.com/blog/>.

Don Bulmer has 19 years of multi-national experience leading award winning marketing, communication and business development programs with measurable effect in accelerating the sales and competitive strength of energy enterprise technology, Internet start-up and professional service companies. Don's expertise includes designing multi-faceted marketing and communication programs to support the launch of companies and the introduction of new products and services that have led to the creation and redefinition of several multi-million and multi-billion dollar, 3rd party validated market categories.

At Royal Dutch Shell Don is responsible for social media and brand innovation strategy. He holds a B.A. degree from the University of the Pacific and a Certificate of Professional Development from The Wharton School at the University of Pennsylvania.

Don is a member of the board of directors at The Churchill Club and is also a member of the board of directors and a fellow at the Society for New Communications Research (SNCR). He was inducted into the PR News Hall of Fame in 2009.

Don is a frequent speaker at industry events and shares his experiences and insights on leadership, influencer marketing, social media and communications through his popular blog - Everyday Influence with articles that often appear on SocialMediaToday, CustomerThink and Social Business One.

About SNCR

The Society for New Communications Research is a global nonprofit 501(c)(3) research and education foundation and think tank founded in 2005 to focus on the advanced study of the latest developments in new media and communications, and their effect on traditional media and business models, communications, culture and society. SNCR is dedicated to creating a bridge between the academic and theoretical pursuit of these topics and the pragmatic implementation of new media and communications tools and methodologies. The Society's Fellows include a leading group of futurists, scholars, business leaders, professional communicators, members of the media and technologists from around the globe.