

PwC's view on The maturing of social networking into a business discipline

February 2010



“Consumers are leading a massive global conversation about products, services and companies. Consumers use online media, phone calls, emails, chats, and text messages to discuss what, when and how they buy. And consumers, not marketers, lead the discussion.”

PwC: How consumer conversation will transform business

Age of emergence

There has been a sea change in human behavior. We are now living in the “age of emergence”. Empowered by easy-to-use, versatile communications and IT devices and systems we expect to get the information we desire when we want it and how we want it. But this is already a stale, tired expression. Significantly, we have already moved beyond this to the desire for participation - we are in fact living in the age of Ubiquitous Participation (UP!). The company director, employee, government civil servant, consumer, firm buyer and politician are all participating. We have become the Selfsumer. The Selfsumer does not want hard sell advertizing and pushy salespersons. Rather, the Selfsumer, in this age of UP! discovers for her/himself what’s hot and what’s not and compares products, services and prices online. Online Social Networking, which greatly extends conventional ways of sharing views, has become a powerful new way of accessing the opinions and recommendations of social and business friends and associates. The knowledge, opinions and viewpoints we carry in our heads, the so called Tacit Knowledge personal databases, are now being unlocked and shared in entirely new ways and much more productively than was possible before the advent of online social networking.

The real challenge is how to integrate social collaboration with the well established collection of operational models now in use in industry, entertainment and media, banking and commerce. Social collaboration over time needs to become a complementary, integrated channel.

PricewaterhouseCoopers position is, therefore, that the time has come for organizations to develop a logical framework for using social networking by integrating the techniques with the organization’s business objectives. This means defining and putting the organization’s business requirements first, and then choosing the appropriate social networking tools to implement the business solutions. Up to now, most organizations have started at the other end by saying: “let’s tweet or use Facebook - everyone is doing this so let’s not be left out”. While this was an eminently reasonable way of experimenting and “getting started”, we are truly now at the end of this beginning, and the next phase of social networking in business is forming. PricewaterhouseCoopers thought leadership publications articulate and confirm these views after discussing these with industry leaders to verify their validity. We stand ready to work with you in developing the use of social networking in your ecosystem, to the fullest advantage.

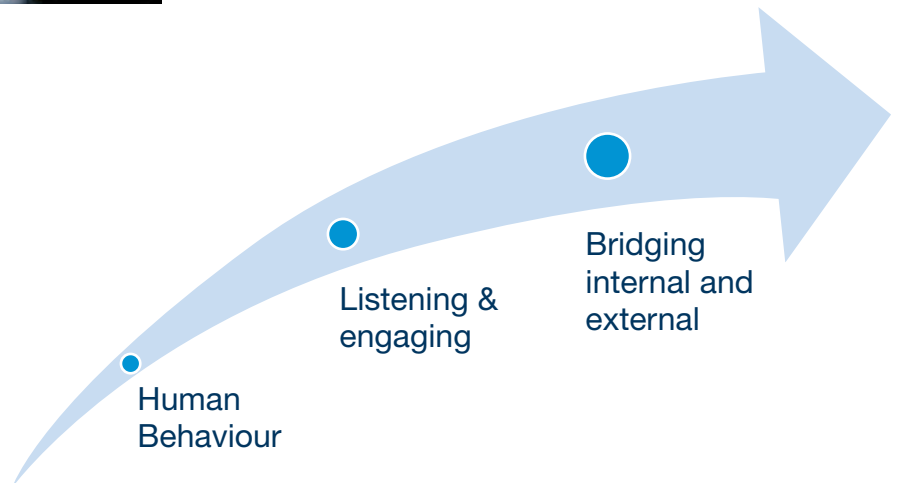
In the pages that follow we elaborate on our point of view.

PwC views on the maturing of Social Networking into a business discipline



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PwC: How consumer conversation will transform business



Human behavior: participative, critical and demanding

PwC has identified certain changes in human behavior. “Selfsumer” is PwC’s way of describing the sophisticated, skillful, new generation of consumers and business persons who have increased online expectations. Our view is that in the past, consumer expectations were limited and were related to a few factors such as cost; now expectations have increased greatly and persons of all walks of life want to be more involved than in the past.

This shift has been observed in many industries such as in entertainment, banking, insurance and fashion, where the consumer participates in what the providers have to offer; communicating and sharing thoughts and being engaged in the business process. We believe that we are now at the “end of the beginning” of social networking; this beginning was experimenting with social networking. Now the next phase of social networking in business is more serious and the way of the future in achieving enhanced goals of increased revenues, profits and customer satisfaction.

Organizations are now finding new ways of tapping into the wealth of knowledge that resides in their employees and customer needs, their “tacit knowledge” - the collective brain power and experiential information that resides in each employee and customer that has been accumulating over years. The question is, how do we extract this knowledge and enable sharing and collaborating to enhance the business? We believe social networking is ideal for unlocking tacit knowledge beneficial to the business. The business will have to establish matrix ways to make the exchange of knowledge easier in a way that will fit best with human nature.

“This is the age of Ubiquitous Participation (UP)”

PwC: Unlocking tacit knowledge

“We know more than we can tell.”

Michael Polanyi, 1969

“One consumer voice can morph into a community in minutes. Are you listening?”

PwC: How consumer conversation will transform business

“Imagine it’s seven o’clock on a Monday morning. You turn on you computer. On the screen is a startling level of insight into the real-time attitudes, behaviors, and intentions of your consumers.”

PwC: How consumer conversation will transform business

Customers and employees want to play a participative role with organizations. The technology is increasingly easy and fun to use. Social networking is now a business strategic issue. Social networking needs to be coupled into the thinking and operations of the entire organization; it is not a passing fad.

Large businesses are investing and making social networking a strategic priority. In the early days people were experimenting with this, however it now needs to be linked to the business strategy in order to be successful in achieving multi goals. Neilson has shown in recent studies the beginning of quantitative links between the benefits of social networking and engaging stakeholders, corporate and retail customers, conversing with the end customer, solving client problems yielding more quantifiable ROI.

There is a cost to solving customer problems, so the more you learn through a participative forum the better you understand your customer behavior, and are able to mitigate against losing customers by taking immediate action to satisfy them. It is important to understand the customer interaction with your organization to be able to decrease lost customers or lost transactions. Early adopters include Starbucks, Dell, Bank of America.

Social collaboration is multi-faceted and has multiple ways of enabling engagement to learn more about customers, their preferences and demands. Integrating social networking with business goals and strategies, will enhance many aspects of business performance.

Our view is not to start with tools, but rather to ask yourself the question: “What can we do better or what can’t we do?” This determines what goals need to be achieved. Our view is that deciding on integrated solutions is the way to go rather than arbitrarily using tools merely following the lead of others. It is important to know about what other are doing, but not to copy, there is not one solution. We believe our approach to assisting the organization is comprehensive, logical and not arbitrary.

There are two sides to social collaboration, internal and external. Our view is that there is no longer a difference between employee and customer; both are users of advanced technology. There is no “us and them” and it is essential to build this new way of thinking into social networking applications. We all have become Selfsumers.

There are existing traditional structure and legacy systems in place in businesses, and this has strategic importance. However, social networking is a new way of bridging between the traditional and the new era of business that is occurring at all levels through the organization and externally. The implementation of social collaboration should not be in hierarchical segments, but rather used as a tool to bridge and make existing structures more effective. They need to permeate the organization from chief executive to branch teller. Realizing that the customers, the employees and the executives are similar rather than different is the first important step forward.

Business Intelligence requirements and systems are becoming more of a real-time-use, not a batch process. Our view is that BI is a new immediacy. Executives want to know various real-time facts of the organization focused on the client base, supplier base, maintenance, and IT, just to name a few. This goes much deeper and further than in earlier times and requires personal interaction and in-the-moment information. This is the realm of social networking.

How do you implement systems that have immediacy? Our view is to have social networking that works well internally and externally enabling quick accurate responses to ensure end user satisfaction. PwC has a comprehensive view and approach and we would appreciate implementing this with you step by step leading to the fulfillment of your business goals.

“Many organizations will find that their current way of doing things is riddled with inefficiencies and their existing infrastructure places too many constraints on the experience they seek to deliver to their clients.”

PwC: Transforming the customer experience

References



2009 Report on Emerging Canadian Software Companies: The CEO Perspective



Transforming the customer experience



Navigating the era of the empowered consumer



Unlocking tacit knowledge with social networking



How consumer conversations will transform business



Technology trends in business and society

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