Resilience
A journal of strategy and risk

Social listening: How market sensing trumps market research
Anand S. Rao
We’ve all had a conversation like that, but we probably wouldn’t be thinking it was with a customer. Think again. How do you listen to what your customers, and other stakeholders, say about your products, your industry and your market?

Like most organisations, you would probably say that you invest in understanding customer needs to give them a better brand experience. You do market research, conduct surveys, hold focus groups and carry out in-depth interviews. You try hard to listen with a view to shaping your offerings in line with the feedback.

And still, customers don’t buy more. Your ratings don’t soar. Or competitors get first out the door.

The truth is, when you ask your customers’ opinions, they don’t always tell you what they really think. Or they might not necessarily know what they need when things change at mouse-click speed today. Or you might not be asking the right questions, or the right groups of people, or interpreting what they say correctly.

So what do if you want to reliably find out — and keep finding out — the good, bad, and ever-changing opinions about your organisation and its market?

One answer is to go and be social with your stakeholders – where they already spend a lot of time, online. Tune in to the flow of data they generate, digital chatter, digital transactions, digital exhaust\(^1\) and digital life. This is how you’ll hear what people say, unprompted, when it matters to them. It’s how you can watch what actions people take towards, or away from, your brand. It’s how you can start to understand their world or see trends. It’s how you can then get involved in the right way with your customers, academia or perhaps governments real-time, when you see the signs.

It’s called social listening.

Used right, it can help you hear and act on opportunities to delight and service your customers better or identify a competitive niche. Used preventatively, it’s a way to hear negative buzz, or spot competitive or political moves that may indicate risks, and allow you to build resilience to them in time.

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\(^1\) Unstructured data that is a by-product of the activities of Internet users.

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Anand S. Rao, Principal. As the Innovation Lead for PwC’s US Data and Analytics practice, Dr. Rao leads efforts to bring innovative techniques and approaches (e.g., system dynamic modelling, agent-based simulation, behavioural economics) to help solve critical client issues. He also is involved in defining and carrying out primary and secondary research. Dr. Rao’s experience spans financial services (capital markets, asset management, retail and corporate banking, payments) and insurance (life, retirement income, property & casualty, alternative risk transfer), as well as telecommunications, to advise senior executives on creating and extracting value across marketing, operations, and technology.

Prior to his strategic consulting career, Dr. Rao led and managed innovative artificial intelligence-based approaches for air-combat modelling, air-traffic management, customer service decision support, and telecommunications network management. He also taught and supervised doctoral students at the University of Melbourne and served as the Program Director of the Centre for Intelligent Decision Systems at University of Melbourne.
Why become a social listener?

Go beyond market research…

The current way market research happens is brittle. It reflects one point in time. It is a sampling of chosen people or groups. It is biased by the researcher’s interests. We’re not just talking about customer satisfaction research, either. Whether you’re looking at competitor share of voice metrics, industry ratings or market confidence opinion polls, they are static, selective and skewed.

Social listening is changing this. It provides more accurate feedback because the underlying data is alive, unprompted and continuous. You are learning about your market through external data, not distorted by your questions or by what, for example, the consumers want you to know.

It is a shift to valuable sources of real-time feedback, trending every minute, every day. Whether this feedback is a customer praising your recent product upgrade, or a customer dissatisfied with service, you want to know and respond.

…to market sensing

But social listening isn’t only about getting closer to your customers – important though they are. It’s about getting better at sensing what the market wants or might do. It’s identifying how consumer preferences are changing. It’s keeping on top of industry trends, sourcing potential expertise and talent, and finding out what is being said about competitors. In short, robust social listening helps you become more market aware.

Compare this to what you can get from current marketing-based social media tools. At best, some of these count, let’s say, thumbs-up or thumbs-down clicks as an assessment of brand popularity. If this is the extent of your current social listening, then chances are you’re frustrated at the lack of real insight you get.

Most marketing-based social media tools don’t go beyond brand popularity. For example, they don’t ask what drives the positive experiences. Who are customers comparing you with? What do they think you are doing right or wrong versus your competitors? What more should you be doing to please them?

Most marketing-based social media tools don’t capture negative activity that might be causing damage either. What is the perceived risk facing the company that might be sensed from all the social conversations? What is your competitive share of voice? What lobbying is going on that might imply regulatory change? What new findings are coming out of academia that might shake your product make-up? What is the root cause of local community dissatisfaction?

This is the kind of data that a robust, carefully designed, social listening strategy can help you get to. You’ll be able to listen at a more granular level and pick up on what is being said in the multitude of small, public conversations of relevance. Importantly, you’ll be able to understand the context of those discussions so that you can listen critically. This is the insight that allows you to both sense indicators of risks to your company as well as to uncover opportunities early.

Do more than just scratch the surface of social listening

Companies may evolve through a number of stages of social listening maturity. As they learn more about the power of listening, their purpose for using it and the methods and tools they adopt will also change.

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3 PwC and the MIT Forum for Supply Chain Innovation, Making the right risk decisions to strengthen operations performance, 2013.
Make social listening work for you

The benefits of social listening come when you feed the insights gained back into your organisation, when and where they’re needed. In this way, social listening contributes to your broader big data mission to gain intelligence in the moment. The following four pointers can help guide you in the right direction.

1. Start with the business challenge. Mould your social listening approach on the business challenge your organisation is trying to solve.

2. Don’t treat this as simply a data, IT or marketing issue. Bring together the right skills from inside and outside your organisation to address the business challenge at hand. Make sure that relevant data feeds back to the relevant functions to inform business decisions in a timely way. Relevant functions might include customer servicing, strategy, innovation, product development, market intelligence, risk, internal control, communications, brand, operations or compliance.

3. Choose the right tools and techniques for the job. There are hundreds of social data analytics tools, but what you get out of many of them is
superficial data. So, find a toolset that has been designed to provide insight in the context of your industry or the topic that you need to understand. Also remember that the technology for social listening is changing rapidly. Select a toolset that is flexible and allows for new advancements to be swapped in seamlessly. Review and scale up your tools as you become more sophisticated in your social listening capability.

4. Make the benefits last. Operationalise the use of analytics in your organisation. Don’t just set up a one-off analytics project or tool. Align the solution and devise your listening taxonomies based on your organisational structure so that the right conversations flow to the right stakeholders. Make social listening part of normal data gathering practices so that insights gained continue to help you achieve business objectives.

Shaping from the outside in

If there was ever a time for businesses to become customer-centric, this is it. The phenomenon that is social media has shifted the balance of power to consumers, opening up opportunities as well as increasing organisational risk. The good news is that social listening is valuable for both the upside and the downside.

On the upside, organisations can legitimately listen to, follow and be part of the shifting consumer sentiment almost real-time. Social listening helps identify and respond to trends and methodically improve customer loyalty.

On the downside, using social media analytics is becoming more and more important for companies to avoid surprises. It’s a way to predict what might cause risks, become more risk aware and build resilience to those risks.

At the end of the day, though, it’s not just about customers. Your competitors are likely to be listening. The media is certain to be listening. Regulators and even your shareholders may be listening to social chatter that is relevant to your organisation and industry. So you’d better be listening, too.

How social listening is transforming the financial services sector:

- A large retail bank listened to open consumer conversations around “mortgages”, including mortgage policies and customer complaints on these processes across the industry. It used input to devise an early warning indicator on potential risks to the bank, proactively communicate with consumers and revise policies where required.

- The US Consumer Financial Protection Bureau (CFPB) Examiner’s Handbook points the examiners at social media sites to monitor for reports of bad customer relationship behaviours.

- An insurance company listened to understand how consumers viewed certain brand attributes like “guaranteed income” and “lifetime benefits”. Input was used to build marketing messages around what their prospects and consumers valued most, as well as brand attributes that were not associated with their competitors.

- Social listening played a key part in identifying emerging trends in the treatment of mortgages to servicemen and women in the US.

4 Carried out by PwC’s Performance Measurement Group—find reference.
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**Author**

Anand Rao  
+1 (617) 530 4691  
anand.s.rao@us.pwc.com  
PwC US

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John Ashworth, Chris Barbee, Joe Buccina, Lisa Cockette, Marc Farre, Tracy Fulham, Kedar Gumaste, Malcolm Preston, Alastair Rimmer, Suzanne Snowden, Julie Szydlowski and Gautam Verma

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