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SOCIAL MEDIA
LEADERSHIP FORUM

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WELCOME

Welcome to Social Business, a discerning guide to the world of social media. This is a fast changing field and new developments are coming thick and fast. To help you keep up to speed, we focus on the essentials and bring you some of the most up-to-date thinking from experts in the field.

The quarterly magazine includes articles, reports and highlights of talks given to members of the Social Media Leadership Forum, from thought leaders passionate about the benefits of social media to businesses, to brands who are walking the walk.

In this issue we learn from first direct about a groundbreaking project to let customers add their voices to the bank's new plans and ideas. We hear too from Zappos, the online shoes and accessories retailer, which embedded the idea of social relations with customers in its practices long before Facebook and Twitter were even thought of.

There's no shortage of social media tools available to businesses, but how can they be made to work? In this issue we have a special feature on the challenges and how they can be overcome. We also look at the fast-developing issues around privacy on Facebook.

And for companies who remain nervous about social media, Jeff Jarvis, an influential advocate of openness in business, reminds of the benefits and offers reassurance.

We hope you find the magazine useful and look forward to seeing you at future Social Media Leadership Forum events.

Your thoughts, feedback and social media experiences are very welcome

Please contact us with any enquiries and we will get back to you as soon as possible.

Editor

Robert McLuhan
rob.mcluhan@itsopen.co.uk

Community Manager

Fran Bodly-Scott
fran.scott@itsopen.co.uk

Designer & Production Manager

Ian Head
ian.head@itsopen.co.uk

Cover Art

Cozy Tomato



FACEBOOK DATA PRIVACY

Are we just products for advertisers?

Facebook is proud to 'help you connect and share with the people in your life'. Alas, these people can also include your worst enemies. Social Business looks at the growing furore over data privacy on the social networking site.

With more than a tenth of the world's population linked on Facebook, alarm is growing about the uses to which people's information can be put. It's not

But the perception is growing that Facebook is being less than honest about its use of personal data. In Europe the company has faced an online campaign, started by an Irish citizen who was incensed when he discovered that it still held reams of controversial personal data which he was certain he had deleted.

just advertisers seeking to target products and employers checking out the true lives of new recruits. Facebook data is also turning up in court cases, very much to users' detriment.

Users may yet be saved by officialdom. In the US Facebook has just settled federal charges that it violated users' privacy by getting people to share more information

than they agreed to when they signed up. It must now let independent auditors review its privacy practices for the next two years, and consult users before changing its data policy again. The European Union meanwhile has plans to clamp down on the use by social networking sites of information on users' sexuality, religious beliefs and location.

For litigants the site is a goldmine of possibilities, for the things that some users post about themselves are frankly reckless. In one case, a 28-year-old Canadian who claimed he had lost his social life as a result of a car accident was found to have posted photographs of himself hosting parties. In another, a woman boasted online of her penchant for sado-masochistic sex and illicit drugs, a boon for her ex husband who used it to help win custody of their child.



Users are in a weak position to protest, because they aren't the customers – they're the product. "Boardroom discussions at Facebook are not about how to help little Johnny make more and better friendships online; they are about how Facebook can monetise Johnny's 'social graph,'" points out author Douglas Rushkoff. Facebook's real customers are the companies who pay them for this data and use it to help them sell us their products, he says.

It remains to be seen what the effects will be, if any. Yet the pressure on Facebook to squeeze profit from users' data can only grow. The company is expected to pull in an estimated \$4 billion in worldwide ad revenue this year, and this could go up to \$6 billion in 2012. For the moment its goal has been to keep growing, but if it soon goes public, as expected, it will have to satisfy shareholders' expectations of profits. The battlelines are being drawn for what is likely to be a protracted and messy conflict. ■



First direct is renowned for the quality of its customer service. So it's no surprise that the bank is inviting customers to collaborate on new ideas via its first direct lab website. Social Business hears about the project from Natalie Cowen, head of brand and communications.

In 2009 first direct launched its remarkable 'Live' campaign, with a microsite that gathered every mention made about it online. It was a remarkable exercise in openness and transparency, laying bare exactly what the public thinks about the brand. Conversations evolved off the back of that, with customers able to provide continuous feedback by means of telephone and secure messaging service.

Now the bank has taken the logical next step, putting in place an online forum for customers to provide feedback to its initiatives and make suggestions for improvements. The project is called first direct lab, and launched on August 1 after six months gestation. The site is open to anyone to view and has received more than 7000 comments so far.

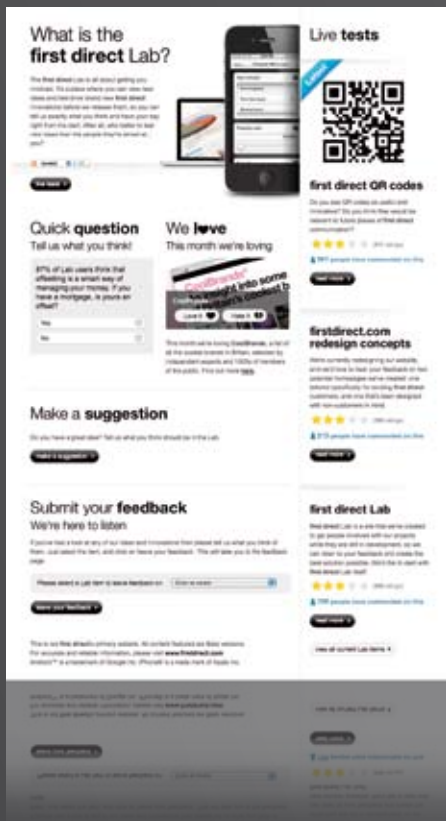
From the start it has been clear that customers' ideas do not necessarily coincide with the bank's. For its first initiative it solicited feedback on plans to redesign its debit card. At a casual glance this looked

almost identical to the credit card, and the two were hard to tell apart when paying at the checkout. "When we asked customers for feedback it turned out they liked the existing design for the debit card and would prefer any changes to be made to the credit card instead. Now we are doing that, and hopefully it will go the next stage," Cowen says.

first direct was an early adopter of online banking, and many of its customers are technology-savvy veterans. So an invitation to comment on a projected homepage redesign - one tailored specifically for existing first direct customers, and another designed with non-customers in mind - has brought a flood of suggestions, gripes and comments. These show a variety and sophistication of views: from widening access to different browsers and the provision of mobile devices, to aiding navigation by cutting down clutter and a facility for customers to label their own direct debits. In short, enough to keep the bank's designers busy for months.

A large proportion of comments come from Android smartphone users puzzled by the lack of an app similar to the one first direct provides on the iPhone. The bank's response is that the iPhone is still by far the most used smartphone, while Android accounts for a minority of the customer base.

An invitation to comment on a projected homepage redesign has brought a flood of suggestions, gripes and comments.



www.lab.firstdirect.com/

www.live.firstdirect.com/



However it reveals it is now developing an app that will work on all mobiles.

Other content includes a poll soliciting yes/no answers to a specific question and a 'We love' column, which this month features a list of cool brands, also an app for ordering from pizza express.

Could they also provide suggestions about improvements to existing products, or even come up with ideas for new ones?

first direct lab is a marketing initiative: of course it makes sense to talk to customers about ways to improve the interaction between them and the brand. But could they also provide suggestions about improvements to existing products, or even come up with ideas for new ones? In fact there are plans to do that, although in a banking environment the potential is somewhat more restricted. "Obviously there is a financial equation that sits behind a product, so there may be less flexibility for changes based on their recommendations. But it is useful to get feedback," Cowen says.

It's also clear that the bank must be prepared on occasion for a negative response. For instance a plan to develop a mobile app for finding a mortgage was greeted with a loud raspberry. Many said that this was something they would do on a PC at home, not on the move, while others again took the opportunity to complain about the absence of a current account app for BlackBerry or Android.

The company is also asking for opinions on QR codes, which are beloved by marketers but less so by consumers, to judge by the comments left on the website. 'Gimmick' and 'waste of time' are common responses, although some readers have also come up with constructive alternatives.

Negative views might not sit well in a traditional marketing perspective, and it could be tempting to play them down. But any healthy relationship involves a certain amount of give and take. As a demonstration of the bank's commitment to transparency, its willingness to throw open the design process to customers arguably counts for far more in the long run than any discomfort from a thumbs down to particular plans.

In fact a perusal of the comments shows a customer-base that is passionately attached to the brand, and when offered the opportunity to interact is only too happy to do so. "Social media demonstrates that people want to engage, and if you give them the opportunities and the channel they will respond," says Cowen. ■

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SOCIAL MEDIA IN THE WORKPLACE

How to overcome the challenges

Many companies have been introducing social media technologies into the workplace. However most have still to discover how to use them to create true competitive advantage and impact the bottom line. Social Business looks at some of the challenges that need to be addressed.

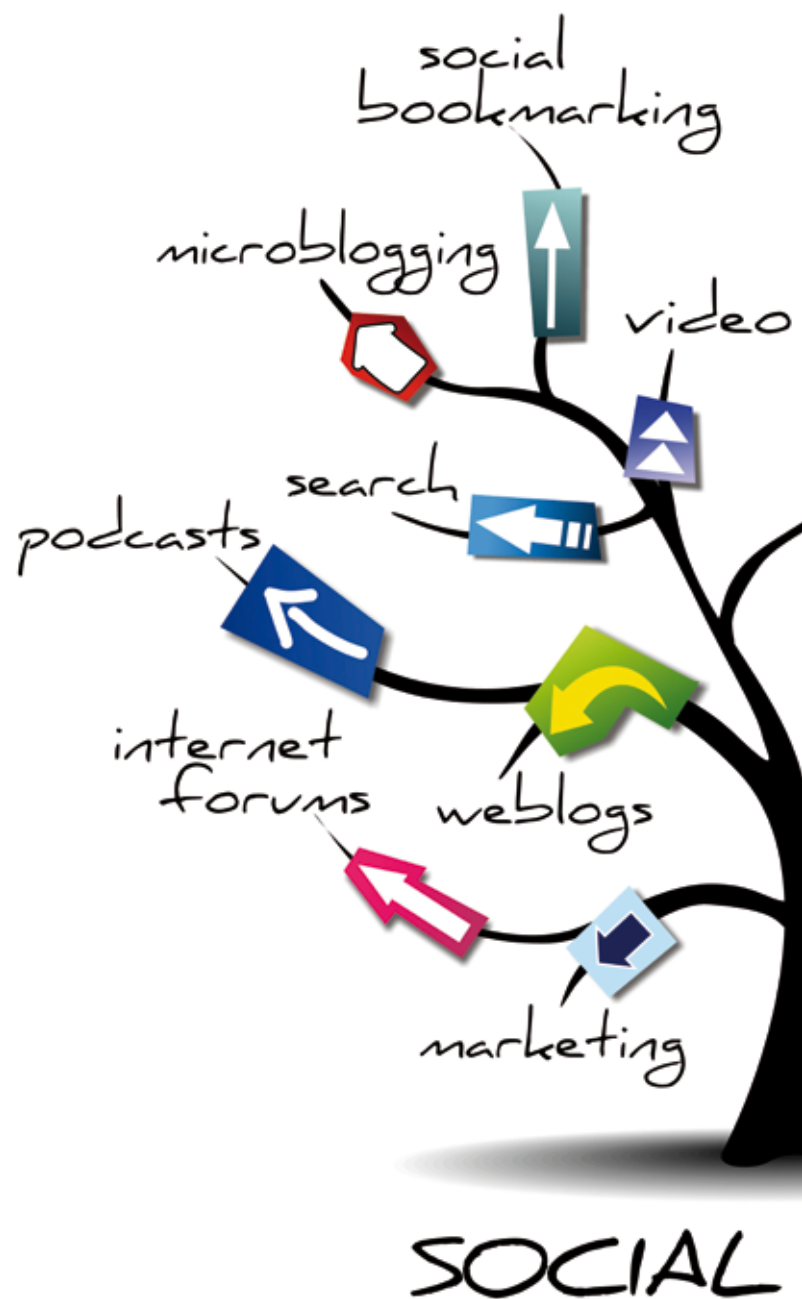
There's no shortage of social media tools available to businesses, from blogs, content aggregators, wikis and personal homepages, to virtual spaces and social networks. But although these could potentially transform the way they work, the reality is trailing behind the hope. Adoption has been markedly slower than in the public domain, with most companies dipping their toes in here and there.

One thing's for certain: trying to replicate consumer networking sites and social tools behind the firewall won't work. What's needed is an holistic approach, identifying the business, cultural, and technical factors to consider. So what are the challenges, and how can they be overcome?

Busy staff need encouragement and a rationale for changing the way they work. They are resistant to learning new behaviours if they can't see a clear benefit. So an essential first step is to find out what stops people getting their jobs done and what are the key business drivers for change. Once the problems are well understood, the search for the solution can begin.

One problem is that most people already feel overloaded with information and can spend hours sifting through irrelevant content. This makes them less productive: if they are prone to make bad or ill-timed decisions they may be unable to maintain desired standards of quality. A danger of social computing is that it can worsen this situation. Anyone who uses Twitter knows that it is impossible to keep up with all information streams.

With the continued spread of social media tools in the workplace, it's critical that staff



are trained to use them well. Otherwise they will simply shift the overload from one channel – typically email - to others. They need to be shown how they can manage their activity streams. They need to make smart choices about who or what to follow and how to stay abreast of items that flow through their dashboard. This new skill should be complemented by intelligent filters built into the social computing platform, based on subjects and keywords that can assess an item's potential relevance - precisely the types of filters Google uses when it dishes up personalised search results.

What's needed are social systems that are an integral part of all the applications people use daily to get their work done.



Quick wins may involve the use of blogs and wikis. Group blogs can be much more effective than email for informally sharing knowledge, a substitute for the generic 'does anyone know?' email. Wikis can be used to create informal FAQ resources on different areas and topics. They can also provide more structured know-how resources, for example a section-by-section guide to a code or process. Even using a wiki page for something simple like the agenda for an online meeting can cut down on email traffic and save time.

Clearly, another major concern is around privacy and security of information. Social technology tools can track what staff are doing online and with whom, generating new information based on patterns of behaviour. This raises concerns for some about their privacy and they may want to opt out. Meanwhile enterprises still have their secrets, and want to be sure that sensitive information is seen only by those who need it.

In some cases, social tools end up creating new information silos that don't link in a meaningful way to core CRM or ERP systems. What's needed here are social systems that are an integral part of all the applications people use daily to get their work done. Amongst other things, the systems should have access to existing internal directories, so that staff don't have to keep their profile page up-to-date or leave their personal dashboard to search the database for relevant information.

Companies looking to offer a one-stop service to their employees will let them pull in their personal streams such as Facebook, Twitter and Flickr into their personal dashboard. Given the blurring of work and personal boundaries for many professionals, and their desire to build relationships with those whom they do business, this should at the very least be a point for consideration.

Finally, the tools must be embedded into the flow of everyday work. It's important to remember that social computing is about people, not technology. Don't think that social technologies will be as popular on the inside of your company as they are in the public domain. The tools must underpin a genuine need in the workplace and be embedded into people's everyday work processes.

If the use of social media tools means asking staff to step out of their daily flow of work, and codify and share something about what they do, then they will be hard to engage. But if it can help them do their job better then they can really work. ■

OPENLY CRITICAL

An interview with Jeff Jarvis

Journalist and author Jeff Jarvis gained international attention in 2005 when he posted furious criticisms of Dell's customer service on his blog, forcing it to change its culture. He has since won a wide following as an advocate of openness in business. We talked to him about some of his ideas.

Jeff Jarvis is still stirring things up. During the summer he tweeted his frustrations about political deadlock in Washington and invited other users to join in. His #fuwashington hashtag got 110,000 retweets, as people used it to voice their own complaints. Now he sees the Occupy Wall Street movement doing the same, with social networks being used as a channel for individuals to voice their distrust with banks and institutions. "What confounds politicians and the media about this sort of movement is that it has no leader," he says. "A Twitter hashtag has no hierarchy or structure. It's an empty vessel whose potential is to resonate with people."



This is the way the world is heading, Jarvis contends. That 800 million people interact every day on Facebook shows the sheer power of the impulse to connect, and he fervently believes that this sort of openness can be used by businesses to good effect. He rattles off examples, from companies like Google issuing unfinished products as beta versions that customers can improve – “a remarkable statement of humanity and humility”, he believes - to asking customers to come up with design suggestions for a new product, or even paying up front in order to finance it.

He has personal experience about the benefits of openness, having written about his prostate cancer on his blog. “Some might call me insane for doing so, but it really helped, with people coming and giving me support – people who would never have known if I hadn’t gone public about it.”

Give people the opportunity to contribute and most likely they will come up with creative ideas, Jarvis believes. He likes to cite the example of Starbucks, whose customers made suggestions that would save them having to stand in line, for instance by pre-ordering on a smart phone or enabling the card to automate the order. “They were given the

respect and the tools to solve the problems they sensed, and they took advantage of that,” he says. “They feel they made a difference, and I can’t see how that is bad.”

Jarvis is by no means dismissive of legitimate concerns about privacy in business, particularly those like banks and consultancies for whom data security is a major issue. But he still thinks that worrying too much about privacy is getting things back to front. “I attended a Future of Privacy forum

in Washington recently, where they started talking about how to define it,” he relates. “I argued they should instead think first about why people were sharing and what they were trying to get out of it, and then decide how to achieve that securely and safely. That’s what we have to design around.”

If companies are worried about a public backlash if their secrets become public then perhaps they should change their behaviour;

he suggests. “Imagine that what you do becomes public overnight. If you’re ashamed of it, then don’t do it.”

How can a company maintain brand control at the same time as enabling more of its employees to represent it on social channels? It can’t, Jarvis states bluntly, but nor should it want to. “The truth is, you don’t have control because your customers own your brand. The brand is the relationship you have with the public, and people don’t want a relationship with an official slogan or a mechanised corporate voice.”

There’s not much architectural change needed to achieve openness, however cultural change is another matter, and

that is harder, Jarvis agrees. There’s a sense in which marketing and PR departments put themselves out of a job when they throw open what they do to everyone in the company. Nevertheless, that’s what they should be doing, he thinks, creating an enthusiasm for maintaining good relationships with customers through the entire organisation.

All this might sound rather abstract, but Jarvis knows from his own experience advising companies that it can be done. “You need to sit down and start to rethink how you can have a relationship with your customers,” he says. “Where are those points of contact, what do people want and need, where can they collaborate? That’s where it all starts to become more specific.” ■

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INSIDE ZAPPOS

Social is everything

The online shoes and accessories retailer Zappos is legendary for the quality of its customer service. Graham Kahr, the company's social engagement scientist, talked with us recently about finding new ways for customers to interact on social

Zappos' philosophy is that we're a customer service company which just happens to sell shoes. We think that people like shopping with us because it's a fun connection. We like to treat them as friends and make them smile. So when it comes to social media, we're not at all passive about it. It's all about surprise and delight - creating a shareable experience.

When Twitter started up, our CEO Tony Hsieh jumped in right away and was one of the first users to hit a million fans (he's now closing on two million). But Zappos staff can tweet on their own, without anyone telling them what to say. Now about five hundred of our employees tweet regularly - not just about what we sell, but whatever they feel like.

The culture is the most important thing for us, and obviously the clothing and shoes are part of it. But we don't give any more weight to that than putting up a video of a doughnut-eating contest from our IT department. It's an all-things-considered approach that we take.

On Facebook one time we saw a woman in Massachusetts saying that she and her family were snowed in, and had been without power for four days. So we sent her a pizza. Recently we put out a video for all our fans, describing how we helped one of our employees to become US citizen. He has worked here for several years and was going to have to

Zappos CEO Tony Hsieh Source: Zappos Press Center

go back to Hong Kong, but we paid for his naturalization. People love it when we do that sort of thing, and it's what they expect of us.

Zappos has a smaller footprint on Facebook, where its fan size is a relatively modest 180,000. We should probably be at the million mark, giving away a pair of shoes every day, interviewing top celebrities, and so on. But we are purposely trying not to do that. Instead we're trying to be your attainable fashion friend, someone you can call up any time to see what kind of shoes will match your dress.

We haven't ever had a 'like' button for Zappos itself, however – you can only 'like' product and brands. That's because we wanted to see what kind of interaction we would get if our fans interacted with us organically, and I'm happy to say that almost all of them have been active in the last month.

We've found that videos are the most amazing way for people to experience our culture. In fact video ranks higher than just about anything else, and we're using it a lot more in Facebook than before. We have evidence that 65% of mobile Facebook users check it twice before they get out of bed, so we keep our content short, punchy and easy to interact with. We put out longer content later in the day, when people are on their computers at work, or commuting home.

Is there a risk in being open to customers at all levels? Actually we think there are more risks in not being completely open. Our culture is our biggest asset, and that comes from all the individuals who work here. We don't want to stop them from being themselves. If someone tweets or posts something that screams 'I'm not a culture fit with Zappos', that's a much bigger issue for us than whatever it was they said.

For sure, this is not an approach that will work for everyone. Companies like banking and pharmaceuticals are responsible for their customers in a much different way than we are with shoes, and wouldn't necessarily want to talk to them about car races and doughnut eating contests. It would not be perceived as genuine. But we built Zappos around customer service, before Facebook and Twitter appeared, so it's right for us.

zappos.com



A lot of companies are scared about social media but I'd urge them to let go. Of course they're concerned about getting a return on investment. But they tend to be too concerned with the R and not enough with the I. What's the downside of talking to customers about anything? We don't have a bunch of data that says that if we were pushing product this is what we get back. We know from the awards and what fans say that they appreciate us interacting with customers in the way we do.

It's tough to measure true impressions, although we use an SAS programme to measure sentiment on Twitter and monitor tweets on a weekly basis. If there are any negative spikes, we deal with it quickly. We have had 97% positive ratings in last year and a half. But we don't measure value with social media. It's not about reaching a count – we think that each smile we create is a win. ■

Zappos 10 core values:



