



# Engaging Customers Through Social Media:

## Making it Operational

By making social media engagement operational, businesses are creating greater dialogue with customers and achieving big improvements to their bottom line.

# The growing value of digital dialogue

For many companies today, social media is no longer just a channel for promoting products, marketing brands, and managing public relations. As consumers increasingly use social media to talk about their experiences and inform their purchasing decisions, platforms like Facebook, Twitter, and TripAdvisor are taking on daily operational significance.

Today, more and more people are turning to social channels to gather information and share what's important to them. In the United States alone, 81% of online Americans report using social channels to become more informed about the products and services they buy (Figure 1).<sup>1</sup> Not only are more people researching products online, they're also using social channels to actively share their experiences with others. A 2010 study by the **Pew Research Center**, found that a quarter of Americans (24%) reported posting product reviews or comments online,<sup>2</sup> a number that has surely only increased as people have started using multiple platforms.<sup>3</sup>

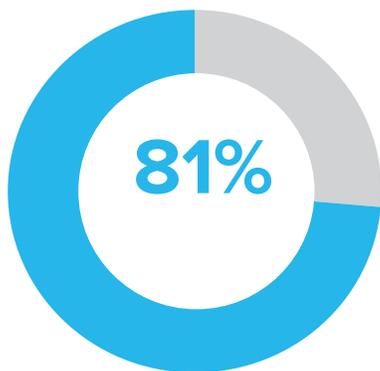


Figure 1: Percent of Online Americans Using Social Channels to Become More Informed About Products and Services They Buy

A big part of the reason that customers — and companies — are increasingly tracking online traffic for valuable insights is because customers have begun to trust online reviews more than they trust corporate marketers and advertising. A 2012 **Nielsen report** found that online consumer reviews are the second most trusted source of brand information, topped only by recommendations from friends and family.<sup>4</sup>

As consumers gain trust in social media, and go online to seek and share experiences more regularly, forward-looking companies have discovered that social platforms provide a critical forum for engaging in a rich and valuable dialog with their customers. Social platforms have emerged as places where truly customer-centric companies can resolve service problems, gather intelligence on both customers and competitors, and identify opportunities to provide new sources of value.

Some of the most progressive companies are learning that social media engagement can be especially valuable when it is distributed to customer-facing employees across the organization. By giving local units greater discretion in responding to online reviews, and greater flexibility to experiment with new approaches, large companies with distributed operations are discovering new and better ways to delight their customers.

With the right processes in place, operationalizing social media engagement creates a virtuous cycle: Frontline employees are empowered to address customer complaints, they learn from their experience, and customer satisfaction follows. Over time, reviews improve and revenues subsequently increase as well.

<sup>1</sup> Pew Research Internet Project, 2014, <http://www.pewinternet.org/fact-sheets/social-networking-fact-sheet/>

<sup>2</sup> Online Product Research, Sept. 29, 2010, accessed June 1, 2015: <http://www.pewinternet.org/2010/09/29/online-product-research/>.

<sup>3</sup> Pew Research Center, Social Media Update 2014, January 9, 2014, accessed August 20, 2015: <http://www.pewinternet.org/2015/01/09/social-media-update-2014/>. "Multi-platform use is on the rise: 52% of online adults now use two or more social media sites, a significant increase from 2013, when it stood at 42% of internet users"

<sup>4</sup> "Consumer Trust in Online, Social, and Mobile Advertising Grows," Nielsen Online, April 10, 2012, accessed May 15, 2015: <http://www.nielsen.com/us/en/insights/news/2012/consumer-trust-in-online-social-and-mobile-advertising-grows.html>

## Word of mouth goes global and gets visual

Several years ago, a Best Western Plus Hotel in Rockville, Maryland decided to actively encourage its guests to document their stays on social media. First, it asked guests to post reviews on TripAdvisor. Then, it went even further, encouraging guests to post photos there too.



Word of mouth has always played a role in how consumers learn about companies and brands. But traditionally word of mouth was informal, ephemeral, and hyper-local, a conversation between two friends, advice passed along from a cab driver.

In the social media age, however, word of mouth is amplified. It can also be visually projected through compelling photos and videos, which can be even more convincing to consumers. Indeed, these days, an off-hand perception or timely snapshot can have a greater global reach than a commercial TV ad. Comments on social media can also be visible for much longer — a review post can show up high in Google’s search results for years to come.

By encouraging its guests to share their experiences via social media, Best Western Rockville was effectively asking its guests to take on duties that had once been entrusted to commercial photographers, copywriters, and other industry professionals. This in itself was a significant change for the property, a new way of handling part of its marketing efforts.

“When you encourage guests to post reviews on TripAdvisor, you have to be ready to address their concerns and critiques.”

But the impact of this new approach went far beyond marketing or public relations. By encouraging its customers to publicize their experiences, Best Western Rockville was acknowledging that it fully understands — and embraces — the accountability that social media creates to customers. Encouraging customers to post their experiences online means that Best Western is committing not only to delivering great service, but also responding to requests for better service. It is committing to an open dialogue with its customers that will lead to learning and better experiences in the future.

In this respect, Best Western Rockville wasn’t just encouraging guests to create social media about the hotel. It was also making a series of implicit promises that had operational impact. When you encourage guests to post reviews on TripAdvisor, you have to be ready to address their concerns and critiques. When you encourage guests to post photos of their rooms, the bed linens always have to be ready for a potential Instagram close-up.

To actively embrace social media is to prioritize customer experience in a perpetual, highly public, and mission-critical way. For Best Western Rockville, this had very positive consequences. In the four years since the hotel began encouraging guests to post on social media, the 164-room property increased its annual revenue 48 percent — from \$2.9 million in 2010 to \$4.3 million in 2014.

# Social media engagement measurably boosts business

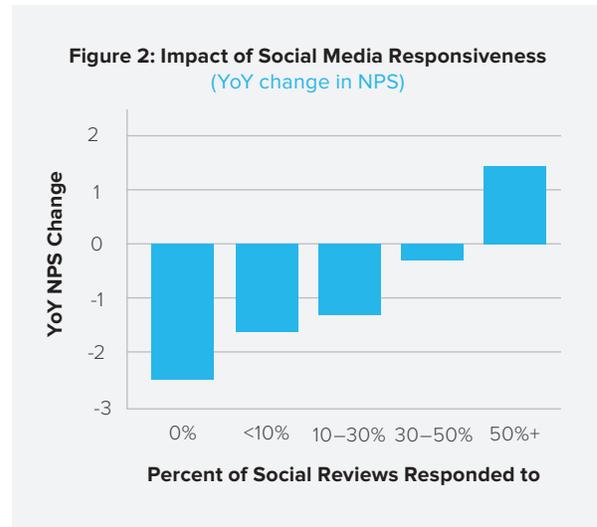
Best Western Rockville’s strong results reflect a fundamental truth about the role of social media in a customer-driven world: While the customer may not always be right, these days the customer is always heard — especially by other customers. In an increasingly digital world, a customer’s “social voice” frequently has a very real impact on a company’s bottom line.

As an example, consider the results of a recent Medallia study. To understand the effect of social media on financial performance, researchers examined the impact of TripAdvisor rankings on revenue for a major hotel chain operating in and around a major metropolitan market. The study found that, on average, moving up a single ranking increased monthly revenue by .27%, for an average-sized property. During peak season, moving up a ranking had an even greater effect, increasing revenue for an average property by approximately .52% per month.<sup>5</sup>

For hospitality—and presumably other companies—the implications are clear. Paying attention to social media (e.g., online reviews and social rankings) matters. The question then becomes, what can companies do to influence the online conversation? How can they join the social dialogue?

Another Medallia study sheds some light on this question as well. In this case, researchers looked at whether a company’s efforts to respond to social reviews made any difference. Analyzing data across 4400 Best Western properties, the study found that, on average, when properties responded to at least half of their TripAdvisor

“When properties responded to fewer than half of their social reviews, their NPS and social scores actually declined”



reviews, they were able to increase customer satisfaction by 1.4 NPS points the following year (Figure 2). They were also able to increase their subsequent TripAdvisor Scores, topping their competitors by 4.9 points, as well as occupancy rates, which increased by 6.8 percent.

In contrast, Medallia’s data showed that less responsive properties didn’t simply maintain the status quo — they lost ground. When properties responded to fewer than half of their social reviews, their NPS and social scores actually declined. For example, properties that only responded to 30-50 percent of their reviews saw their NPS drop by a quarter of a percentage point. Properties that never responded to reviews saw their NPS drop by a full 2.5 percentage points.

What this data suggests is that consumers today expect companies to respond to social reviews and engage in social dialogue. Moreover, they look less favorably on those that don’t. Even worse, when a company receives a negative social review, and fails to address it, prospective customers are likely to perceive the review as truth and simply take their business elsewhere.

<sup>5</sup> Increased social ranking had no obvious revenue impact for budget hotels or during off season months.

Why would they take a risk with a company that clearly ignores its customers if other readily available alternatives are just a click away?

Because customers place so much trust in other customers' reviews, companies today are virtually obligated to respond to feedback delivered through online channels. Obviously, there's an important marketing and public relations component at play. Even more significant, however, is how regularly responding to social media compels companies, from frontline employees to management, to prioritize the customer experience.

Before social media, customer feedback was often a top-down effort. It took the form of structured surveys, focus groups, and call center data. In the social media era, customer feedback occurs more organically and pervasively. Social media facilitates ongoing and open-ended discourse, from which revelations, patterns, and insights can emerge at any time.

In any society or institution, conversation is what creates culture. The things we talk about are the things we value and pay attention to. Because social media amplifies the customer experience, companies that organize themselves around social media engagement inherently prioritize the customer experience as well.

Take, for example, the difference between a traditional market research study and a single customer review on TripAdvisor. The former might contain feedback from thousands of customers and contain numerous useful insights. But it might also sit in a file cabinet for months as management debates the best way to act on it.

In contrast, a single review that is shaping the opinions and expectations of countless potential customers is an urgent call to action. It all but demands a response. And ideally it demands a solution as well.

“By engaging with social media, companies may discover opportunities to offer new sources of value...”

In time, that solution may become an organizational policy or improvement initiative that significantly enhances a company's operations. In the best of situations, it can turn into a new source of customer value, dramatically improving the customer experience and attracting new customers away from a company's competitors.

As frontline employees and managers carry on a dialogue with customers through social media, they also gain valuable insight into what customers like and dislike. Not only can this insight drive important operational improvements that enhance a company's existing products and services, it can also lead to new ideas. By engaging with social media, companies may discover opportunities to offer new sources of value, further delighting current customers and potentially attracting new ones.

Over time, as companies develop a daily habit of listening to and responding to their customers in a very public way, accountability and problem-solving become uncreasingly hard-wired into an organization's daily rhythms. As its capacity to operationalize feedback improves, its business outcomes improve as well.

## Driving engagement at the local level

The rise of social media is prompting a shift in perspective, especially for companies with global brands. Traditionally, brands have been created and promoted in top-down fashion from corporate headquarters. Frontline interactions with customers have always helped generate word of mouth and influence overall brand perceptions. But such interactions were difficult to measure and evaluate and their effects remained relatively local. What happened in Rockville mostly used to stay in Rockville.

That's no longer the case. A weekend manager in Rockville answering a guest's TripAdvisor review can end up shaping the opinions of potential customers around the globe. For some companies, this is a big concern. Yet, many others are beginning to realize that if they wish to fully capitalize on social media's capacity to improve the customer experience, they need to encourage an open dialogue between employees and customers. Local employees, from management down to the frontline, must be empowered to engage with consumers everywhere digital conversations take place – to learn, make improvements, and demonstrate they are listening to the concerns of their customers.

Best Western's corporate team would find it virtually impossible to respond to the tens of thousands of reviews, status updates, and tweets that customers at the brand's 4400 global properties generate each week. They don't have the manpower, nor do they have the specific knowledge about properties and local policies that is typically required to respond rapidly and appropriately. In fact, even vetting locally-generated responses could be cumbersome and challenging for a core team because they would lack much of the context needed to assess the response.

The prospect of democratizing brand stewardship – of letting thousands of local employees speak publicly on behalf of the brand – may seem risky at first. But as companies like Best Western have discovered, the benefits of social dialogue far outweigh the risks. Empowering frontline employees to engage with guests on platforms like Facebook and TripAdvisor can be an effective way to protect and uphold brands in a new era of transparency and easy-to-access information. Equally important, it can lead to critical learning at the local level. When managed effectively, local learning can ultimately benefit the entire organization as new insights get shared company-wide.

The big worry is that giving local operators the license to interact candidly and publicly with customers, often in contentious situations, will lead to unprofessional exchanges. But while this

sometimes happens, it doesn't happen often. In fact, in Best Western's experience, it happens so rarely that the company hasn't felt it necessary to create policies or programs designed to mitigate it.

Instead, Best Western entrusts local properties to respond directly to customer feedback posted on social media. In Best Western's experience, local operators know their properties and their guests best and can usually offer more tailored responses to customer feedback than corporate could, with faster response times. In addition, their authority to speak on behalf of the brand encourages a more proactive mindset. Instead of waiting for directions from a centralized marketing team, property managers propose solutions and take action.

As a result, an exchange that otherwise might resolve a problem on-message, but does little to solve a systemic issue, becomes an opportunity to operationalize much-needed change. This operational approach to customer experience management emphasizes action over policy, tailored responses over uniform answers, and genuine concern and accountability over professional public relations messaging. In an age that emphasizes authenticity, immediacy, and actual experience, empowering engagement with social media at the local level leads to greater customer satisfaction. It can also lead to a stronger brand.

Driving social media engagement to the local level also accelerates and amplifies corporate-wide innovation. When local operators develop new approaches and policies as a result of their social dialogue with customers, the public nature of these solutions makes them more discoverable and transferable across the entire organization.

As companies become more adept in using social media, they become more alert to new possibilities, more agile in their ability to incorporate operational improvements, and more equipped to adapt to and capitalize on changing market conditions. In short, they build their capacity to innovate at scale.

# Best practices

As more companies integrate social media engagement into their daily work routines, best practices are emerging from their experience. In a recent Medallia seminar, senior officials at Best Western identified four key principles that guide their approach.

## 1. Alert on every response, but focus on the feedback that matters.

Medallia's customer experience software allows users to automatically monitor a variety of social media platforms. Best Western has configured this system so that designated personnel at each local property receive an email alert any time there is a social media post mentioning their property. This way, hotel staff can easily and efficiently keep track of social media mentions from a single interface.

Even though it can be useful to track exactly who is saying what about a given property or branch, that doesn't mean every social media post requires a response. If a post is published on a site that has little or no impact on bookings, it may not be necessary to spend time responding to it. Instead, local operators should focus their efforts on the feedback that matters. Usually, this means responding to feedback provided on prominent platforms, feedback that is receiving significant attention (i.e., a tweet that is being retweeted by multiple parties), or feedback that may potentially resonate with many additional customers or potential customers.

## 2. Establish clear response guidelines.

To ensure that responses are done efficiently, and have a strategy, Best Western creates guidelines that all employees can easily refer to as they formulate responses. These guidelines don't include boilerplate language or specific templates. They simply emphasize general principles, such as the importance of focusing on the issue at hand; exhibiting genuine concern and compassion; and deciding when and how to take a conversation offline.

Ultimately, the goal is to establish parameters that will help local management and frontline staff engage with confidence and authority, without constraining them in ways that undermine their ability to provide real solutions and communicate authentically. Company posts should never feel scripted or too choreographed. The purpose of this discourse is to build and strengthen relationships through candid and individualized exchanges.

## 3. Identify your weaknesses and your opportunities.

Social media engagement, as practiced by brands, is often a reactive endeavor. When a customer publicizes a problem or concern, the immediate priority is to address the concern and put out the fire. But companies that only use social media to identify and neutralize issues as they occur – rather than learn from them – fail to fully capitalize on the information that social media unleashes.

Accountability and action are the right first steps – the goal should always be to address and fix the specific problem or concern a customer raises. But once a fire is extinguished, companies should also assess how the knowledge they've garnered through the exchange can be operationalized via new policies, programs, and tactics. In other words, engagement, when practiced most ambitiously, is a forward-thinking discipline rather than a reactive one. A strong social media program will use the findings it acquires in the course of putting out fires to prevent subsequent fires from happening. It will help companies identify and overcome their weaknesses.

This goes for positive reviews and social media mentions as well. When customers identify aspects of their interaction with a company that has pleased them, companies should proactively explore ways to make those aspects a standard part of every customer's experience.

“Social media engagement... is a forward-thinking discipline rather than a reactive one”

#### 4. Drive action to the local level.

In social media exchanges, consumers instinctively drive action to the local level. They take photos of the properties where they're staying. They describe interactions they have with frontline employees.

The first step that companies can take toward driving action to the local level, then, is simply to follow their customers' leads. That's why it often helps to give local operators the license to engage freely, authentically, and rapidly on social media challenges. They're the ones who can most effectively take action on issues that arise out of social media engagement, so they need to be full participants in these exchanges.

Beyond this first basic step, there are many additional ways organizations can drive action to the local level.

Most simply involve encouraging local operators to make social media engagement a routine part of their daily activities. Social media activity and efforts should be mentioned at staff meetings. Employees who are doing a good job of responding to customers should be recognized. Opportunities to proactively produce local content should be encouraged.

Some Best Western properties are using Facebook and other platforms to recognize and introduce employees. Examples might include welcoming a new manager, announcing an employee's birthday, or recognizing the employee of the month on the property website or Facebook page. None of this information has an obvious direct impact on guests or potential guests. But it does help establish these properties as real places staffed by real people. It also shows what the atmosphere of a property is like and who potential guests will interact with when they're there.

## Authentic engagement creates lasting impact

For companies that want to incorporate social media engagement as a more integral part of their daily operations, responding to customer reviews is a natural place to start. Customer review sites like TripAdvisor and other crowd-sourced sites have become a critical source of information for consumers making buying decisions, so it's crucial that companies participate in these venues whenever possible.

“Addressing a problem requires taking action...and signals that an establishment is responsive to its customers.”

Another reason for starting with review sites is that reviews often revolve around a specific customer problem or request, which often reflects a plea or demand for accountability.

Addressing a problem requires taking action, which, in turn, demonstrates accountability and signals that an establishment is responsive to its customers. When a property takes action to resolve a customer problem, it should also prompt an investigation into what caused the problem in the first place. This, in turn, often leads to the development of new processes and the implementation of new and improved policies.

But review sites aren't the only places where customers are sharing perceptions, experiences, and opinions, or revealing what they value. They are sharing their experiences on Facebook, Twitter, and Youtube, and even on largely visual sites like Instagram and Pinterest.

To get the most out of social media engagement, companies should be ready to go wherever their users are congregating. This, of course, means that engagement with social media will be evolving constantly, as companies continue to discover what practices are most effective for engaging with new applications such as Snapchat, Vine, Meerkat and whatever else is yet to come.

Whatever the medium, the same general rules are likely to apply. Be authentic. Focus on what matters. Drive action to the local level. Figure out how exchanges that occur online can help improve and deepen the relationships and experiences that happen offline as well.

As an example, consider what happened recently at the Best Western Plus Patterson Park Inn in Arkansas City, Kansas. The hotel uses its Facebook page to publicize a wide range of information about the property, mixing posts about summer promotions with images of menu items at local restaurants, welcome notes to large parties, and updates about employees graduating from high school and college.

Recently the hotel posted news about a donation it had made to a local animal shelter. Some of its guests learned about the shelter through the post, and decided it would be fun to visit the shelter and walk some of the dogs that live there.

Now, volunteering at the shelter has become an ongoing activity for guests who visit the property, creating opportunities for guests and staff to bond over a shared interest. Moreover, walking the shelter dogs gives guests a fun (sometimes heart warming) activity to engage in while visiting the hotel, and something to look forward to on return visits. In essence, it personalizes their experience.

In addition to directly enhancing the experiences of these guests, it also impacts the perceptions of numerous others. Hotel staff have created additional posts about their guests' volunteering, and these posts create a positive image, attract attention, and help to differentiate the hotel from its local competitors.



While this new relationship with the shelter positively promotes the hotel, it isn't a program or promotion that was masterminded at corporate headquarters. Instead, it arose organically – out of the property's authentic effort to share information with its guests, and then through the guests' own initiative. It is customer-driven, genuine, highly personal, and meaningful to those who participate. And it demonstrates the benefits of truly operationalizing dialogue with customers. Unlike traditional promotional efforts, which often seem inauthentic – and are largely hit or miss – this one will likely continue to build brand loyalty and create rewarding customer experiences for years to come.

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The Medallia Institute provides quality research, insights and education programs to equip business executives and customer experience professionals with the insights and know-how to lead their organizations to compete and win on customer experience. Medallia Institute findings are regularly published in respected business and academic journals.

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