



## WHAT HAVE DIGITAL AND SOCIAL MEDIA DONE TO YOUR STRATEGY?

GET READY FOR MORE DIGITAL TRANSFORMATION

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Firms today are beginning to understand the importance of social and digital media to their corporate strategies. They have struggled to survive during a period that has greatly threatened their business and marketing models: 3.2 billion people are now online, and they are already spending more time there than watching TV. They are making and watching videos about products they like – and tweeting vigorously about customer service that they do not like. Taken together this means that traditional approaches to marketing are obsolete.

Some companies have been at the forefront of developing new strategies as a result of what they have learned, but many have not, and there are a number of issues businesses need to consider before making their next moves.

### **Focus on influencers**

Influencers are third parties who can raise awareness – and encourage the purchase – of a company's products. Firms that place influencers at the heart of their social strategy do so to increase their presence at each stage of the customer journey.

Companies are using online influencers in two ways. The first is by having other people talk about their brands, for instance by sponsoring vlogs (video blogs) by popular online figures. The second is creating communities using platforms such as Pinterest, Facebook and Twitter; research suggests that a typical Pinterest user is very likely to buy something she has “pinned” (placed on a virtual noticeboard) or seen pinned by others. Such communities need not be consumer-focused: Cisco has made effective use of communities in the B2B space to build leads, collect ideas for product development and increase the barriers to entry for its competitors.

Reckitt Benckiser's Durex condom brand has enjoyed great success in China, usually a difficult market for Western consumer brands, with an all-social approach that draws heavily on the power of influencers. For instance, it leveraged China's version of Twitter, Weibo, for cheap advertising and to engage digital opinion leaders. As a result of its strategy, it has become the brand of choice for affluent Chinese consumers.

### **Adding big data to the picture**

A few companies are searching for competitive advantage by analyzing the huge quantities of data created by people's online voices and actions. GE sees a future in the analysis itself; it recently divested most of its financial services business to invest instead in big data and analytics. BBVA, the Spanish bank, is taking it so seriously that it promoted its head of digital banking to the role of president and chief operating officer, declaring its ambition to “become the best universal bank in the digital age”.

Amazon is exploiting the advantages of big data by developing new services, including “anticipatory shipping”. The online retailer uses all its valuable data about its customers' preferences and habits to predict what they are likely to buy, and ships those packages to nearby hubs or even trucks, where they wait until the order arrives.

Big data is also creating huge opportunities for entrepreneurs who are willing to innovate. Strava, a California-based start-up, is a web and mobile app that allows users to track their athletic activity, such as running and cycling, and to share their results and routes with other users. On Strava you can find the best local circuit for your activity, track your run or bike ride, compete with friends and other users across the world, and see what your favorite athletes are doing.

The company relies on a wide network of partners, including GPS and software providers, government authorities, local communities of athletes, and suppliers such as bike manufacturers. It has access to tons of big data, including GPS coordinates, users' personal information (including health-related data), and information on activities such as where a runner made a stop or what drink she had. Having recently secured venture capital funding, it is planning to expand out of the US and develop new solutions for users.

Large companies, such as Nike, have taken this same strategy and rolled it out across millions of their customers. Such a strategy allows Nike not only to provide improved customer value, but also to predict when the customer is likely to need a shoe, and what kinds of shoes the customer will like, and use this data to power its R&D efforts which results in more successful product launches.

### **Digital strategies in the future**

By now many firms have understood the importance of incorporating social and big data strategies into their everyday operations, but we are nowhere close to being done with the digital revolution. Artificial intelligence, such as IBM's Watson project, and the Internet of Things, whereby sensors connect and embed intelligence in billions of objects and devices all around the world, are going to affect the productivity, health and safety of billions of people. They are also going to result in countless new products and services that will transform the customer experience.

The winners will be those companies that can identify the disrupting technologies that matter and develop solutions that deliver value to customers. In many of these cases, having a social strategy – using social platforms to deliver social benefits – will be a key element of securing competitive advantage and a profitable future. Many companies have successfully embarked on this journey. Is your company next?

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