

# Social Media: Opportunities and Risks

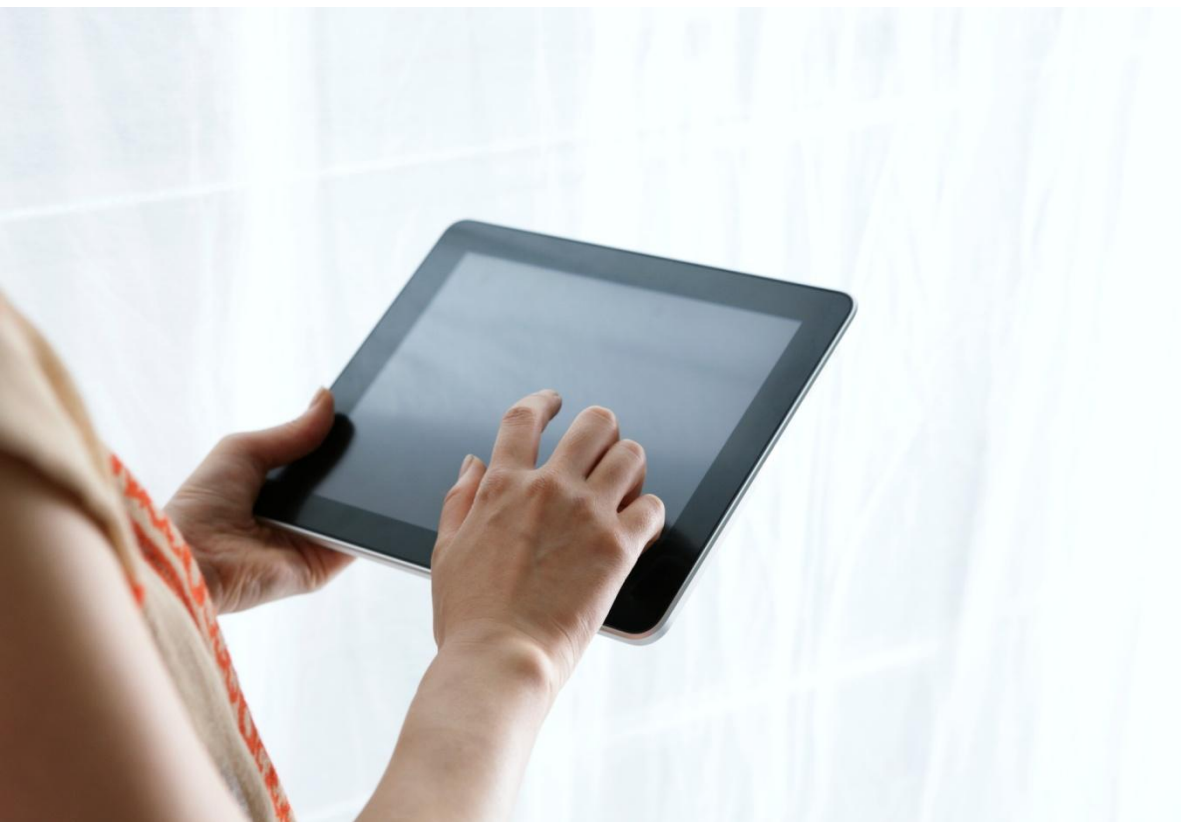


**Alton Adams** – U.S. Lead Customer Strategy and Growth, KPMG LLP

**Allan Grafman** – CEO, All Media Ventures; Chairman of the Board, Majesco Entertainment; Director, Big Tent, Pixfusion

**H. John Hair** – Director, Social Media Governance Lead, KPMG Advisory Services

- Using Social/Digital to drive revenue growth, customer engagement
- A risk-based view of Social Media



# Businesses cannot afford to ignore the promise of digital



Digital is a large and growing phenomenon

The Internet accounts for **4.7% of U.S. economy**

or \$684 billion; more than education, construction, or agriculture.

Expected **10.8% growth** per year in G-20

Online marketing spend

accounts for **31%** of overall marketing budgets in 2012;

a **30%** increase from 2011.

Social media spend

expected to triple by 2017, to **19.5%** of digital budgets.

Note: Figures reflect both B2B and B2C projections.

Digital/social can have a pronounced impact on a business

Digital distribution of games, DVDs is destroying former leaders.

**Best Buy**

**Apple**

**Dell**

Companies must reinvent themselves to remain competitive.

**Susan G. Komen for the Cure**

Social media missteps that have lasting negative impacts

**BP**

**Wet Seal**

Thriving due to online engagement with customers

Loss in productivity due to social media in the workplace: **\$2.25 billion/yr.**

Best-in-class B2B companies are generating 17% of leads through social media.

The Digital/social space is ever evolving and incredibly dynamic

The **number of Web sites** more than **doubled** in 2011, from 255 million in 2010 to **555 million** in December 2011.

**21,000** Social media related jobs were added in 2011;  
**600% increase** over the last 5 years.  
First social media related jobs appeared in 2004.

Source: CNNMoney, eMarketer, Pingdom, The Pulse of America Survey, Mashable, The BOSS Group, Aberdeen Group, KPMG analysis.

# People driving the imperative for organizations to utilize digital platforms and technologies

**Social media advertising spend will increase 400% by the year 2014.**

- Forrester

**One out of every five minutes online is spent on social media related sites.**

- Nielsen

**“79% of U.S. adults age 18+ are online.”**

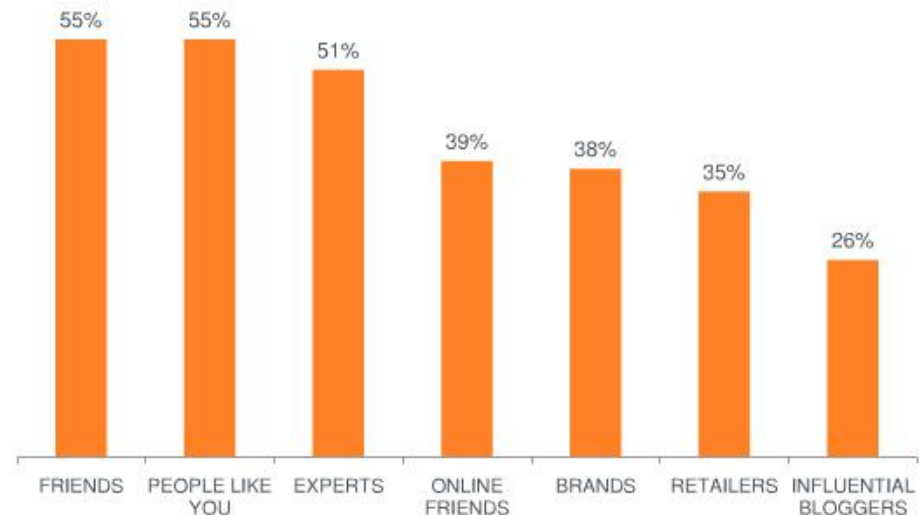
- Pew Internet & American Life

**“This stuff is as mainstream as it can be. Google, the iPhone – these move the culture more than The Beatles... It’s shaping the human race.”**

- Andy Hertzfeld

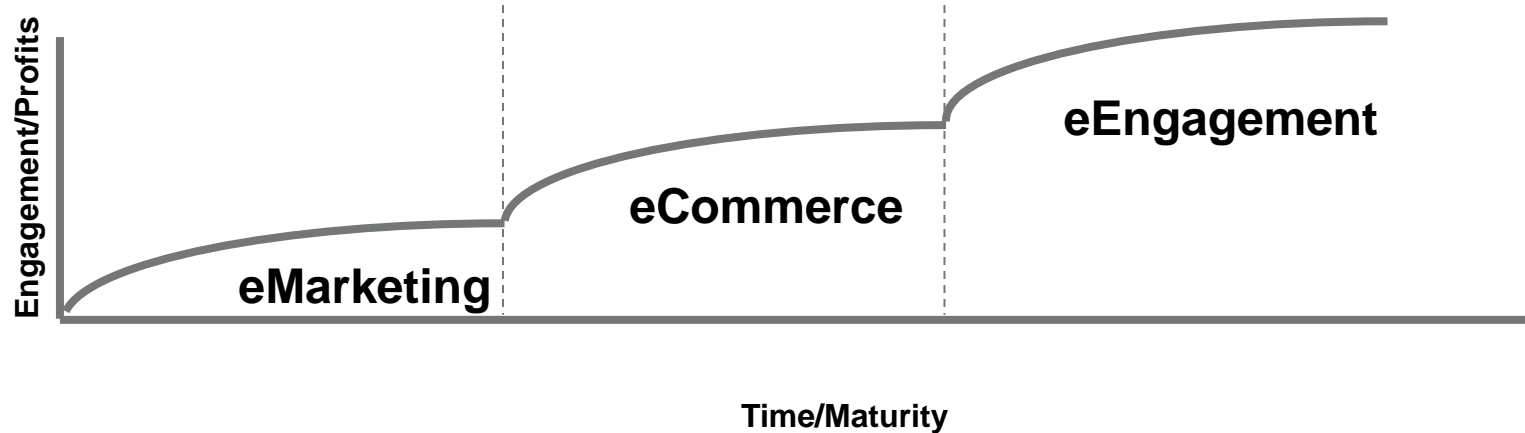
Original Macintosh developer and digital thought leader

## **The Social Customer** Who influences purchase decisions?



Source: Pew Internet & American Life Project 2011, KPMG analysis.

# Digital brings a new channel for success via a Customer Engagement Life Cycle



	Time/Maturity		
	"1.0 Digital Advertising"	"Digital Transactions"	"Digital Relationships"
<b>Identifying Characteristics</b>	Static information	Commerce-enabled platform	Access to target's social graph
<b>Benefits Include</b>	Low level of investment	Potential to make the sales process more efficient/effective	Drive loyalty through ongoing dialog with customer base
<b>Infrastructure Needs</b>	Deployed through readily available services	High availability systems and appropriate partnering	Analytics analysis; commitment to social platforms
<b>Key Success Factors</b>	Matching market content to target needs	Complement existing sales channels and processes	Willingness to experiment; speed

# The KPMG point of view – What world-class companies should be doing now



## Engage with Your Customers

- Embrace the opportunities digital brings to improve the level of engagement with your customers.
- Staying top-of-mind with customers across multiple digital channels minimizes competitor touchpoints.

## Connect Your Employees

- With the changing demand and demographic shift of your workforce, digital should be front and center.
- Employees engaged through digital technologies and policies have profound effects on financial results.

## Utilize Mobile

- Have an industry-relevant mobile strategy that is essential to customers, and strategic to your goals.
- Use inherent mobile characteristics (location-based services, rich media) to reinforce brand messages.

## Change the Culture

- Digital adoption should occur across the enterprise, not exist in siloed departments.
- Create “seats at the table” and shared responsibilities for those traditionally excluded (e.g., Finance).

## Manage Risk

- Take full advantage of emerging technologies while mitigating risk to your company.
- Have disaster and “what if” scenario planning in place to take proactive approaches.

# Fresh from the headlines....

 **Heather Spohr** @mamaspohr  
Following  
Classy. RT: @KitchenAidUSA: Obamas gma even knew it was going 2 b bad! 'She died 3 days b4 he became president'. #nbcpolitics  
Reply Retweet Favorite

77 RETWEETS 13 FAVORITES

8:54 PM - 3 Oct 12 - Embed this Tweet

Reply to @mamaspohr @KitchenAidUSA

 **DEW** @ABittersweet1 30m  
@mamaspohr I saw that @KitchenAidUSA tweet. Dem. or Rep. why are we talking about the death of someone's grandma? #notclassy #getyourlife  
Details

 **Minky- Belle Reve** @aBelleReve 30m  
@mamaspohr @KitchenAidUSA well, someone's about to lose their social media job.  
Details

 **Amanda Magee** @AmandaMagee 30m  
@mamaspohr Nice catch. Clumsy @kitchenaidusa #nbcpolitics  
Details

 **DEW** @ABittersweet1 30m  
@aBelleReve @mamaspohr @KitchenAidUSA That tweet was so tasteless.  
Details



**KitchenAid** @KitchenAidUSA

20h

Deepest apologies for an irresponsible tweet that is in no way a representation of the brand's opinion. #nbcpolitics

Collapse Reply Retweet Favorite

## We now resume normal communications? Tweets



**KitchenAid** @KitchenAidUSA

4h

@gandhiwdc -We're sorry to hear the blender has broken. Please DM the mod/ser# along with you address & ph#. Thanks

View conversation



**KitchenAid** @KitchenAidUSA

5h

For all media inquiries, please reach out to media@whirlpool.com.  
Thank you  
Expand

### There is no such thing as bad publicity

#### Meaning

Literal meaning.

#### Origin

The idea that no publicity can do harm is clearly open to question. For someone seeking notoriety and a somewhat scandalous reputation, like [Marie Lloyd](#) and [Mae West](#) in days gone by, or Paris Hilton in our era, that may be true. The shareholders of BP and Toyota, which have both suffered falls in their market price due to worldwide publicizing of their recent difficulties, may feel differently.

'There's no such thing as bad publicity' is often associated with Phineas T. Barnum, the 19th century American showman and circus owner. Barnum was a self-publicist of the first order and never missed an opportunity to present his wares to the public. As with many other supposed quotations, there's no hard evidence to link the 'bad publicity' quotation to him.



# Establishing effective “Workforce” social media policy

## Where does the risk exist?

- Technical infrastructure risks
- Personal communication contents regarding company matters
- Discoverability of social media postings with regard to internal employee disciplinary matters

## What current guidance do employees receive that applies?

- Augment current communication guidelines to consider:
  - Social media provides both an Audit trail and “triangulation” of message to employees
  - Intellectual Property Rights
  - Standard disclaimers

## Employee Access Considerations

- The position on allowing employee access to appears to be changing
- Is Virus and Malware exposure greater than what is currently managed?
- What do your preventative measures use as a definition of a “social media” site?

**Determine the nature of the risks presented**



# Establishing Effective “Voice of the Company” (External) social media policy



It's about  
immediacy

It's about  
transparency

It's about  
follow-through

## What policy is in place to govern your external presence?

- Identify the behaviors that you want to drive across your social media audience
- Identify the players – Roles and Responsibilities
- Monitor emerging Regulatory guidelines in these areas, if applicable, remembering that social media is not geographically bound
- Define guidance with regard to how social media will be employed
  - Align to corporate objectives – Marketing/Communications
  - Set Measurable objectives – Digital mechanisms lend themselves better to monitoring and measurement
  - Think about retention for legal/audit purposes

**Management should develop a governance program and guidelines with defined roles and responsibilities to consistently oversee social media activities. This should include:**

## Guidelines

Development of corporate guidelines relating to initiating, managing, or decommissioning social media channels.

## Metrics

Standard qualitative/quantitative performance metric requirements where applicable, leaving room for customized metrics where needed.

## Oversight

Coordination with Legal, Corporate Compliance, and other corporate oversight groups for applicable content review and approval.

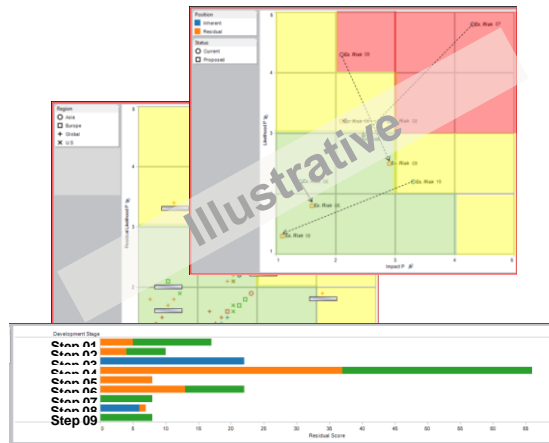
## Technology

Coordination with IT for technical areas such as password management, authentication, application maintenance strategy, and network interfaces.

# Risk/Governance: Digital strategy must include a risk monitoring and mitigation plan

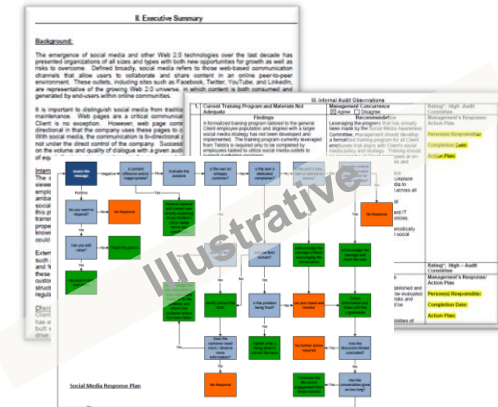
## Anticipating Risk

Organizations with strategic controls in place in the forms of policies, procedures and audit plans, are better equipped to resolve operational issues that a digital program will inevitably experience



## Mitigating Risk

Organizations with mature monitoring programs are able to pre-determine risk response plans that can be constructed to address emerging reputational risks at gradient levels where more effective and efficient mitigation can be initiated in the early stages of developing incidents



## Monitoring Risk

Organizations have an opportunity to build a set of KPI and KRI metrics to monitor the effectiveness of their digital programs and prepare mitigation programs more tightly aligned to the true nature of risk presented

Reputational Risk Area	Detective KRI	Response Initiation Level	Agreed Response
Third world workforce staffing model perceived as opportunistic and	Brand mentions detected in human rights organizational monitoring program	> 10 posts detected in 1 week, limited to single channel, within workforce geography.	Company response stated within source digital channel to clarify position.
Third world workforce staffing model perceived as opportunistic and	Keywords "Sweetshop", "Child Labor", or "Exploit" detected in brand monitoring program	> 10 posts detected in 1 week, limited to single channel, within workforce geography.	Company response stated within source digital channel to clarify position.
		> 10 posts detected in 1 week, multiple channel, within workforce geography.	Company response stated on sponsored digital channels with links created in source channel responses.
		> 200 posts detected in 1 week, multiple channel, extension beyond workforce geography.	Company response posted on company website.
		> 1,000 posts detected in 1 day, multiple channel, sourced from first world geography.	Company position communicated to traditional media outlets.
		> 10,000 posts detected in 1 day, multiple channel, sourced from first world geography.	Targeted PR Campaign using company leadership initiated.
		> 1,000,000 posts detected in 1 day, multiple channel, sourced from first world geography.	Crisis response agency employed to manage response messaging.