

Social success?



A global survey of business social networking

A global report from Regus

July 2010

Management Summary

- Social Networks are now actively used by between half and three quarters of companies worldwide for various networking functions
- However, 40% of companies globally have successfully used social networks to find new customers, scotching the comments of pundits who deny that such networks produce hard business outcomes
- The importance of these networks to marketing activities is witnessed by the fact that 27% of firms globally actively devote marketing budget to social networking activity in order to reach and retain existing customers
- Social networks are mainly used by business people to stay in touch with business contacts (58%), getting together with special interest groups (54%), finding out useful business information (54%), and organising/connecting/managing customer groups (51%)
- Surprisingly few business people (22%) have used business social networks to find a new job
- A hardcore of sceptics exists (34%) who do not believe business social networks will ever be a significant method of reaching customers and prospects, although this proportion may diminish as examples of successful practice are more widely publicised
- There is only a mild differential between the small, medium and large company usage of business social networks, revealing that usage patterns are largely company size neutral
- Of the specific industries surveyed, ICT, Retail, Media & Marketing and Consultancy were above average in their use of business social networks. Manufacturing, Financial Services and Healthcare were below average

Business Social Networking – Activity Index 2010	
India	127
China	121
Mexico	116
Netherlands	112
Germany	111
Spain	107
South Africa	104
Australia	95
USA	92
Canada	92
France	90
UK	80
Japan	79
Belux	75

% Companies successfully using Business Social Networking for new customer acquisition - 2010	
India	52%
Mexico	50%
Spain	50%
Netherlands	48%
China	44%
South Africa	43%
Germany	41%
Australia	41%
USA	35%
Canada	34%
France	33%
UK	33%
Japan	30%
Belux	27%

The Social Network Phenomenon

Social networking, the process of communicating with friends and acquaintances via online devices, apps and websites has reached phenomenal proportions. Facebook recently announced that they have now reached over 400 million worldwide users, making the social networking site more populous than the USA. Twitter is currently exceeding 65 million tweets per day. Facebook and Twitter also both experienced triple-digit growth in 2009 with social networking now accounting for 22% of all time spent online¹. To give this a sense of perspective, while search engines attract 11.33% of internet activity in the UK, social networking accounts for a full 11.88% of online activity².

Although the giants of social conversation and sharing are Facebook and YouTube, with respectively 55% and 17% of users in the UK and the USA³ and also dominating the scene in Europe and Australia, the global picture varies significantly as you travel across other parts of the world. Even in France, local website Viadeo has around 30 million international members⁴.

In India, Gupshup (Hindi for 'chatter') – a mobile social networking application, has over 25 million members⁵. This should not surprise, as India's wireless subscribers number 600 million, compared with 9 million broadband subscribers⁶. Orkut closely follows Gupshup with 18 million members, followed by Facebook with 16 million⁷. Bharatstudent.com has 3.3 million registered users⁸.

Facebook does not really have a presence in China, with the social networking mantle left to local brands. These include QQ.com which claims 990 million accounts⁹, Baidu Space, RenRen and Kaixin001. RenRen claims daily page views of 560 million¹⁰.

Remaining in the Far East, Japanese social networking activity is focused on Mixi, which has grown at a phenomenal rate to become the country's biggest social networking site with almost 29 million users¹¹. Across the Pacific in South America, the picture also has a strong local

¹ Nielsen Company, June 15th 2010, http://blog.nielsen.com/nielsenwire/online_mobile/social-media-accounts-for-22-percent-of-time-online/

² Experian Hitwise, May 2010 data, <http://www.hitwise.com/uk/press-centre/press-releases/social-media-alert-june-2010/>

³ Experian Hitwise, <http://www.hitwise.com/uk/press-centre/press-releases/social-media-alert-june-2010/> and

<http://www.hitwise.com/us/datacenter/main/dashboard-10133.html>

⁴ TechCrunch Europe, 11 May 2010, <http://eu.techcrunch.com/2010/05/11/linkedin-competitor-viadeo-hits-30-million-members/>

⁵ <http://www.smsgupshup.com/press/bachchancommunity>

⁶ Telecom India, <http://www.telecomindiaonline.com/indian-wireless-subscriber-base-crosses-600-million.html>

⁷ Ad Age, June 14th 2010, http://adage.com/digital/article?article_id=144415

⁸ <http://www.bharatstudent.com/help/top3socialnetwork.php>

⁹ http://www.telco2research.com/articles/AN_QQ-China-Facebook-coming_Summary

¹⁰ Ad Age June 14th 2010 http://adage.com/digital/article?article_id=144415

¹¹ Advertising Age, 14 June 2010

flavour. Orkut (named after the Google engineer who developed it in 2004) has become such a popular Brazilian brand that it is now run out of Brazil. It has 20 million users in the country, compared with a quarter of that number for Facebook. Sonico has over 43 million users¹², mainly across Latin America - behind Facebook but still a very strong rival.

In Eastern Europe, Polish social networking site Nasza-Klasa ('Our Class') is well ahead of Facebook with over 11 million users. In other parts of the world: Hi5 is leading in Mexico, Peru, Portugal, Romania, Thailand and Mongolia. In the Czech Republic, Lide is the network of choice. Maktoob is the social hub in Libyan Arab Jamahiriya, Oman, Saudi Arabia and Yemen. South Korea is focusing its dialogue and connections in Cyworld. Social networking in Guadeloupe and Martinique is concentrated at Skyrock. And in Russia, V Kontakte is strong¹³.

¹² Sonico, *Sonico Receives \$1.7 Million in Additional Investment and Closes a Year of Significant Achievements*, 16 December 2009

¹³ Brian Solis, *The state of social media around the world*, 8 February 2010

Social Networking in Business

What relevance does this then have for businesses around the globe? Is social networking a phenomenon that has taken a comparable hold in the professional world?

The answer is 'yes'. For a start, over 700,000 small businesses now have fan pages on Facebook¹⁴, evidencing a substantial cross-over between business and consumer usage of social networking. However, putting this to one side, what is happening in the pure professional, B2B social networking space?

On a global basis, LinkedIn is the Facebook of the business world. LinkedIn, which provides facilities for business people to communicate, stay in touch, join special interest groups and recruit (or be recruited), now boasts over 70 million members worldwide¹⁵.

The closest rival to LinkedIn is Germany-based Xing, which is extremely popular in Germany, Austria, Switzerland and China. Xing currently has in the region of 9.2 million members and is growing fast¹⁶. Ryze offers a somewhat different concept, more along the lines of linked private networks, and claims to have over 500,000 users in over 200 countries¹⁷.

What then, do businesses use these professional social networks for? And is it worthwhile investing marketing budget in them? In order to provide a unique global perspective, not merely on usage figures for professional social networks, but more on why businesses are using them, Regus surveyed its 1 million-strong business contact database between February and May 2010. The answers from 15,000 respondents, across 75 countries, give a critical insight into the use that business is making of professional social networks, from simply staying in touch, to actually finding new business.

¹⁴ SysComm International, <http://www.syscomminternational.com/blog/amazing-stats-on-social-media/> and <http://econsultancy.com/blog/5324-20+-mind-blowing-social-media-statistics-revisited>

¹⁵ LinkedIn, <http://press.linkedin.com/faq>

¹⁶ Xing, Financial Update, 11 May 2010, <http://corporate.xing.com/english/press/press-releases/details/article/press-releasebr/138/811235bfe16649604dda77ae5865ac44/>

¹⁷ <http://www.ryze.com>

Key Findings

Perhaps the most significant finding from the Regus survey is that two in every five companies (40%) globally have successfully used social networks to find and acquire new customers. This figure, which varies from 27% in Belgium/Luxembourg to 52% in India, confirms that wherever a company is situated in the world, professional social networks have become a mainstream tool for new customer acquisition. As one might expect, smaller companies (44%) have found this route particularly successful, compared with medium companies (36%) and large firms (28%). Nevertheless, in all company size segments the successful use of professional social networks to find new customers is highly significant.¹⁸

Dell, which has far-more business than consumer customers and considers itself more a B2B rather than a B2C focused company, claims that a recent social media campaign generated \$6m in new business. The digital user journey through to point of sale was comprehensive and the campaign only ran on social media¹⁸.

The level of serious attention paid to these networks by businesses globally is also underscored by the fact that 27% have a formal marketing budget line devoted to retaining customers. In terms of sectors, this funded professional social networking ranges from 19% in Banking & Financial Services to 38% in the Media & Marketing and the Retail industries. Geographically, a formal marketing budget exists for customer retention through business social networks in 13% of firms in Belgium/Luxembourg but in 52% of Chinese companies.¹⁹

Pepsico Refresh project which let the public submit ideas for grants and then enabled the public to vote for the best ideas (over 30 million votes have come in so far), was driven by social media. It generated over one billion media impressions – broadcast, print and online (and sold a lot of Pepsi). That social media-led project has done more to change the whole company's brand, for the good, than any other campaign¹⁹.

The main usage of social networks made by companies worldwide (58%) is keeping in touch with business contacts. 54% of companies use business social networking to join special interest groups and the same proportion (54%) use networks to gather useful business

¹⁸ Adam Brown, Director of Interactive Marketing Communications, Dell, speaking at Social Media Influence 2010, London Marriott, Grosvenor Square, London June 22, 2010

¹⁹ B.Bonin Bough, Head of Social Media, Pepsico, speaking at Social Media Influence 2010, London Marriott, Grosvenor Square, London June 22, 2010

information. SMEs particularly (51%) made use of networks to gather business information. Similarly ICT (57%) and Media & Marketing (62%) companies relied more than average on business social networks for sourcing information. Regionally companies in the Netherlands (74%) and India (67%) made a much higher than average use of social business networking to find information.

It is not a surprise that smaller businesses are more active in keeping in touch with former contacts (60%) than larger companies. On a sector level, companies in the ICT sector are a full 10% more likely than average to use networks to keep in touch with contacts, shortly followed by Media & Marketing firms (66%). Regionally companies in the Netherlands (72%) and India (71%) are far more likely than average to use social networking to keep in touch with contacts with 70% of firms in Mexico and Germany also making intensive use of this function of social networking.

Starbucks launched a blog-based My Starbucks Idea website with traffic driven from its social media real estate. Customers suggest ideas that they'd like to see Starbucks implement, release as products, improve, etc. Since the campaign began, they've released almost 100 of the ideas to market²⁰.

Businesses that use social networks to join special interest groups follow a similar trend to those that use them to source information with smaller businesses (56%), ICT (60%) and Media & Marketing (62%) firms using the networks this way. On a regional level on the other hand, companies from Mexico (72%) and Spain (69%) are noticeably more likely than average to use networks to join special interest groups than others.

Over half of businesses (51%) employ social networks to organise, manage or connect to customer groups.²⁰ Retail (60%) and Media & Marketing (58%) businesses are far more likely than average to use these networks this way. Companies in India (71%), South Africa (66%) and China (65%) are far more likely than average to use business social networking for customer group management purposes.²¹

“Business-to-business companies are, if anything, more vulnerable to these trends. Their customers have every reason to band together and rate the companies’ services, to join groups like ITtoolbox to share insights with each other, or to help each other out on LinkedIn Answers²¹.”

²⁰ Alexandra Wheeler, Digital Director, Starbucks, speaking at Social Media Influence 2010, London Marriott, Grosvenor Square, London June 22, 2010

²¹ , Charlene Li and Josh Bernoff, Forrester Research, Groundswell: winning in a world transformed by social technologies, Harvard Business Press, 2008

While 66% of respondents declared that they were social network users, only 22% of respondents declared that they had found a new job using business social networks in spite of specific job search functions available on networks like LinkedIn. Users in the Retail (26%) and Media and Marketing (26%) sectors were more likely than average to find new employment via business networks while more users in India, China (33%) Japan (30%) had found employment this way.

Overall an above average proportion of respondents in the Retail (73%) and ICT (69%) sectors made personal use of social networks, which may help explain why the take up of *business* social networking is more extensive in these sectors. Regionally, more respondents in India (81%), South Africa and Mexico (both 73%) are users of social networks on a personal level while Japan and the UK, with 57% of respondents using social networks, personally ranked the lowest.

In spite of the overwhelming evidence that social business networking is not only widespread but conducive to real business a hardcore of sceptics (34%) do not believe business social networks will ever be a significant method of reaching customers and prospects remains. These are more numerous in the manufacturing sector (38%) and fewer than average in the Healthcare and Media & Marketing sectors (both 29%). Regionally, companies in France are more sceptical than average (47%) and, surprisingly so are companies in China where 44% of companies successfully use social business networks to win new customers.

Less than half of respondents globally (44%) declared that they were impressed by video or audio animations on a firm's social networking profile with 58% of Media & Marketing companies declaring themselves impressed and at the other end of the spectrum only 36% of consultancy firms feeling that this was a positive signal. 76% of Chinese companies and 64% of Indian companies declared that the presence of animation impressed them, while UK companies were the least interested with only 29% declaring that they were positively struck by these features.

Size differences

As indicated earlier, a larger proportion of small companies (44%) have successfully acquired new customers through professional social networking compared with medium companies (36%) and large firms (28%). Small companies made a greater than average use of business social networking than all other size businesses with one exception: employees of small companies were less likely than average to have found new employment via social networks. The slower staff turnover in small companies may partly help to interpret this result.

In contrast, larger companies used social networking less than the average with the exception of employment and job hunting. In particular, medium to large companies were 4% less likely than average to use professional social networks to organise, manage or connect to customer groups.

Country highlights

USA

- The USA had the smallest proportion of sceptics (27%) who did not believe that business social networking could become a significant prospecting or retention tool.

Canada

- A smaller number than average (34%) of 'business social media sceptics' is found in Canada (28%).

Mexico

- 18% more companies than average (54%) use professional social networking to join special interest groups in Mexico.

UK

- The UK was found to be the country where users were the least impressed by the presence of audio/video animation on the profile of another business user (29%).

Spain

- 15% more companies than average (54%) use professional social networking to join special interest groups in Spain.

France

- French firms had the highest number of 'business social media sceptics', with 47% of respondents declaring that they did not believe that business social networks would ever become a significant tool for reaching customers and prospects.

Belux

- In Belgium/Luxemburg the smallest number (10%) of respondents had found employment through business social networking.

Netherlands

- In the Netherlands 20% more companies than average (54%) used business social networking to source useful information.

Germany

- 12% more respondents than average (58%) use business social networks to keep in touch with useful contacts in Germany.

South Africa

- 73% of respondents made personal use of business social networks compared to the 66% global average.

Australia

- Only 29% of respondents in Australia were found to be 'business social networking sceptics'.

India

- 67% of companies use professional social networking to source information compared to the 54% global average.

China

- Although 44% of businesses in China successfully use social networking to find new customers the country also is home to the second highest proportion of business social networking sceptics (45%).

Japan

- 8% more respondents than average (20%) had found new employment via social business networking.

Conclusion

Overall this survey confirms the rising role of social networking in the world of business. As more and more individuals make use of social networking to maintain contact with friends and acquaintances, the natural development has been for them to also establish bonds with past business contacts, existing colleagues and people they may want to do business with in the future.

This survey reveals that when it comes to business use, a growing number of companies throughout the world are actively doing business through social networks, even though a minority hardcore of social media sceptics seems to exist. Although the most popular function of these networks is to keep in touch with contacts as social networks were traditionally conceived to enable, business has stretched the use of this channel to include new customer acquisition, customer retention, information sourcing and creation and management of customer groups and even monitoring of trends in special interest groups.

Experts have claimed that usage levels of business social networks do not prove that they are delivering a return on investment from such activity²². This survey, which canvassed over 15,000 businesses across the world, gives the lie to this view. It clearly shows that businesses are generating new business through professional social networking activity, and are confident enough to devote formal marketing funds to customer retention activity through the same channel.

Commercial organisations that have not yet dipped their toe in the water with professional social networking would be well advised to do so, unless they wish to become marketing laggards and lose out to their more nimble competitors.

²² <http://thefinancialbrand.com/10562/social-media-projects-struggle-to-show-any-return/> and <http://www.relationship-economy.com/?p=8443> and <http://www.jmorganmarketing.com/there-is-no-roi-from-social-media/>

Methodology

Over 15,000 business respondents from the Regus global contacts database were interviewed during February and March 2010. The Regus global contacts database of over 1 million business-people worldwide is highly representative of senior managers and owners in businesses across the globe. Respondents were asked about how they use social media, along with real customer win success rates achieved through social networking and the level of their business commitment to social media. The survey was managed and administered by the independent organisation, MarketingUK.

To arrange a briefing regarding this research please contact the Regus Research Team on +44 (0) 1932 796284 or email andrew.brown@regus.com

About Regus

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