

# OPTUS BUSINESS SOCIAL MEDIA INDEX SUMMARY.

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## INTRODUCTION

Social media enables individuals and businesses to communicate, create and share content over the Internet. To reap the full benefits of social media, users are required to start a conversation and communicate with each other, rather than broadcasting messages one way to a largely passive audience. However, the diversity of tools and applications—and the pace of change—can be bewildering to time-constrained owners and employees of small and medium businesses.

Nevertheless, harnessing social media can yield a range of benefits. This research report, prepared by Stancombe Research and Planning on behalf of Optus Small and Medium Business and COSBOA, provides an overview of the attitudes and level of social media penetration within the Australian small and medium business sector, how they use social media and how they plan to utilise it in the future.

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## METHODOLOGY

Both qualitative and quantitative research were combined to provide a comprehensive insight. The qualitative research comprised three interviews with key social media opinion leaders, and five breakfast discussion groups comprising of six to eight employees and owners of

small and medium businesses. The quantitative component was based on interviews with 340 small and medium business employees responsible for social media decision making within their organisation.

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## EXECUTIVE SUMMARY

**Social media enables individuals and businesses to communicate, create and share content over the Internet. To reap the full benefits of social media, users are required to start a conversation and communicate with each other rather than broadcast messages one way to a largely passive audience. However, the diversity of tools and applications—and the pace of change—can be bewildering to time-constrained owners and employees of small and medium businesses.**

Nevertheless, harnessing social media can yield a range of benefits. This research report, prepared by Stancombe Research and Planning on behalf of Optus Small and Medium Business and COSBOA, provides an overview of how small to medium businesses view and use social media.

According to this research, younger people are the primary drivers of social media activity in small and medium businesses. This comes as no surprise, since younger people typically lead the adoption of social media in the wider community. Yet the ultimate decision makers regarding social media at most small and medium businesses tend to be over 40 years of age and own or are in a senior role at the business. While the link between age and social media take-up is not definitive (the level of technological awareness also plays its part), this does partly explain why most businesses in this segment do not currently use social media.

While social media activity does not vary by geography (city versus regional) or business size (within the small and medium business category), services organisations are far ahead of their goods-producing counterparts. Accommodation and catering, marketing and media, and cultural and recreational services businesses lead the way in the use of social media.

Business activity is concentrated around Facebook, YouTube, Twitter and LinkedIn,

with Facebook, unsurprisingly, clearly dominant. Facebook's format—and its familiarity to most people from their personal use—drives businesses to create a profile as entry points into social media activity.

Nearly half of the small and medium businesses active in social media sell products and services using this format. The research also found that companies typically spend very little of their overall budget on marketing within social media. This indicates these budgets are likely to be a peripheral part of the overall marketing strategy for most small and medium businesses.

Those businesses that use social media tend to invest, on average, 6.6 hours per week on the format. However, those that are planning to get involved expect to spend about half this time—around three hours—doing so. This indicates that many small and medium businesses are unaware of the time required to regularly monitor and manage a social media presence.

Small and medium businesses planning to become involved in social media primarily see it as a tool to drive sales through acquisition and retention. However, those already active in social media perceive the main benefits in networking and building relationships with customers. If businesses planning to get involved better understood these latter benefits, social media would be more compelling to them.

The differences between businesses currently using social media and those that plan to in the future are echoed in the metrics they use to determine success. Small and medium businesses already active in social media are more likely to focus on quantitative metrics such as number of followers, fans or friends, whereas those looking to adopt social media are more interested in the quality of fans or followers around their brand.

Companies that do not plan to be involved in social media most often say the format is inappropriate for their industry or business, citing irrelevance to their target market as a key reason. In many cases, they link this back to their customers' limited or negligible use of social media.

The researchers also found that small and medium businesses have taken up social media at a gradual, steady rate over the past few years. They expect this to continue in similar fashion, with the time spent using social media also likely to increase. This growth is expected to focus on the Big Four, with YouTube, Facebook, Twitter and LinkedIn benefiting the most. However, Twitter is a special case: active users are enthusiastic, but those not yet using social media shy away from it. This reflects Twitter's use and perception among its consumer market.

It should be noted that, small and medium businesses are less aware of LinkedIn, but use it more regularly for business activity.

The research also found Google and personal networks are the primary means of finding out more information. Only a minority turn to external agencies—pointing to an unwillingness to pay for advice.

## QUALITATIVE FINDINGS

**The qualitative research found that social media is presently a digital 'wild west'. Those small and medium businesses involved in social media are pioneers, constantly experimenting, discovering and learning new ways to use the medium.**

Key opinion leaders engaged in social media believe it is here to stay, for two reasons:

- Social media is simply facilitating what human beings have always done: socialising and networking
- Social media is past the tipping point and is now ubiquitous, particularly among younger generations.

However, most small businesses are still learning and experimenting. See Figure 1.

Other businesses are holding back until a clear business case emerges. They typically cannot identify a return on investment as they are unsure whether social media suits their business or they lack the time or inclination to deal with social media themselves.

One solution to this lack of time may be to find someone external to manage their social media presence. However, small and medium businesses are reluctant to outsource the personal voice of their brand as they feel they are best placed to communicate their own value proposition. As the business case for social media becomes more compelling, the need to outsource elements such as content creation, monitoring and measuring also increases.

Social media advocates in the small and medium business community believe that traditional one-way broadcast communication models are losing ground to a dialogue-based model, driven by inquisitive and knowledgeable consumers who want to discover things and not be 'sold to'. The scalability and low cost of social media makes it an attractive proposition for small and medium businesses, prompting many to experiment with the medium.

However, social media tools and sites are currently confusing due to the diversity of functions that can be delivered and the vast range of social media applications available. These include customer relationship management, direct marketing and public relations. Small and medium business decision-makers are faced with a range of difficult questions such as:

- What should my objective be?
- What tools are available and what should I use?
- What skills do I need?
- How do we measure return on investment?

The drivers for businesses to become involved in social media are both rational and emotional. Rational factors include:

- It's free
- It's easily scalable
- It can improve search engine rankings
- It provides instant customer feedback
- Media companies and website developers are likely to promote the platform

Emotional factors include the hype around social media, the need to keep up with competitors and the ability to use it individually.

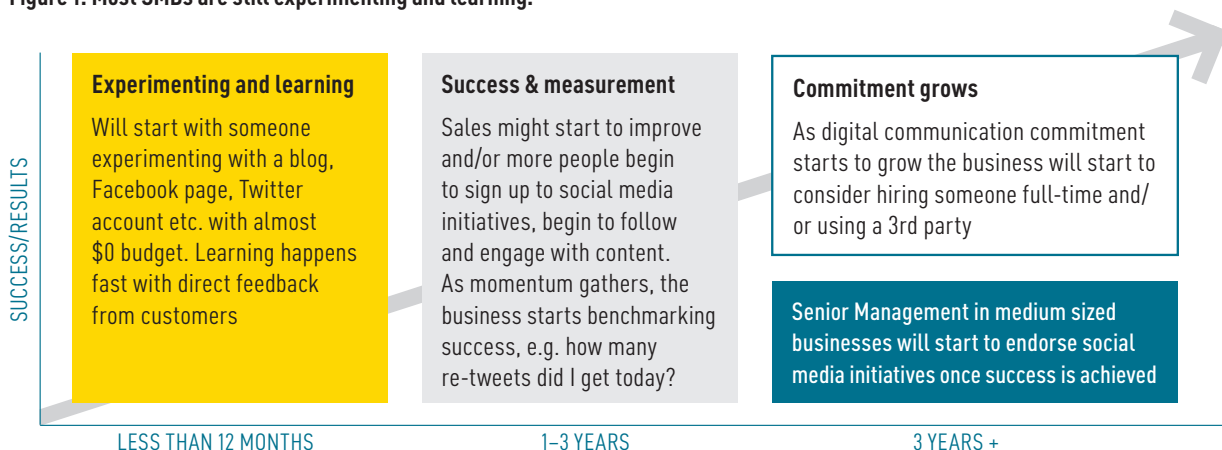
Social media adoption is heavily influenced by business type. Business-to-business industries most often have limited use for social media due to their niche markets. On the other hand, business-to-consumer industries need to communicate to a widespread audience, which means they tend to pioneer the use of new technologies.

The extent to which decision makers are tech-savvy also plays a role. Those with less technical knowledge tend to be older, but this is not always the case. People at this end of the spectrum tend to resist social media in their personal lives, but are happy to use it for business purposes if it will make them money or if they can see a clear business benefit. They are also not particularly curious about new social media tools and developments.

At the other end of the spectrum are those that are tech-savvy. This group is made up of typically younger people who have embraced social media in their personal lives and are happy to sell its uses internally and externally. They also constantly seek out information on new social media tools and developments.

Leaders in social media tend to be marketers with an interest in IT.

**Figure 1: Most SMBs are still experimenting and learning.**



In a small business, the decision maker tends to be:

- 25 to 50 years old
- the owner-operator, partner or senior business development manager
- this person may or may not have good technical knowledge.

In a medium-sized business, the decision-maker tends to be:

- in their mid-20s to late-30s
- from a sales and marketing background
- mostly working autonomously within the business
- possibly a digital marketing or communication managers

- self-determined and constantly pushing the benefits of social media internally
- skewed towards the more tech-savvy end of the spectrum
- an early adopter of technology

Please refer to the full Social Media Index for full details.

Most small and medium businesses are familiar with Facebook, LinkedIn, YouTube and Twitter. The more tech-savvy users are linking these tools together (for example, using Twitter to promote a new YouTube video). They are also aware of tools such as photo-sharing, blogging, mapping and news-sharing sites.

They expect some market consolidation to occur, with several social media tools outside the market leaders such as Facebook and Twitter likely to disappear. This presents a barrier to up-take outside that leadership community.

There is an overwhelming number of social media tools, not all of which small and medium businesses are engaging with. These can be grouped into the following categories.

**Figure 2: Social media tools are grouped based on the function they perform**

SOCIAL NETWORKING	VIDEO SHARING	PHOTO SHARING	RADIO/ MUSIC SHARING	SOCIAL BOOKMARKING	BLOGGING	FORUMS/ REVIEW SITES	MAPS/ GEO-TAGGING
Facebook	YouTube	Flickr	MySpace	Delicious	Blogger	MacTalk	GoogleMaps
LinkedIn	Vimeo	Photobucket	Last.fm	StumbleUpon	WordPress	Eatability	Foursquare
Twitter	Justin.tv	Picasa	Blip.fm	Digg	Twitter	Tripadvisor	Wherels
MySpace	Ustream.tv		Inthemix	Reddit	Tumblr		TrueLocal

Different industries gravitate to different social media tools, as per the table below. Social networking appears to be the most widely used.

**Figure 3: Different industries gravitate towards different social media tools**

	GOVERNMENT	RETAIL	HOSPITALITY	MANUFACTURING
Social networking	✓✓✓	✓✓✓	✓✓✓	✓✓ (mostly LinkedIn)
Video sharing	✓✓✓	✓✓✓	✓	✓✓
Photo sharing	✓✓✓	✓	✓✓✓	✗
Blogging	✓✓✓	✓✓	✓✓	✓
Forums/review sites	✓	✓✓	✓✓✓	✓
Radio/music sharing	✓/✗	✗	✓/✗	✗
Social bookmarking	✓/✗	✓/✗	✓/✗	✓/✗

Different social media tools perform different marketing functions, as shown in the table below.

**Figure 4: Different social media tools perform different marketing functions**

	BRAND BUILDING	PR	GOOGLE RANKINGS	NETWORKING	CRM	DM	COMPLAINTS RESOLUTION
Social networking	✓✓✓	✓✓✓	✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Video sharing	✓✓✓	✓✓	✓✓	✓/✗	✓/✗	✓	✗
Photo sharing	✓✓✓	✓✓	✓✓	✓	✓	✓	✗
Blogging	✓✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓
Forums/review sites	✓✓	✓✓	✓✓	✓✓	✓✓✓	✓	✓✓✓
Radio/music sharing	✓	✓✓	✓	✓	✓	✓	✗
Social bookmarking	✓	✓✓	✓✓✓	✓✓✓	✗	✗	✗

✓✓✓ Used heavily | ✓✓ Used moderately | ✓ Used lightly | ✓/✗ Relevant, but rarely used | ✗ Irrelevant, not being used

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## CONCLUSION

Social media presents a powerful opportunity for small and medium businesses to connect more closely with existing customers and build relationships with prospects. Twitter and Facebook are great examples of this. Social media represents a far-reaching change to the way businesses communicate; rather than broadcast messages one way to a largely passive audience, they must now engage in conversation with individuals and communities of interest. However, the research shows that while many businesses are keen to embrace the potential of social media, most are holding back until the return on investment can be identified with greater certainty.

Social media offers endless ways to achieve real business benefits such as opening new revenue streams that weren't previously available, establishing new relationships, cementing current customer contacts and building online brand reputation, something which is critical for all businesses today. The low cost barrier of using social media applications means it is hard to ignore the potential benefits on offer. Whilst the opportunities with social media are endless, like any marketing channel, it is important a strategy with key objectives and metrics is in place, to ensure the results meet the desired expectations.

As social media matures and the true benefits of social media are further understood, the business case for

its inclusion in the marketing mix is likely to become more robust. To gain an early advantage over competitors, small and medium businesses should start developing their social media strategies now.

For more information visit [bizthinktank.com.au/socialmedia](http://bizthinktank.com.au/socialmedia)

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