How can companies build and maintain trust using social media?

Individual Research Project

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Preface

This research report represents the fulfillment of the Inholland University of Applied Sciences IBMS and Helsinki Metropolia University of Applied sciences EBA program criteria. This research project is the result of a research carried out for Miltton Oy, a communications consultancy based in Helsinki who wishes to be one of the most innovative and cutting edge agencies in Finland.

I would like to thank Mr. Stephen Lee, my company supervisor who guided me in the world of social media and was always there to help and consult me. This research also represents a personal interest for me, as I am keen about anything related to social media and the way it affects traditional business disciplines and human society.

I would also like to thank Mr. Keith Medhurst, my academic supervisor for his keen participation and timely consultations that made this research project possible, whose excellent feedback and comments guided me along the way.
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KPI- Key Performance Indicators

CRM- Customer Relationship management

KCI-Key Conversation Indicators

ROI-Return on investment
Executive Summary

In the PR and Communications industry there has been a dramatic shift in the effectiveness of bought channels vs. earned media. The client of this research project, Miltton Oy has developed its PR and Communications business by focusing on earned media models successfully over the last 10 years. Miltton sees social media as the fastest growing earned media channel.

Miltton Oy has expressed interest in finding how corporations can better use social media in corporate communications. While Finnish companies have been slower to accept social media, the situation is changing and they need to keep up with it.

The research answers the question: “How can companies build and maintain trust in social media?” It has the purpose of providing the client with findings that can be used for pitching innovative social media consulting to potential customers. The research questions help the client clarify why social media is important for business and what are the best ways to utilize it taking into consideration the changing marketplace.

The significance of the differences between web 1.0 and web 2.0 technologies are researched as an initial step. Furthermore the nature of web 2.0 as a dual way channel for communication is emphasized. It is apparent that traditional businesses must adapt to the increased liberalization of social media and adopt a different approach. Evidence suggests that instead of being focused on their products and services companies should try to build long lasting relationships with their clients.

Different reasons for companies to enter the social media marketplace were explored. Companies pursue specific goals and try to extend their business operations in a new channel. Social media is utilized by companies for branding and reputation management, marketing and advertising, community management and customer service. Corporate communications are often incorporated in brand management. The findings indicated that marketing is used less and companies are orienting to build more honest relationships with their customers.

Determining success factors and measuring them was the second area explored in more detail. Engagement proved to be a factor that companies consider very important. Furthermore it became apparent that ROI is difficult to measure in social media, as the quantitative metrics used fail to illustrate why conversations happen and what their sentiment and outcome is. Primarily quantitative in its nature ROI focuses on deriving the business value for activities and while a study proves that there is a correlation between financial performance and social media engagement the cause of that relationship is not causal. However a pattern was observed that
the top engaging brands in social media utilize a customer mind set to conduct a healthy business cycle.

Thirdly the amount of time and effort that companies spend developing their social media presence was examined. A minimum amount of 5-6 hours proved to be the common way of experimenting and integrating social media within businesses at a very basic level. A classification by Owyang and Altimeter Group showed that initial budgets of companies are quite modest while more experienced and mature companies were using almost the same amounts.

Finally to put everything into the perspective of the Finnish market a consumer research on trust provided by the client of this research project was used. The main trust building factors for Finns were personal recommendations, having positive brand experience, brands being proactive, brands providing value not for the purpose of sales alone and being honest and transparent. These key findings helped bind the research together and devise an action plan that companies can use for their social media efforts in the Finnish market.

It became apparent that in order to build trust through social media companies should concentrate on developing transparent and honest relationships with clients. Rather than pushing its marketing and advertising to the consumer the company would instead become attractive and pull people to its brand. The research showed social media is the correct platform for those trust factors. In order to fulfill them, companies would have to think less of what their brand wants to say and focus on what its stakeholder groups and clients would like to talk about and develop relationships around those conversations taking place in social media.

As a conclusion it can be said that the marketplace has changed and people do not feel obliged to do business with brands just because of their image. Honest and transparent relationships can help brands become friends with their clients and establish trust. Social media is best suited as a relationship building tool, rather than a marketing tool. Through those relationships brands can become attractive enough for people to seek them out themselves.
1. Introduction

The marketplace has changed. People no longer feel compelled to buy products from companies just because of their big marketing budgets. The control over media has been lifted and consumers are free to make their own choices, pursue their own interests and entertain themselves in whatever ways they desire. While social media has become a hot topic many companies underestimate its potential and think it is just another marketing channel. Indeed marketing can be carried out through social media but it is not effective. It is like that because social media is not just a new pipe to send out marketing and advertising messages.

People buy from people they like and they do business with people they like. Brands have to quickly change the ways they do business if they want to stay competitive. A growing need of coming to friendly and less formal terms with potential customers and stakeholder groups emerges. The client of this research, Miltton Oy has always been an innovator and has been using the earned media approach for over 10 years. Now the company wants to teach its clients, who are willing to enter social media how to use it correctly, rather than simply extending their communications and marketing efforts to the new channel. This research will provide an overview of how companies are approaching social media and what lessons can be drawn for helping Milton’s clients adopt relationship building as their main goal in social media.
2. Literature review

2.1 Introduction
In this chapter the theory supporting the goals of this research of research will be introduced. First social media and its emergence will be explored in detail, followed by a view on social networking, web 2.0 and the approaches companies use to engage on social media. Secondly digital marketing and the relationship building capabilities of social media will be covered. Finally an explanation of trust and its implications in social media will be provided and used later in the report to draw conclusions and recommendations on how trust can be transferred to social media and how relationships with stakeholder groups can be built.

As social media is a fast-evolving subject a risk exists of literature to become outdated fast. Most books cover specific aspects of it and focus on providing fast value for the reader, rather than a holistic view of the subject. It is important to note that even though this may be the case, on the other hand cases and white papers, as well as studies can be used to verify or add credibility to literature. For example many of the concepts used in social media can be derived from traditional fields like digital marketing, branding and PR. Social media practitioners borrow heavily from disciplines such as marketing and sales to experiment and adapt strategies for their businesses (Invisible Marketing, Marqui, 2006). They can be regarded as the practical researchers in the field as usually their successes or failures can become learning points for academics and business people alike.

Social media has become a hot topic in business. Many managers seek ways to monetize the power of social networking and use it as a marketing channel. There is a high demand for research and development of new practices and strategies for social media. While there are many companies who excel at using this new and exciting channel there are many who still struggle to grasp how it works and use outdated approaches (Scott, 2010)

2.2 Web 2.0
In order to explain social media and its widespread adoption it is important to understand how it came to be. In the past decade there has been a steady shift between what is called Web 1.0 and Web 2.0. Web 1.0 is a term that describes the use of Internet technology as one-way channel. Web 1.0 was used as channel for broadcasting to a large audience: from companies to listeners. The aim was to control the message and the medium and spreading it to a large enough audience to ensure it will be heard. This involved careful planning and individuals who were controlling the message did not left much chance for feedback. The way Web 1.0 works can be compared to traditional print and digital media like books, broadcasts, television or websites. It could be used to attract attention of the audience but not always keep its attention. A goal of Marketing for example is to generate attention to certain products or services while the general goal of Sales is to make the potential clients
take action and purchase the product or service in mention (Invisible Marketing, Marqui, 2006). However in Web 1.0 Marketing and Sales did not go hand in hand in terms of goals. Marketing people were satisfied to get their message across and did not pay too much attention whether it generated any action. Sales people on the other hand were focused on trying to close deals and neglected customer relations, which are the focus of marketing in general (Wertime, Fenwick, 2008). Marketing and Sales utilized the broadcasting power of Web 1.0 to their advantage. It is important to note that a big focus was paid to generating a good message and controlling it. The lack of feedback was useful to companies as they could ignore people who were not satisfied by what was constantly being pushed to them.

The emergence of Web 2.0 is largely attributable to the development of new technologies and more people starting to use Internet. The term is largely associated with O'Reilly Media and specifically Tim O'Reilly who even though might not have been the first person to use it contributed to its popularity considerably. Web 2.0 is a term describing the shift between the web being a one-way broadcasting channel and the phase where it started facilitating two-way online information sharing and collaboration. Examples of Web 1.0 are Encyclopedia Britannica, personal websites, while typical web 2.0 examples include blogs, social networking websites and Wikipedia. Web 2.0 is not a static one-way channel where the audience has no control. People can engage in specific action and not just absorb what is being provided to them (O'Reilly, What is Web 2.0, 2005). Web 2.0 is described by Tim O'Reilly as an “architecture for participation”. Such an explanation fits the description of Web 2.0 very well as people using it start becoming participants in content creation and spreading. To illustrate this if we compare a blog with a simple website, the first relays information, while the latter allows for it to be commented upon, shared or criticized. Of course a website can also have a comment section and capabilities for sharing the content via web tools, in such a way it becomes a Web 2.0 tool as well.

It is interesting to note that while a great deal of information is available on this subject most of it is aimed at professionals rather than academics. While social media is a subject difficult to research as it is fast faced and new information is available every day, the significance and reliability of that information is under question. Many of the studies are aimed at solving a quick problem and almost seem like a marketing tool for the company that creates them. Whitepapers are a good source of information particularly for this research project however it can be sensed that many of them do not offer findings that are complete. A certain part of the information remains hidden, probably to entice the reader into going to the website of the company who compiled the study or report and find out more.

2.3 Social Networking and Social Media
Social networking has been a phenomenon that has been a part of the life of human being ever since the first organizations of people began forming (Christakis, Fowler, 2009, p.3-11). In the
recent years Web 2.0 facilitated communication exchange and participation economy online. The advent of Facebook was only one of the factors that showed how ready the world for social media is. With the advent of web 2.0 different platforms facilitated the reaction of social groups online. Social media emergence is largely attributable to the technological shift cause by the emergence of Web 2.0 (O’Reilly, What is Web 2.0, 2005). The Internet became an interactive place of information exchange and facilitated participation in numerous activities breaking physical borders and bringing people all around the world together.

Social networks are defined as social structures made up from actors (participants) and the relations between those actors. There are different ways a group can interact but this does not necessarily mean a group is a social network. The main difference between a group and a social network is the fact that there is a specific relationship between the participants in the group (Christakis and Fowler, 2009, p.13-14). Web 2.0 facilitated the creation of online communities and social networks which culminated in the world wide adoption of social media with the advent of Myspace, Facebook, Twitter and them becoming platforms beneficial to business (Scott, 2010, p.174-180) The perspective that Christakis and Fowler present about social networks views them as a human expression of factors that have existed as long as human interaction has existed. It is the global spread of social media that shows how group interactions change our lives and that is put in the limelight.

Specifically some of the famous names associated with social media are Guy Kawasaki and Seth Godin. What can be observed is that they use their influence to market their books and drive traffic to affiliate websites, while academics are intrigued in providing value for the scientific community, going about their research with a more altruistic purpose.

An area of social media that is insufficiently unexplored is ROI. Many companies have tried coming up with concrete criteria on which to measure ROI and studies explaining the value of Facebook Likes and referrals from Twitter exist for that very purpose. Some of the literature used for this research suggests that ROI is not completely relevant to social media as other factors must be evaluated to form a good picture of what is happening. In addition more emphasis is placed on qualitatively understanding relationships that are built with people online.

**Trust and its aspects in social media**

Transparency, truthfulness and honesty are valued in social media. These are characteristics of Web 2.0 channels such as Twitter and blogs. Those platforms have become places for people to post their opinions, ideas and beliefs. In such liberal channels not disclosing enough information and not giving credit to people is considered to be quite bad (Scott 2010, p.59-60). Transparency plays a big part of storytelling as all details are needed to paint the big picture and when something is omitted there is a risk of it to become a problem later. Information
flows fast thus if hidden information leaks out it quickly gets spread around. Specifically companies experience this very negatively as it can affect their business (Brogan, Smith 2010, p.33-49).

With transparency being such an important factor of online communication companies are seeking new ways to become trustworthy and earn the respect of people. Trust agents are considered to be people who go use the web for non-push message, are genuine and are trying to humanize their business. Trust agent can be an unofficial job title for people with role of community managers and it can be even people working in PR. The most important aspect is that people and communities don’t want to be managed, but rather taken care of and looked after. Communities are created by people with shared interest and they react very negatively when someone tries to exercise external control over them. Brogan and Smith (2010) describe trust agents as people who are able to build fluid relationships. They are people who understand the notion of social capital. It cannot be measured but exists in the form of specific relationships. Just like a favor that a person gives to someone its value cannot be accurately measured, however that person can be almost certain that if the relationship is good the favor will be repaid in some form of another.

The authors also describe trust agents as people who are able to become gate jumpers, they set their own rules and communicate to people in their own language. While print magazines are gatekeepers, podcasts or blogs become gate jumpers just because the participants and attention of readers is voluntary. What characterizes the way gate jumpers operate is the fact that they present information that is of value to the company and the clients in a way that the clients like. They own the conversation and know the rules of building online relationships (Brogan, Smith2010, p.35-37).

Brogan and Smith are considered to be influencers on the topic of social media. Their way of incorporating friend style behavior with business is considered by many professionals to be a great source of inspiration. Social media relationship creation is a topic considered in many publications and specifically in the white papers used for this research, with multiple sources giving advice how to generate value for stakeholders that is not quantitatively measurable. At the same time many publications lack good cases with which to illustrate their claims. Furthermore numerous studies on social media are published regularly. Viewing those one at a time can cause confusion to people who are only now starting paying enough attention to social media. The problem is that all these studies aim to solve very specific problems for professionals who are very familiar with social media.

**Digital marketing**

Digital marketing is a follow up of the transition from traditional to digital media. To explain the significance of digital marketing we must start from exploring the concept of marketing itself:
“...an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.”

American Marketing Association, 2007

There are different views on exactly what marketing is, however all of them incorporate the same principles that are attributed to digital marketing itself, so for the sake of simplifying the concept for the reader, this view will be used.

Marketing is a function of the marketplace itself. In the past marketing has been different, as capabilities and expectations of consumers were not the same as now. It has undergone a metamorphosis, largely due to the increasing capabilities and possibilities that advancements in IT and the Internet itself have provided: specifically web 2.0. With the shift from traditional media to “New Media” digital marketing was widely accepted as the study about how to make such a transition work and capitalize upon it (Manovich, 2003). While it has grown to such extent the availability of literature covering this fact is somewhat limited.

In digital marketing there is a substantial difference in the use of Web 1.0 and Web 2.0. It is evident that consumers are now “participants” in the digital media produced by companies, as web 2.0 allows for direct feedback (such as integrated twitter widgets, forums, Facebook pages, instant message systems on websites and more) and a two-way connection between company and the participant (Marqui, Invisible Marketing, 2006, P.6)

A distinction must be made between Marketing for Web 1.0 and Marketing for Web 2.0. While Web 1.0 was a one-way connection, Web 2.0 is a transition into a marketplace and media space where a two-way conversation between company and consumer is occurring (Marqui:Invisible Marketing, 2006, P.6). In such a way a more interactive and potentially growing and evolving connection between consumer (participant) and company can be made.

Books such as Digital marketing: The Essential guide to New Media and Digital Marketing (Wertime, Fenwick, 2008) are becoming outdated fast. Emails are still used as examples of digital marketing, which can confuse some people finding out what this is for the first time, as emails are not exactly web 2.0, but a remnant of the traditional marketing push strategies (Wertime, Fenwick, 2008) Thus a better approach would be to derive information from news and blog articles, published online. These sources however serve a dual purpose. On one side they educate the reader on relevant topics and cite good research but at the same time they are written in an attractive way that promises easy results. Many of these bloggers benefit from
online ads and try to create more traffic to themselves. Thus promising free research that supposedly solves problems can focus more on quantity than quality.

Theoretical importance cannot be understated. However in the field of digital marketing, theory is derived from cases, which are available online. While in specialized books, like Digital marketing: The Essential guide to New Media and Digital Marketing (Wertime, Fenwick, 2008) the authors provide a good though somewhat basic concept of this subject, it lives far better in the internet market place itself. Particularly mashable.com and techcrunch.com (as mentioned above) are full of valuable information and articles produced daily, however processing information this way is slower, as it has to be verified and processed into conclusions and concepts.

Digital Marketing measurement: Web 2.0 technologies have made it easier to marketers and professionals to access metrics. They are now presented with live feedback and statistics. Easier access to demographic data also makes the job of the internet Marketer easier and market research is also becoming easier (Wind, Mahajan, 2001, p.226-233) Digital Marketing and social media measurement have easy accessible quantitative data but it is up to the marketers and social media professionals to figure out what that data means to them and how they can measure actual relationship. For this purpose special analysis is needed to extract the qualitative meaning like sentiment and engagement value from quantitative data.

A flaw in the literature on Digital marketing is the fact that a great emphasis is place on the methods for marketing in the digital marketplace without considering how this affects the consumers. While social media and web 2.0 offer a good platform for marketing and advertising campaigns, the effectiveness of these actions is not measured. In essence information on how people react to being bombarded with targeted advertisements and marketing in online places they use for recreation is needed.
3. Methodology

3.1. Introduction
In this section the reasons for choosing the qualitative research format are explained. Furthermore data collection methods are outlined and the link between the subject and the research method chosen is examined.

This report represents a qualitative research on the behavior of companies, which enter social media to fulfill certain company goals or KPIs. The aim of the research is to examine studies and relevant literature and establish what company actions can lead to success in utilizing the potential of social media. By examining secondary data sources and relevant literature the aim is to come up with recommendations how Milton can prove to its clients that Milton is the cutting edge agency that can successfully help them enter and utilize social media to its full potential.

**Problem statement:** How to establish Milton as the leader for social media services and consulting in Finland?

Milton has the knowledge and resources and wants to focus on services and that add specific value for clients. The company approach is to design innovative tailored solutions for corporate communications, PR and Marketing that solve a specific problem. In the same way if social media proves to solve a specific problem for a client, then this becomes a valuable a supporting factor for Milton’s sales pitches.

Therefore exploring the topic of social media and its implications for building trust have been chosen as the correct way to solve the problem stated. Presented with proof how social media can be used to establish trust, companies will be interested to employ Milton to be the agent that helps them do that.

3.2. Research subject and supporting questions
**Research subject:** “How are companies building successful relationships with stakeholders using social media”?

The research question focuses on fulfilling the assignment set out by the client and serve as a tool that can be used to convince companies why it is in their interest to go into social media, what the benefits are and how the process of integrating it with their business goes. Below are the sub questions that formed the scope of the research. Milton has always had view on the earned media approach and would like to explore whether this is an approach all companies can use. Companies in Finland strive to create trust in their product, services and brand. The client has recognised that trust is a theme that can convince companies to purchase consulting services. Therefore finding out the methods that earn trust for a company is social media will
represent a good opportunity to create more business for Miltton. Social media is still underused in Finland thus it creates an opportunity for the client to become an industry leader in the area of social media consulting.

**Research Question 1:**

What are the reasons why companies start using social media? What needs or goals are they trying to fulfil?

**Research Question 2:**

How can it be determined whether a company is successful in social media or not?

**Research Question 3:**

How do companies quantify and measure success in social media?

**Research Question 4:**

Are companies that use social media successfully sourcing their social media efforts internally or externally?

**Research Question 5:**

How much time and efforts do companies who are trusted in social media spend on their social media?

**Research Question 6:**

How do companies build trust offline and how can that be related to social media?

The sub-questions were chosen for their relevance to the research topic. From the perspective of the client of this research project they represent the most commonly asked questions and concerns that companies have when they decide whether to engage in social media activities or not. It is in their interest to find out why competitors go online, what their goals are and how they fulfil them. Furthermore companies are interested in how social media can benefit their and what problems it can solve. The research will also analyse how much time and effort is spent by companies for social media activities. Finally a research on brand trust provided by the client will be used as secondary data to draw conclusions what goals and tactics utilized by companies could extend trust in social media. The research scope is broad, however the specific research questions ensure that building trust in social media will be explored and at the same time the topic will be put in relevant context, so that the research findings are
understandable for Miltton’s clients and can help them get a good initial grasp of the subject of social media.

3.3. Data collection
As mentioned above the qualitative nature of this research focuses on gathering information from sources that show the behavior of companies in social media. For this purpose the literature review established the basic rules and guidelines to online engagement and relationship building as well the application of social media to businesses. Secondary data is the choice for the research as the client is interested in information that is broad enough to be understood by companies who don’t know the subject in depth. An in-depth research can be included in the recommendations section in order to help the client of this research project to go into more detail in the subject.

3.4. Data collection tools
Qualitative research provided by Miltton: With the help of Taloustutkimus, an independent marketing research firm in Finland a qualitative research was carried out to find out why people trust brands in general and what actions can build of destroy trust. The sample included 30 people selected by Taloustutkimus from a broader range of online respondents that took part in an online focus group over the period of four days. The research produced 133 pages of written data for analysis. The majority of respondents were women and the age range was between 25 and 55. People from different geographical locations in Finland and from different educational background were selected for the sample. Mr. Erik Bäckman, a Miltton employee has conducted this research for the company, while some parts of it were aimed at specific clients, the overall study is relevant to this research project. Mr. Bäckman moderated the online discussion panels to ensure that conversations were focused on answering the research questions. The study has been carried out in Finnish. For this report an English summary and analysis are provided after discussing the findings with Mr. Bäckman in detail. The study largely answers research question 6 and can be used to put the findings of this report into perspective for the Finnish market. As the majority of the respondents were women, the validity of the research is in questions. However the findings will serve as a good initial indication whether social media can be a platform to build trust.

Literature review: An analysis of the existing topics and areas relevant to this research project in available literature on social media marketing and branding was conducted. A significant portion of the secondary data was extracted from previous studies, published whitepapers and relevant articles. The literature serves the purpose of evaluating the current state of literature on the subject and explaining the phenomenon to readers who are not aware of social media and its aspects. The purpose is for it to be used by the client as a reference for customers and
Miltton employees if they wish to gain more perspective on the subject, as it is of interest to them.

Desk research is chosen as Miltton is not yet concerned in how social media looks from the perspective of Finnish consumers. Miltton already has strategies to reach Finnish consumers through social media. How companies behave and approach social media is of much more interest to the client. Furthermore as social media is still not largely used in Finland there are not enough companies to interview to form a representative sample for a focused qualitative research. Such a research could be of use once Miltton has established a sufficient amount of social media consulting projects to justify the costs and effort.

3.5. Relevance

The client is dealing with companies who ask specific questions about social media and at the same time have little knowledge of it and are interested in how it works as a whole. They are interested in entering this exciting channel, however for different reasons they don’t know much about it. An exploratory research, answering specific questions yet giving enough background information about the subject can help them do that. Miltton wants to emphasize the ways social media should be used and at the same time have information that can be packaged and delivered to clients to clarify the context in which consulting from the company takes place, thus strengthening its image of an expert in the field.

The relevance and connection of the qualitative methods chosen are connected to the outcome of this research. Social media is a very broad topic and it changes constantly. Thus it is not possible to answer all questions or provide a definite proof of “why” social media works. Instead the scope of this research aims to establish the basic steps needed when entering social media by benchmarking companies and experts in the field and providing recommendations for potential entrants based on existing scientific data and specific cases. A quantitative study would be more suitable to establish the connection or test the hypothesis whether campaign presence have enhances the profitability of company. It however has to focus on a very narrow subject and would not be suitable for the establishment of a social media action plan, which is what this report aims to do.

Miltton is aware of much of the implication of social media; however they have requested a structured research that can be distributed internally and to clients. For that purpose while the problem statement deals with how Miltton can establish more business for itself through consulting the main topic of this research project revolved around trust. This topic was chosen by the client as the one factor that is important to Finnish companies and can be used to pitch services to them.
3.6. Analysis to be conducted

Going from a broad study on social media the research project will go deeper into the subject and use the findings that answer the specific research questions to relate to the topic of building trust in the Finnish marketplace. Without exploring the business decisions and procedures that companies have developed to deal with social media Milton’s clients will not have the necessary knowledge to expand their business. At the current level they understand that social media has potential but many of them are afraid to use it and are unsure what the benefits for their specific business are.

Benchmarking how other companies operate will create an initial idea of how this can be applied in Finland. The analysis will focus on linking the research findings with relevant considerations about particular businesses. At the end the consumer study on trust provided by the client will be used to put these findings in context of the Finnish marketplace. Milton has an initial idea that social media is not a marketing channel but a place to reach customers in a different way and wants to expand on that. In the end the conclusions and recommendations will link the findings with Milton’s business and serve as a sales tool. At the same time this research can be used for internal distribution allowing all Milton employees to be up to date with the most recent social media marketplace developments.
4. Findings

4.1 Research Question 1:
What are the reasons why companies start using social media? What needs or goals are they trying to fulfill?

A study carried out by Markus Haataja for a Master thesis at Aalto University in Finland (2010) explains more about company use of social media primarily as an extension of communication. In his study it becomes clear that companies are moving away from using one-way communication channels, or Web 1.0 as explained earlier in the theoretical part of this report. Some key findings revolve around the fact that companies are now aiming not only at producing their content and messages and sending it out to stakeholders but actually listening, analyzing how people perceive their brand and use these communities as a source of data about their brand. Figure 1 illustrates the strategic objectives of social media professionals:

![Figure 1. Strategic objectives of social media professionals (Altimeter Group, 2010)](image-url)

It can be seen that companies are starting to utilize social media channels in more creative ways and are integrating it in their strategic programs. In his study Markus Haataja elaborates that companies are aware of the fact that most of their current and potential customers are
online, talk about the brand they love and are in fact becoming influencers of that brand. To a large extent they control what is being said about the brand and failing to pay attention to that is no longer an option. There are simply too many channels to control and companies now realize they should relinquish control and instead go where their fans or communities are and interact with them. This is an example of how Web 2.0 causes companies to reevaluate strategies and adapt to the changing digital marketplace (Scott, 2010, p.7-13).

Companies are developing strategies and tactics to listen, instead of producing solely content spread to audiences. From being a channel of spreading information, they are now reorienting to become participants in a conversation that they no longer have control on. (Community E-Book, Radian6, 2012). This participative nature of social media drives companies to be somewhat afraid of their influencers and try to control conversations. However web 2.0 is largely a two-way channel and they cannot expect that they will always be in control of what is going on in social media. Instead their stakeholders become company participants and companies can no longer choose to ignore what is going on in social media without their presence. They accept the fact that it is the relationship with these participants they need to foster. These conversation participants owe nothing to the company and unless their trust is earned they will not be positive about a company’s messages or brand (Invisible Marketing, Marqui, 2006).

With these facts in mind a prudent approach for companies who want to enter social media is to listen first, gauge what is being talked about their brand or around their brand, map out what the participants in the conversations are and then decide how to reach these people. With this framework in mind companies can ensure that they are entering the social media marketplace prepared and there will be someone who will pay attention and listen to them (Social Marketing Playbook, 360i, 2009). Web 2.0 has changed the marketplace. Today, industry leaders argue that you must initiate a talk that is two-way and benefits both companies and stakeholders. (Drell, Mashable, 2012)

Based on the finding of this research it became clear that the main areas which companies utilize social media are: Brand management, Marketing and Advertising, Customer Service and fostering communities. A recommended approach to social media for brands is to put their products and services on the side, listen to what people talk about and try to provide value in these areas. Instead of taking charge of conversations brands must observe what the client’s problems are and try to solve them or provide value in any way. Companies must focus on their business goals and then focus on the buyers first rather than products or services (Scott, 2010, p.64-72).
Brand Management/Communications:

“As people increasingly use social media in their personal lives, businesses need to dive into these communication channels to enable their customers to communicate about – and with – brands in a true dialogue. Retailers should allow customers to share, comment on and discuss products and services openly. Why? Because online recommendations, ratings and reviews are a tangible source of increased sales. It may feel uncomfortable at first, but ultimately, it’s that openness and honesty (including some bad reviews) that people are looking for. Believe or not, even bad reviews will increase time on your site and ultimately drive sales.”

Drew Patterson, CEO at Jetsetter, 2012

Companies are interested in what the sentiment and nature of conversations around and about their brand is and how their brand is being mentioned in social media. Examples of using social media for managing a brand include: monitoring social networking platform talks for PR problems in real time, contacting users who have been speaking negatively about the brand and solving their problem, and inviting social network users that have spoken positively of the brand to participate in communities or conversations and acknowledging such praise. A big emphasis is placed on following the conversations and adapting rather than trying to control them. The rules of the game have changed and brand management is now closely tied with maintaining a good relationship with key stakeholders (Scott, 2010).

Marketing and advertising: A study carried out by Social Media Examiner (Stelzner, 2011) discovered that 90% out of 3300 interviewed online marketers realize social media is valuable for their marketing efforts. A deeper look at the specific strategies used by companies to engage with potential clients are: driving traffic by linking to marketing web pages, provocative tactics to drive link clicks or create talk around a brand to increase awareness and potentially link to a current sales/marketing campaign. Traditionally marketing has been about reaching the right people, now it has transformed into enabling the right people to come to you themselves, a more pull approach (Invisible Marketing, Marqui, 2006).

Customer service: A different approach carried out by companies is to try and provide value to their customers through social media by solving problems and by finding the specific places and channels where their customers are (Brogan, 2008). When asked why they are online airline company JetBlue responded: “Our goal would be to make ourselves available, help whenever possible, and to show that our brand is built by real people who care about our customers.” (Grove, Mashable, 2009). A further example is the @DeltaAssist Twitter channel that has become a benchmark for good customer service carried out in social media. The team behind it manages to solve more problems than other Twitter based customer service channels used by airlines and have become a synonym of effectiveness in Twitter for companies. The key to their
success is the fact that they don’t run away from responsibility and open a dialogue with customers with the mindset that they are there to take care for the customer wellbeing (Pal, Simpliflying, 2012).

Community management: Companies are becoming aware of the power of communities and try to establish such themselves. These communities are comprised of people who are passionate about the same things. Companies strive to become trust agents for these communities by bypassing traditional channels and putting in charge people who do not try to sell anyone anything but produce content interesting to these communities to build relationships (Brogan, Smith, 2009, p.18-25). These communities can be built around specific purposes, such as providing value for community members, fulfilling company communication goals, providing some sort of assistance or generally approach people in a less formal, more honest and human way. Companies have tried to create touch points with communities and by providing something of interest or value to pull people towards them (Uhrmacher, Mashable, 2008).

In all these cases it can be observed that relationships are starting to matter more than gaining visibility, pushing advertising and marketing. This two-way connection between company and participant is what determines their relationship. Openness and honesty are valued above anything else in social media. It is those companies who try to engage with their customers and build relationships without just pushing advertising messages who benefit from communities. The method works because engaging with people and building relationships on their territory lets them realize they are not dealing with a company but rather an entity that can be their friend (Brogan, Smith, 2009, p.87-93).

The findings represent an interesting perspective for companies. While marketing is still a major area utilized in social media, more and more companies seem to try to become “friends” with their stakeholders and build relationships, communicate their brand values and form communities. Companies realize they no longer have complete control over what is being said about their brand and are trying to ensure people don’t regard them as a faceless business entity. Openness and transparency help people connect with their favorite brands and establish a fan type relationship. Furthermore by being proactive and trying to provide value for their consumers not necessary for the purpose of selling, companies are seen are more approachable and people engage with them more. That being said it seems many professionals are still seeking ways to increase their marketing efforts in social media. Findings suggest that this is a wrong approach. While social media can be used as a marketing channel its full potential can be achieved by trying to build relationships and earn people’s attention.
4.2 Research Question 2:
How can it be determined whether a company is successful in social media or not?

As stated in the literature review marketing and social media specialists have an array of tools at their disposal to measure how their brand stands in social media. Here this topic will be elaborated in more detail. Methods of measuring results on Social Media include Facebook and Google analytics, tools such as Radian6, Hootsuite, AlterianSM2 and Lithium (Betonia, Tripwire Magazine, 2011). Various literature sources suggested that while metrics and quantitative measurements of social media efforts are useful and necessary they might not always be the right things to look at to measure performance in social media.

Success in social media is one of the most difficult things to define and measure for professionals. One of the biggest challenges professionals encounter is to try and calculate social media ROI or determine whether it brings a benefit for the particular company (Swallow, Mashable, 2011). A question Miltton’s clients would often ask is how can social media benefit them and how to know if they are doing a good job? This is one of the reasons why the particular research problem and questions were chosen.

A key indicator companies try to measure is engagement. In simpler terms engagement can be defined as the time people spend interacting with your brand (Invisible Marketing, Marqui, 2006). Analyzing engagement is important to brands as it is a qualitative term and more suitable of examining relationships between brand and participant. Engagement can be observed and analyzed by monitoring metrics such as mentions, unique visitors, page views, video views, re-tweets, comments and other (iab, Social Media Ad Metric Definitions, 2009). These social media metrics and analytics aggregate and represent online conversations and social activity generated by brands across social media channels. Analyzing those metrics in depth and figuring out what type of interaction lies behind them helps professional measure engagement (Actionable Social Analytics and Metrics, Awareness, 2012).

A study conducted by Wetpaint/Altimeter group (Engagementb, 2009) gives some perspective on the subject. The study was conducted to measure engagement and best practices in social media by looking at the cases of the world’s most valuable brands. The study takes a deeper look at the level of engagements these brands have and correlates it to financial performance. By assigning a score, based on the number of channels companies use and the depths of management involvement in using these channels is, the study ranks the best performing companies and measures if there is a correlation between levels of engagement of a brand and financial performance. The analysis concludes that a multi channel approach shows commitment to social media efforts and thus brings better results. For a list describing how the companies were classified refer to Appendix A. Appendix B shows the different categories in which the companies were placed. The study concludes that a certain amount of experimentation allows companies decide what the best practices in particular situations are and apply them in other social media channels, thus ensuring possible mistakes are found,
analyzed and will not be made again. Furthermore the research shows that the companies benefit from the bigger reach multiple channels create and indicated it as a success factor. The researchers admit that they have not been able to find exactly what the causal relationship is, but they go on to support the statistical relationship they established between engagement and financial success.

The findings of this research are of particular importance to this research as they suggest that there is logic behind the correlation between engagement and financial success and social media engagement can be used to enable a healthy business cycle. Furthermore by measuring the depth of company interactions with their customers and interest groups shows that a customer-oriented mindset gives companies the ability to meet needs and wants in the marketplace and generate superior profits.

The researchers further enhance the validity of the point they are making by providing a qualitative perspective to the metrics they are using. Such a method is considered to be the key to measure engagement, as it looks behind statistics and puts them in context (Actionable Social Analytics and Metrics, Awareness, 2012).

The Engagementdb study (Wetpaint, Altimeter, 2009) provides a valid point but there are several things that have to be taken into consideration. The study claims that the more channels a company uses, the more successful they are in getting financial benefits from their engagement efforts. This excludes the fact that certain companies might prefer to use only certain channels for a specific purpose like a community or campaign, rather than decide to spread their social media presence across platforms. Especially B2B companies who are the clients of Miltton might decide to invest less time and funds into maintaining multiple channels. Furthermore as discussed earlier in this research companies go into social media for specific purposes, so deciding to enter all available social media channels might prove to be a very difficult task.

Additionally the research does not explore in detail the nature of the correlation between social media engagement and financial results. While it is logical to say that a customer oriented mentality helps with social media as it is more focused on relationship building than market goals a research on how exactly that relationship functions will be beneficial to understand the subject in more depth.

Industry experts seem to go away from the traditional notion that financial success should be used to measure company efforts in the case of social media. They agree and emphasize that social media is a conversation platform and as such measuring success is measuring the quality of the conversations and relationships that are created. They also argue that success is defined by the objectives you as a brand set for yourself. As such a success indicator for a company that wants to create awareness around a product or service can be number of mentions, shared content or Facebook Likes. If social media is used as a CRM tool then building lasting relationships with the “right” people might be viewed as a success factor. In the end a brand
can individually assign a goal or tie social media efforts to specific company KPI’s and measure those instead (Wasserman, Mashable, 2011).

From the research findings it becomes evident that while ROI in social media is difficult to measure it might not be even the correct indication at all. Interactions and social capital cannot be measured quantitatively just as the value of a good conversation or a favor cannot be quantified. While a correlation exists between commitment to social media and financial performance, the lack of proof that it is a causal relationship raises questions about the validity of using ROI to measure social media success. As established in research questions 1, if a company ties its social media goals to company KPIs, then those KPIs would become the correct measurement. Even in that case more emphasis should be placed on determining if relationships with stakeholders are evolving. If people are more likely to engage with a brand without being prompted to this might serve as an indication that it is becoming attractive to them and they are willing to spend some of their time to interact with it. The findings also suggest that simultaneously looking at key social media metrics as well as analyzing how conversations evolve can give a clue to whether a company is doing a good job.

4.3 Research Question 3:
How do companies quantify and measure success in social media?

It has been established in the previous research questions that companies enter social media to fulfil a specific purpose and industry leaders measure their success by deciding what specific objective they are trying to fulfil that relates to their business.

It was also elaborated that when using social media, metrics can only go so far as letting one understand how a conversation has evolved over time or provide useful benchmarking. Research questions 2 dealt with the quantitative and qualitative measurement of online conversations and engagement. The topic will now be explored in more detail and different metrics and their purpose will be viewed. For the purpose of explaining the significance of individual metrics they will be grouped in different categories according to what social media tool or channel they belong to.

Blogs:

Weblogs (Blogs) help humanize brands in the eyes of their stakeholders. Web 2.0 technology has made it easy for anyone to setup a blog and get their personal or organizational viewpoint to the market (Scott, 2010, p.57-72). Company blogs focus on company values or services but employ a writing style that appeals to ordinary readers, as it is not marketing (B2B Social Media manual, 2010). Key metrics include posts and comments, which serve as an indicator of how engaged readers are with the content and/or the brand. Conversations are then evaluated for their potential to become leads to sales and whether they can serve as a tool to establish a
positive relationship with the company. Conversation rates are used to determine the popularity of topics and analyse their effectiveness over a time frame. Furthermore, inbound links are measured to help companies gain a perspective on how popular the blog is and how many people find their way in. These key metrics can be used to evaluate whether the relationship with the reader is positive or negative, how popular the blog is and what audience it reaches. The main qualitative measures are the comments, their value or sentiment and comment engagement (repeated comments by the same person). Blog have been steadily becoming more and more popular, currently visited by over 67% of the global online population (Global Faces and Networked Places, Nielsen, March 2009).

**Micro blogging:**

Examples of Micro blogging include Twitter and Foursquare. Micro blogging is essentially ultra-brief blogging (B2B Social Media manual, 2010).

Companies measure their number of followers and the number of 2nd order followers (follower’s follower count). This can help determine how influential these people are or whether social capital can be gained by engaging with them. Social capital is important for companies as it leads to fruitful relationships with their followers or influencers (Brogan, Smith 2009). Brogan and Smith compare it to a favour that you do for a friend. You might not know when or how, but it is almost certain he will return the favour. In a similar way companies can provide value for their stakeholders and measure how much of that value is returned and in what form. In the case of Foursquare companies encourage people to micro blog about their location and places they are visiting, urging them to compete to earn points and promote customer loyalty for businesses (B2B Social Media manual, 2010).

**Social networks:**

Most famous examples include Facebook and LinkedIn. While Facebook is a personal social network that hasn’t stopped companies of employing it for their marketing efforts, as it is also a channel for their advertisements (B2B Social Media manual, 2010). Companies create pages and groups on Facebook to build awareness, share enthusiasm, create loyalty and strengthen inbound marketing. Facebook has an integrated metrics measurement platform that monitors Likes, virality of conversations and percentage of people talking about a certain brand. Companies have certainly come to rely on the Like number to showcase the popularity of their brand in social media and Facebook in particular.

However, again coming out of the notion discussed earlier that metrics alone can’t account for engagement or serve as a success factor by themselves another perspective emerges. A study by the Ehrenberg-Bass Institute for Marketing Science (2012) has determined that 99% of Facebook fans are “useless”. The study measured the actual engagement of fans (number of
people talking about the brand contents, sharing and discussing it) and found out that the actual percentage is only 1.3%. This is an interesting find, as it highlights how subjective quantitative social media metrics can be. While a person can press the Like button on a brand page in Facebook there is no evidence that this will always result in sales or some form of social capital for the brand. The circumstances under which the person has pressed the Like button cannot be measured accurately, thus it is uncertain whether social capital is gained (Brogan, Smith, 2009, p.21-31).

Another Social Networking website LinkedIn has positioned itself towards professionals and is considered to be a good tool for recruiters and companies. LinkedIn differs from other social networks by the fact it emphasizes connections. People generally visit LinkedIn for the purpose of networking and getting a job prospective or acknowledgments. Key metrics include referrals from social networks, connections, interaction and numbers of members in groups and fan pages (Radian6, Community E-book, 2010).

**Online video:**

The most popular video sharing platforms are Youtube and Vimeo. Their purpose is very straightforward: to provide a platform where people can upload, watch, share, review and discuss videos (B2B Social Media manual, 2010). Key metrics companies focus on are views, likes/dislikes and subscribers. Generally the views are a good indication of how viral the video is. Companies have successfully executed ad campaigns in Youtube, where their video adverts have become viral hits. Traditional media is also measured by number of viewers and in many cases Youtube channels have far more viewers than popular show in Television (360i Social Marketing Playbook, 2009).

**Photo sharing:**

Examples of Photo sharing platforms are Flickr, and emerging social network Pinterest (Experian, 2012, p. 79). Key metrics include referrals from photo sharing websites, page subscribers and page rankings. While these are photo sharing platforms companies use them to create communities and understand their customers’ needs and interests better (B2B Social Media manual, 2010).

It can be observed that across the above mentioned platforms interaction can freely be measured and in fact a large amount of metrics can be produced, however the real relationship will stakeholders or potential clients is a qualitative term, thus this is not an indication that metrics are the right way to measure your relationship.

Figure 3 represents a survey conducted by Altimeter group (2010) determining the main measurements experts use to gauge their social media efforts. Engagement and sentiment
seem to be valued more than product revenue, supporting the outcomes of the Engagementdb, Wetpaint/Altimeter (2009) study on success in social media previously mentioned in this research paper. With companies having access to the right metrics attention is being turned on the value of the interactions and conversations that develop online.

![Image: We asked 140 Corporate Social Strategists: What measurements are most important to evaluating the success of your program?](image)

**Figure 2. Types of measurement used by social media professionals (Altimeter Group, 2010)**

This can again be related to building social capital, and while the value that is being exchanged by companies and participants in their conversations cannot be measured it is there and becomes a form of wealth that companies can benefit from (Brogan, Smith, 2009, p.22-23).

Specifically for social marketing purposes companies develop KCIs (Key conversations Indicators) using metrics like mentions, re-tweets, comments or sentiment to measure how specific conversations develop, when an opportunity to add value arises or whether they should intervene in the conversation (360i, Social Marketing Playbook, 2010).

The measurements discussed in detail in these questions are a good industry standard for measuring social media performance. It is important to say however that while these metrics measure how a company performs and achieves its KPI’s if the relationships created are not evaluated there won’t be a clear picture of how the brand is evolving in social media. From the findings it became apparent that companies wish to come to friendlier terms with their stakeholders. In that sense increased metrics will not specifically indicate a better relationship. In fact a company might experience a large number of negative mentions in social media on particular subjects. The real difficulty in analyzing metrics is that time must be spend going beyond them and analyzing the conversations and interactions that caused them to change.
4.4 Research Question 4 and Research Question 5:
Are companies that use social media successfully sourcing their social media efforts internally or externally?

How much time and efforts do companies who are trusted in social media spend on their social media?

These two research questions are connected in their nature thus for purpose of producing meaningful analysis they will be viewed together.

The Social Media Marketing Industry Report by Michael Stelzner (2011) provides a good overview of the time companies dedicate to social media. With Marketing and Sales Teams controlling company social media channels (The Chartered Institute of Marketing, Social Media Benchmark, 2012) it can be expected that much of the time companies will try to use social media as a marketing tool. According to the research the majority of marketers (58%) are using social media for 6 hours or more each week, and more than a third (34%) invest 11 or more hours weekly. While these figures can vary from company to company, this is evidence that professionals pay attention to daily social media activities, and spend their time carefully to establish their approach.

With such a minimal time investment, the vast majority of marketers (81% or higher) indicated their social media efforts increased exposure for their business. The majority of those investing 6 to 10 hours per week in social media were able to build new partnerships. By spending as little as 6 hours per week, 52% of marketers indicated lead generation benefits with social media. However, this does not give any information whether these leads were caused by creating beneficial relationships with potential clients online or they just benefited from social media reach. Figure 4 illustrates the results of the research more clearly. While some of the respondents indicated they spent a significant amount of time on social media, the most popular answer being 1-5 hours indicates that those are the actual concentrated social media efforts, while the other time spend can be time for experimentation and benchmarking. Marketers indicated they are spending some of their time researching, benchmarking and experimenting with social media (The Chartered Institute of Marketing, Social Media Benchmark, 2012).

The research continues to highlight the fact that social media outsourcing is underutilized: Only 28% of businesses are outsourcing some portion of their social media marketing. However, the number of those who are outsourcing has doubled since our 2010 report, from 14% to 28%.
Figure 3: 2011 time commitment for social media (Stelzner, 2010)

A further contribution to the topic is different study by Owyang (Altimeter Group, 2011) that reveals three models to categorize companies and their social media efforts based on their “maturity” in the sphere. Owyang (2011) argues that there are several models that categorize how companies organize their social media efforts. The centralized model is beneficial for Beginner/Experimental organizations. This model is characterized by one department controlling all efforts, which would explain why so many companies use social media for marketing seeing as how marketers and sales people are in charge of those channels (The Chartered Institute of Marketing, Social Media Benchmark, 2012). An example of this model is Ford, which is categorized by regulated social media efforts. Owyang (2011) concludes that this model might be less authentic.

The Hub and Spoke model is characterized by a hub in the companies setting the rules and procedures, where business unit may undertake their own efforts and spreads widely across the organization (Owyang, 2011.) This model takes time and examples include the Red Cross. This model is useful as it categories the different types of social media maturity and adoption among companies. However it is interesting to note that Starbucks has a social media team of just three people and is one of the most successful companies utilizing social media (Wetpaint/Altimeter group, 2009) so this model can serve as an indication, or Starbucks is
combining models with customized tactics. Figure 5 compares the three models and illustrates the difference in average allocated budgets between the three discussed models.

![Figure 5](image_url)

**Figure 4. Industry average social media budget and company type (Altimeter Group 2011)**

It cannot be concluded whether the above-mentioned model will work or if it is valid for all company types, however it represents a good starting point for companies to benchmark their performance if they are willing to listen and experiment in social media, have clear goals on what are they trying to achieve as discussed in Research Question 1.

It is interesting to note how big the difference between budgets utilized by beginner companies and more experienced companies is. As a beginning the 5-6 hours of time spent in social media might be enough for experimentation, but the huge difference in the budget for the formalized style shows that specific resources and efforts are assigned into achieving certain goals. That being said it doesn’t become clear how those companies set their goals. This might be due to the fact that every company has a unique way of dealing with social media and because interacting with people is so diverse and difficult to put in borders such information isn’t presented.

**Research Question 6:**

How do companies build trust offline and how can that be related to social media?

The Research questions in this report have focused on providing broader generalisations for the purpose of allowing the client to benchmark what exists in the social media marketplace. For the purpose of viewing the finding from the perspective of the Finnish market a consumer study on brand trust was provided by the client Miltton Oy. The study explored what builds and maintains trust for companies and what actions can damage or destroy it.
The qualitative study was conducted over 4 days as an online focus-group/discussion panel: Respondents were Finns between the age of 25 and 55, living in different places in Finland, and coming from different educational backgrounds and professions. The researcher, Mr. Erik Bäckman is an employee of Milton and conducted the study with the help of Taloustutkimus, an independent Finnish research agency based in Helsinki.

The research came up with the following data:

**What breaks trust?**

1. Customer service or experience/ not the product itself.
2. Things going wrong.
3. Product/Service delivery is not as it should be.
4. When personal safety/convenience or normal everyday life or work is disrupted. People do not expect brands to deny them these factors.

When asked what they expect when a problem arises respondents indicated that the company should:

- Acknowledge the problem, not hide from it.
- Promise action will be taken, that they will help or do their best to try and help.
- Accept responsibility, not try to blame someone else (even though that might be the case).

**What strengthens trust?**

1. Good customer service.
2. Showing expertise.
3. Being Finnish (in the context of understanding the culture).
4. Openness and listening/willingness to listen.
5. Provide information or action before a problem occurs, not just react to it.
6. Providing information that might be helpful – it should be easily accessible or visible (on website and in general).
7. Transparency: what is the company and what does it stand for, what is behind it.
8. Faces: who works for the company and where or a human face that represents the company/what it stands for.
9. Physical presence of the company: being able to obtain a brochure, information, posters available, facts, feedback service in a transparent way.
10. Customer service: An indication of whom the message will reach, when he/she will get back at you or how your message will be treated.
11. Recommendations:
   - When person is neutral or positive towards a company: Listening to someone’s positive advice, experiences.
• When a person is negative about the company (or has had a bad experience with it): if enough of that person’s friend share good experiences with that person the situation changes and he/she considers changing his/her opinion.

Some aspects that erode trust were also shared:

• Visibly separated sales and business function show there is no transparency and people react negatively to that.
• Branding/ads: Younger people are negative about hype by the company: it doesn’t generate trust. Note: different from word of mouth hype

**Characteristics of trust:** The following factors were considered to contribute towards building a trustworthy relationship:

Among factors that can inspire trust respondents included companies admitting mistakes, trying to fix them, respecting the fact that customer’s wellbeing is in the hands of the company and receiving honest and fair treatment.

Corporate responsibility was also provided as a factor of trust: showing that the company is ethically responsible (regarded as such by a minority of participants: mostly women).

Showing care/Taking care: Giving the consumer information that is not necessary for the sale but can be used on the side and can help. Participants indicated that such an action shows that the company is thinking of the consumer beyond the dimension of sales and is trying to provide value.

Branding and Advertising: In some cases realistic ads that are rough around the edges can help build trust. People value transparency, so they are willing to accept not only the positive information (served in the right way)

**Additionally respondents were asked to debate on the actions that can build trust through (Corporate) Communications:**

Respondents indicated that they are able to spot when information is missing, and that they value when companies are brave enough to display less attractive information or not hiding negative information. Especially when only positive information is provided the study indicated people become suspicious.

**Corporate Responsibility**
1 in 4 respondents admitted that this is an important factor for brand attractiveness. In particular professionalism (skills, adequate knowledge), going beyond expectations, doing rather than saying were important. Additionally respondents indicated that they care about the structure of the business and tended to trust NGOs more as they expected from them to provide value for society and have high ethical standards.

**What puts trust at risk?**

Respondents were asked to discuss what types of behaviour or actions can out trust at risk. Their answers included advertising, bad experiences, betraying the customer expectations, avoiding responsibility and badmouthing competitor products and services. People also showed they are really negative about sales people physically avoiding customers, but indicated that on the other hand a factor that might inspire trust would be for companies to provide a negative information that might lose them the sales, however not the client.

**Repairing trust:**

As the other side of the coin people were asked to discuss what actions would repair broken trust. Initiative from the company and it making their best efforts were popular answers, additionally actions like giving a positive surprise, friend recommendations and changing the contact at the company proved to be factors considered to repair trust by respondents. Recommendations appear as a trust building and maintaining factor throughout this research, and in this case a long string of recommendations was considered to be another factor of repairing broken trust.

Finally when asked how companies inspire trust respondents indicated that they value companies who take responsibility, are slightly imperfect and rough around the edges as to them it would mean they don’t hide something. A popular opinion proved out to be that seemingly perfect companies hide something and respondents indicated they required complete transparency.

While this research takes the perspective of companies in general and does not specify whether people make the distinction between trust in social media or offline the sample represented people who would be influenced by both social media or traditional communications or marketing. In both cases the study is valuable for this research project as it provides a basis on which the research questions can be analysed together and conclusions drawn whether social media characteristics can be used to extend trust in social media.

A direct relationship between brand trust and trust built in social media cannot be assumed. However it is a good initial stand point to take trust factors that Finns consider to be important and to try to implement them in social media. As a platform for conversations and participation
social media can be an excellent channel to create value for people. A big emphasis is placed on transparency and being proactive and not waiting for disasters to happen. This leads to the conclusion that companies seeking to gather communities, provide value for them and supply them with honest information can quickly establish whether these trust factors work as well in social media as they work with how companies perceive brands.
5. Discussion and Action Plan

5.1 Discussion:
The findings of this research indicate the social media marketplace is becoming relationship driven. Gaining trust cannot be achieved by blasting your customers with messages how good of a company you are. The new approach is for companies to become proactive, seek out their stakeholder groups and clients and engage with them directly in a less formal manner.

The findings also suggest that it is prudent to spend time seeking out where your stakeholders are and analyzing what they are talking about. As companies can no longer own what is being said about them it is important to establish what already exists in the marketplace and determine how that can be used. People will no longer pay attention to companies who wish to sell them products or services, but rather to those who realize that customers now have to be earned. It is this earned media approach that Miltton has adopted a long time ago and wishes to teach to its clients.

If earned media can become the focus on companies, they would have fewer problems with people who dislike their advertising or marketing. In fact marketing and advertising should be minimized or provided “on the side”. Companies should go into social media with the idea in mind that ROI measurement will not be easily established and that a certain amount of experimentation will be needed to determine what goals can be achieved, what audiences can be reached and what the correct way to do so is.

Specifically in the Finnish marketplace there are a lot of expectations towards brands. It is interesting to note that social media can become the more efficient platform to fulfill those expectations. Blogs can provide value “on the side” of the business and not directly related to the company’s products or services but rather something that solves a customer problem. Social networks can be the place where companies listen to consumer demands and act in advance, surprising people and earning recommendations. Customer service through channels like Twitter is accessible to many people and in fact doesn’t cost the company any phone charges. Communities can become the gathering places of people who share an interest, where the company plays the role of a conversations facilitator and provides value. That value would be in the form of something that show people they are being looked after.

In the end this research project has yielded interesting background information on social media use in the current digital marketplace. Combined with the specific recommendations on how to enter it it can become a good tool for Miltton so develop more business and help its clients truly understand how the marketplace has changed.
5.2 Action Plan for Miltton

The following recommendations represent a plan of action companies can use to enter social media and test out the best ways for their particular business to provide value to stakeholders and become a trusted channel. Miltton can use this data to teach companies to adopt the following approach:

1. As an initial stage monitoring online conversations, mentions and their sentiment for and around a brand is needed. Key influencers, potential fans and communities can be identified before the company even decides what social media channels to use. For example a company wouldn’t have much of a Facebook page if the stakeholder groups it’s interested in are on Twitter.

2. Tie social media goals to specific KPIs, as measuring those will indicate whether social media integration has an effect for the particular company. A suitable KPI for a company would be to drive more people to go to its website or to monitor the level of positive versus negative sentiment around their brand in social media. In a way this would be considered safeguarding the brand.

3. The next step would be to decide whether the company could add value for stakeholder groups around its business. Instead of selling it can focus on proving it cares for society and its customers by providing them with information or benefits not tied to sales. Anything that helps people in their daily personal or work lives can be considered as adding value.

4. Determine the right measurement: Be it mentions, re-tweets, video views or something else. Attention to what conversations actually mean without solely looking at how statistics change over time must be paid. A company can be mentioned multiple times in social media in different context. Going in and figuring what those conversations actually mean is the more difficult task companies face. Time and effort must be spent figuring out what conversations and interactions actually mean for the company. Is someone praising the company? Is there someone who needs customer service or information? Is there someone who is negative to the brand and whose trust must be earned? All these questions must be considered.

5. Build communities where people are empowered to talk and contribute to the brand and where feedback and crowd sourcing/community effort is valued. The unifying theme of the community should be something all of its members are passionate about. For example car manufacturers can focus on communities that help people get the most out of their cars and provides information how to correctly maintain them.

6. By spending at least 5-6 hours per week doing listening, analysis and engagement the company can determine its box of comfort. The box of comfort represents how the
company decides to interact in social media. For some it can be integrated with Corporate Communications, for others it can be brand monitoring, others can use the channel in a very informal way; it all depends on the particular goals and people that have to be reached.

7. At the end this should result in developing an organic relationship, where more people are pulled in to the brand because of its attractiveness as a transparent and honest channel, not because of its products. If it is clear what the brand is offering people will inform them and choose to make a purchase. However the more important things are that those people can become potential supporters of the company, safeguarding its brand.

The above steps are aligned with the factors that Finns consider to be trust-building factors. As an end result building a relationship and providing value and care for stakeholders, clients or communities can become the source of social capital and recommendations for the company. As mentioned earlier social media is an excellent platform for ensuring those trust factors are sought after.

If Miltton implements this action plan and recommends it to their clients they can become the cutting edge agency helping companies utilize the full potential of social media. The competitive advantage of Miltton would be that it understands how important relationships are for building trust in social media and will be able to offer solutions that work.
Companies are now realizing that they have to earn the trust of their stakeholders as they are connected to their business and the relationship they have relies on honesty, willingness to communicate and establishing common goals. While Marketers are still largely in control of social media channels the research data indicates that social media is not primarily a marketing platform, it is a relationship-building tool. For the same purpose measuring ROI cannot be executed easily as it relies on quantitative data, which is not representative of the significance of the relationship a company has with a client or stakeholder. It is those relationships, which are considered to be valuable by the companies considered to be industry leaders in social media. Thus the main tool for building trust is to focus on building these honest relationships.

Particularly judging by the consumer research on trust in Finland social media is the best channel to become a platform for recommendations, providing information and value around a service rather than focusing on sales and being honest and transparent. Companies are now realizing that these are the ways they can become the “friends” of their customers and that such a relationship is needed to conduct business.

A further area of study would be to focus more on specific issues now that the main topic has been introduced. While this might be beneficial for companies only now entering social media and figuring out their strategies it does not tackle the problem of what the best social media strategy for building relationships and trust are. Although there is no set formula as companies admit is depends on experimentation as well, it would be beneficial to conduct further research on the topic that focuses on a very specific topic. A possible research problem would be: “How can companies engage with consumers in social media to achieve better sales?” or “Does social media customer service bring better brand awareness for the company?” Another weakness of this research is the fact that it used mostly secondary data. While this was the wish of the client the validity of some of the statements in this research must be tested by further research.

Miltton can use the information and findings in this research to help its clients realize social media trust depends on relationships and that marketing should not be pushed out, in this way the company can receive the competitive edge it needs in today’s fast marketplace.
7. Bibliography


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