

Using Social Media to Learn About Consumer Needs and Preferences

Social media refers to a suite of online communication tools that enable people to easily share information and network with like-minded others on the Internet. From a marketing perspective, social media are useful tools for promoting products, building a loyal customer base, sharing information and incentives, and generating buzz about products and services.

This guide discusses how social media in general can be used to learn about consumer needs and preferences, and provides specifics on how to use social networks in this capacity.

Social media as research and development tools

By using social media to engage customers in an online conversation, a business can gather feedback, learn about customer needs, and generate ideas for new products or services to satisfy those needs. In this capacity, social media can serve as research and development (R&D) tools.

The approach of using social media for R&D builds on two concepts: crowdsourcing and co-creation.

Crowdsourcing involves tapping resources outside of an organization for ideas. *Advertising Age* defines crowdsourcing as "mass collaboration efforts that allow consumers to impact the look and feel of brands in meaningful ways." Examples of crowdsourcing are the consumer-generated ads for Doritos that have aired during past Super Bowls. A *BusinessWeek* article on how to tap creative talent online proposes filtering the crowd to a group of quality freelancers and consultants who are compensated for their contributions. This is an alternative to casting an open net and

allowing anyone to participate in a consumer-generated content contest.

Co-creation involves consumers as active participants in innovations, creating mutual value for a firm and its customers. "The meaning of value and the process of value creation are rapidly shifting from a product- and firm-centric view to personalized consumer experiences. Informed, networked, empowered and active consumers are increasingly co-creating value with the firm," say C.K. Prahalad and Venkat Ramaswamy in their book, *The Future of Competition: Co-Creating Unique Value with Customers*.

By combining these two concepts — going outside the organization for ideas (crowdsourcing) and collaborating with consumers to develop new products or services (co-creation) — social media can become online R&D labs to test ideas among a target market. As a result, the target market can get products or services more aligned with its needs, and the company can deliver more relevant products or services to consumers.

Besides testing ideas about products or services, social media tools also can be used to screen or evaluate advertisements, taglines, service concepts, websites, key messages for promotions, pricing, distribution options and the shopping experience.

Advantages of social media

Using social media as R&D tools allows businesses or entrepreneurs to build long-term relationships with a group of consumers, get fast feedback about products or services, and gather feedback at a low cost.

Long-term relationships. When an organization develops a long-term relationship with a group of consumers, those consumers are more likely to feel invested in the online social media community and openly share ideas. By tracking those consumers' preferences over time, the organization can identify major trends — such as ingredient and health preferences — that might influence the success of a product or service.

Fast feedback. According to a *Wall Street Journal* story, traditional product development might gener-

Credits

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ate a new product after one year of testing. However, online product testing can shorten that period, though using social media as R&D tools still involves rigorous planning and strategizing.

Less expensive research option. Traditional R&D tools, such as focus groups and surveys, can be expensive. The social media R&D option can save resources by involving the same participants over time, thus reducing the need for continual participant recruitment; compensating participants with coupons or promotions instead of cash; bringing people together online instead of face-to-face; and gathering information quickly.

Steps for R&D using social media

Outlined below are the five major steps for using social media — with an emphasis on social networks — as R&D tools.

1. Target audience

Identify and recruit the target audience. Develop a profile of whom to target, and communicate your expectations for the community while recruiting individuals so the purpose and standards of the online community are clear. Before you begin recruitment, clarify the following:

- **Membership criteria.** Gender, age, income, education, purchase behavior and geographic restrictions can ensure that you receive feedback from individuals who would be your target customers. Collecting demographic information in an online environment can be difficult because of privacy protection. In Facebook, for instance, you can only access demographic information if a user has divulged that information to you, or you pay to serve ads to users with certain characteristics. One way to avoid advertising expenses would be to screen individuals outside of the online network and invite those who qualify to join your online community or group.
- **Participants' roles.** Defining the time commitment and purpose of the online discussion can help in recruiting participants and ensuring they provide useful information.
- **Member obligations.** An example of a member obligation would be a confidentiality agreement, if you do not want participants to disclose details of the online conversation to competing firms.
- **Community rules.** Although too many rules can stifle conversation and creativity, basic rules about respecting other participants' perspectives can facilitate a friendly environment.

To recruit members, consider contacting current customers, posting a request in public social media sites and working with a third-party list provider. You might also consider identifying thought leaders, such

as bloggers who have solid followings in the product category's interest area. To find bloggers who are interested in the types of products or services you will offer, use a search engine such as Google Blogs (<http://blogsearch.google.com>) or Technorati (<http://technorati.com>). Outreach to bloggers can be as basic as sending an e-mail message and initiating a conversation about your organization or product, or it can be more complex and involve bloggers sampling the product. To promote transparency and engage ethically with bloggers, ask them to disclose that they received product samples from you and have communicated with you about the product.

People participate in online communities for different reasons: they might be interested in the product, want to connect with like-minded individuals, think their participation will yield products that meet their needs, or like to show allegiance toward brands. Some, however, might need other incentives to participate, such as:

- Coupons
- Free product
- Free shipping
- Loyalty program
- Sales promotions
- Sweepstakes

2. Form of social media

Determine the appropriate form of social media. Social media come in many forms, including social networks, review sites, blogs, microblogs, photo- and video-sharing sites, wikis and search.

Social networks are similar to focus groups because they create an environment that fosters community and allows participants to build upon one another's ideas. In social networks, an organization can:

- Poll the audience about their preferences
- Post video that simulates a product or brand experience
- Pose questions in a forum or chat environment

Other social media tools — such as blogs, microblogs, review sites and other sharing sites — potentially could allow businesses or entrepreneurs to pose R&D questions or listen to customers in an unstructured environment. Ways an organization can use these tools include:

- Post questions in a microblog
- Seek response in a blog's comments section
- Listen to feedback collected in review sites
- Evaluate messages and preferences exhibited in online videos

3. Online community

Find or build an online community that can match your product or service with potential customers. An online community can be public or private. Which

structure is best depends on the purpose for the interaction, the type of interaction needed and the amount of time available.

Mainstream public websites. With a group page on a mainstream social media website like Facebook or MySpace, a company can reach many potential panel members, generate numerous followers and evaluate product ideas in an open discussion atmosphere. However, the company gives up control of the content shared. Anyone — including competitors — can access the shared material. Because such sites might not allow you to keep the generated data confidential, they may not be a good choice if your R&D efforts involve proprietary information.

Another drawback to this type of site is that you must filter content. Some content posted will be off-target and contribute to social media noise. Plus, online communities represent just a fraction of the public, so your potential customers might not all feel the same as the community participants about products and services. Mainstream public sites attract such a diverse audience that screening individuals to fit the online community's desired characteristics can be difficult. When soliciting input from a truly open forum, you must also evaluate whether the group members are truly representative members of the target audience.

Market research on public, mainstream social media sites can range from posing an informal question to a engaging in a structured discussion.

- Starbucks collects consumer insights by posting a simple statement on its Facebook page that solicits feedback in a discussion forum:

"Your feedback is always welcome. Join the discussion to let us know what you think about Starbucks Around the World."

- Kraft Foods used a more direct method of collecting consumer insights at Easter when it asked its Facebook fans:

"There are so many ways to decorate Easter eggs! What is your family's tradition?"

Based on the responses, Kraft Foods can innovate products or develop messages that evoke memories of family traditions.

- Starbucks had a more elaborate market research tool on its Facebook page for Starbucks VIA, an instant coffee product. This tool asked:

"What's your favorite time and place for Starbucks VIA?"

It invited customers to add comments, photos or videos about their experiences with the product to Starbucks' "Wall," the page on a Facebook profile where others can add content. Although these activities serve a promotional role, the messages shared provide insight into consumer preferences and behaviors.

- After launching some new products, Panera Bread asked its Facebook fans to evaluate them:
"Last week, we introduced some new products like our Have you tried them? If so, what do you think?"

Follow up with your brand community to learn whether customers like a new product you have launched. Customers might have ideas to tweak it, or you might find out that they don't like it at all. Also, mentioning the product might encourage trial among those who have not tried it.

Niche public sites. Consumers go to public, mainstream sites to network with family and friends. However, the users are generally diverse. To reach a niche group of consumers, a company may opt to build a presence on special interest social media sites. Niche sites offer extra benefits because they often can provide access to a well-defined market segment that the company wants to reach.

Several online resources, including Mashable (<http://mashable.com/2007/10/23/social-networking-god>) and digFoot (<http://www.digfoot.com>), catalogue numerous social media sites. These directories are good starting points to search for social media sites relevant to your product or service.

When considering niche public sites, get a feel for how often participants visit. After selecting the special interest site that provides the ideal target audience, you must decide what communication approach available on the site would provide the best interaction with consumers. Some sites provide forums for chatting about news and products, and others incorporate blogs, online "clubs" and discussion boards into their social media community sites. As you screen potential sites, explore each site's functionality to see if it can provide the R&D environment you want. The types of questions posed on these sites will be similar to those shown in the examples for public, mainstream sites.

Foodbuzz (<http://www.foodbuzz.com>), a "foodie" social network, is one example of a public, niche social networking site that brands can use as an R&D tool.

Stonyfield Farm and Contadina are two brands that connect with consumers on Foodbuzz. One way they connect is by polling their followers. Polls are popular for quickly assessing the attitudes, opinions and behavior of participants. You can take a poll about a specific product, such as this one by Stonyfield Farm:

"What's your favorite way to eat Oikos Organic Greek yogurt?"

- *As the main ingredient in a breakfast parfait*
- *In a smoothie*
- *In a dip*
- *In a sauce*
- *By itself"*

Or you can elicit consumer preferences for products related to yours with a more general poll, such as this one by Contandina:

"In Italy, cheese is an essential ingredient. What's your favorite cheese to cook with?

- Fontina
- Mozzarella
- Parmigiano-Reggiano
- Ricotta"

You can also collect consumer feedback and stimulate discussion simultaneously by posing open-ended questions. The Jack London Square Farmers Market in Oakland, Calif., does this by asking:

"What can you do with food from the farmers market?" to which its followers can respond by posting photos as well as comments.

Note that not all special interest sites allow companies to have a free presence on their sites. Some charge advertising fees for branded profiles and pages. However, if the quality of the audience is much better than the audience provided by a public, mainstream site, the extra cost might be worthwhile.

Private sites. Private social media sites provide the company with more control over who is invited to the social media community and who can access information shared on the site. These sites, however, involve recruiting members, who will need to make a special visit to the site to share feedback with a company. Members will most likely demand a reason to return regularly to the site. Providing incentives or good content can entice participants to continue to share their thoughts and feelings.

Private social networks have caught the attention of major companies and helped them deliver new products. Del Monte experimented with a private social network for R&D purposes. It built an "I Love My Dog" online community of about 400 dog owners and, through dialogue with them, learned about the pet owners' preferences for treats for their dogs. The site generated enough information about preferences that Del Monte launched Snausages Breakfast Bites, a bacon-and-egg-flavored, vitamin- and mineral-fortified dog treat, after six months of online dialogue with consumers, according to the *Wall Street Journal*.

To create a private social networking site, a company can pay a Web developer to build a unique site or create its own using a service such as Ning, a low-cost, do-it-yourself network creator (see *Creating a social network on Ning*.)

Facebook also provides a group-making option that would allow you to keep R&D activities more private. Facebook Groups (<http://www.facebook.com/pages/create.php>) can be limited to a specific Facebook network and are a free alternative. Useful features of Facebook Groups include event planning and photo-, video- and link-sharing. Groups have three access settings: visible with membership open to anyone; vis-

Creating a social network on Ning

To create a Ning community, go to <http://www.ning.com>, enter the name and Web address you would like for your network, and click the Create button.

If you are new to Ning, you will need to open an account by entering your name, birthday, e-mail address and password for the site. The next screen will ask for more details about your new community and allow you to select the Private site setting, which lets you limit access to the site. Later screens will allow you to design the site and include several features that will facilitate online R&D: forums, blogs, video and a chat function.

After you make the design selections, Ning directs you to your new social network site. To invite members to join a private group, click Invite and then enter e-mail addresses, and Ning sends an invitation to those individuals. To join your group, participants will need to become members of Ning and enter the requested information or their invitation will expire.

After you create your group, you can manage its features. Click the Manage tab for a list of options you can change as an administrator. A few options that might be helpful are:

- Feature Controls. Select the degree to which members can exercise control over content in the network.
- Ning Apps. Several applications fit well with the R&D features discussed throughout this guide.
- Create custom polls with PollDaddy.
- Display videos with the YouTube application.
- Remind people about the action on your network with regular "e-mail digests" using NutShellMail.
- Discussion Forum. Segment discussions into different categories.

ible with membership controlled by administrators; or *secret*, that is, visible only to members who were invited by an administrator to join.

4. Two-way communication

Engage in two-way communication about the company's products, and be clear about why the company needs consumer insight. Social media can stimulate product development from the product idea's inception to the physical product's distribution. Depending on the social media site's format, companies can begin customer dialogue in different ways, such as:

- Surveys and polls
- Discussion boards
- Forums
- Other types of interaction

In addition to selecting the best format for posting your product-specific questions, attempt to make the site feel like a community. For instance, encourage members to talk to one another instead of just responding to the posted question. However, don't let the con-

versation divert too much from the purpose you have set for it. You may want to moderate the conversation, monitor the conversation, and encourage communication among the participants. Try to find the appropriate mix of organic conversation and encouraged dialogue.

Here are some possible dialogue-starters for a company's social media community:

- Ask members about their product usage, what the products they currently use lack and what they plan to demand of future products that they purchase. What product and process characteristics are most important? When and why do the members buy products or services like the ones your company wants to sell or provide? Why would a consumer favor your company's product or service over your competitors?
- Propose product concepts created as a result of the community's discussions. Allow members to toss around the ideas and evolve the product concepts. Continue the discussion started with the initial questions.
- Collect product prototype feedback from members. Include space to post photos and videos, both of which can familiarize the target consumers with the product. Allow members the option to elect to receive and test tangible prototypes.
- Measure responses to marketing communications materials to determine if community members understand the product key messages and delivery formats. Understand how the target audience gets its product information.
- Solicit distribution strategy ideas. Some members might be well-connected in their local communities and could present ideas for distribution in their communities.

5. Content updates

Regularly update content. After recruiting members to your social media site, retaining them is crucial. To maintain their interest, direct information and promotions to them first. Contests, games, Web special features, free product and other incentives can spur increased consumer interest in the online community, make it easier to retain community members and drive new members to the site.

Social media communities are beneficial because they encourage long-term dialogue. Traditional market research methods, such as focus groups, test panels and surveys, often are short-term events, and then the company-consumer relationship ends. A long-term, online dialogue helps build respect and credibility between the group members and the company. However, to succeed, a company's social media site needs regular attention from the company. A company that doesn't spend time on its own site will soon find that consumers won't spend time on the site either.

For more information

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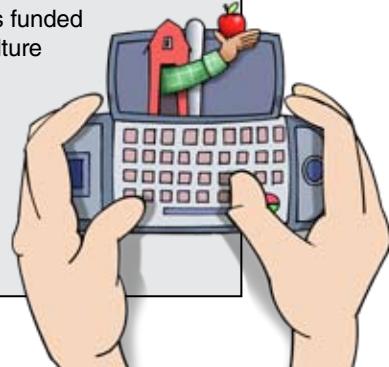
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About the project

The goal of the **Leveraging Social Media as Farmers Market Promotional Tools** project is to identify and communicate easy-to-understand, easy-to-use social media strategies and best practices to farmers market organizers and vendors. By applying this knowledge, the organizers and vendors can begin or enhance the promotion of their markets through social media.

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For more resources that are part of this project, including social media how-to webinars, visit the Missouri Value Added Center website at <http://valueadded.missouri.edu>.



Also from MU Extension Publications

- G6227 *Social Media Use and Purchase Patterns of Missouri Farmers Market Consumers*
G6228 *Promotional Media Use by Missouri Farmers Market Organizers*

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