

To Buy or Not to Buy? Perhaps Social Engagement is the Question

WRITTEN BY
Megan Haller

PUBLISHED
October 2013

THE **RUNDOWN**

How do brands benefit when they interact with consumers on social platforms like Google+ or YouTube? Does more conversation mean more sales? Understanding the lifetime value of customers who engage with brands is crucial to Wildfire, the part of the Google family that focuses on helping companies manage their activity across all social networks. That's why we commissioned Forrester Consulting to study the relationship between social engagement and buying behavior. What we found was when brands invest in offering content to their customers who engage the most, they create even more valuable customers.

When social sprouted into our collective consciousness and rooted itself firmly in our everyday lives, brands quickly spotted a great opportunity to identify and engage brand advocates. But it's only now as platforms, technologies and the behavior around them

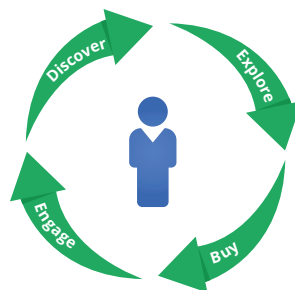
mature, that we are starting to understand the impact social engagement has on consumers' brand choices. We know online shoppers tend to use social media in some shape or form. So how does engagement on social media between brands and consumers affect buying behavior? And for brands, just how important is it to engage?

At Wildfire, we asked Forrester Consulting to help us explore these questions. Specifically, we wanted to know how valuable socially engaged consumers are to brands. Here, as part of the Engagement Project, we'd like to share a few findings from that study, "Engaged Social Followers Are Your Best Customers." Through online surveys in May 2013, they looked at five leading brands as examples and explored how people use social media to discover, explore, buy from, and engage with brands.

The new customer life cycle with social touchpoints at every stage

The results indicated people who engage regularly with brands on social media tend to be better customers. For example, 71% of customers who engage through social media with one quick-service restaurant chain were likely to prefer that chain to similar restaurants, compared to 47% of non-engaged customers, and 75% of engaged customers are likely to have bought something in the restaurant in the past 12 months, compared to 66% of non-engaged customers. This might not be a big surprise, but what we did find striking was that engaged social followers follow a four-phase customer life cycle in which they 1) discover your company and products; 2) explore whether what you offer is right for them; 3) buy your products and services; and 4) engage with you, and with their friends and peers, after their purchase. At each stage they turn to social media. The sales funnel of the past was linear, starting with awareness and ending with a purchase. But today the consumer journey is cyclical — and offers huge opportunities for brands.

Most Buyers Follow a Four-stage Customer Life Cycle



Let's illustrate that with an example. Anna loves fashion and stays up to date with her favorite retailers, online and by visiting stores. Like 41% of social networkers who engage with brands,

she follows their brand pages and profiles on social media and enjoys hearing about new collections this way. She often shares content from their YouTube channels, and she curates her social presence to connect with other fashionistas and members of the fashion community on Google+. So when, why, and how does she buy? The process is no longer about one-off awareness creation, ending at eventual purchase. Anna's relationship with this retailer is cyclical

“People who engaged with a brand on social media on a daily basis were likely to make twice as many purchases from that brand than someone who engages only monthly.”

and constant. She *discovers* products, brands or services, *explores* them in more detail to see if they're right for her, *purchases*, and *engages* with the brand and talks about the products, brands or services when talking to her friends and peers. And this happens continuously.

Social networks are catching up with search and brand sites

What's more, Anna will likely turn to social tools throughout each stage of the cycle. Word-of-mouth, driven by social tools, plays a huge part in the discovery process. Forrester found a third of social networkers who engage with brands said they discovered new products through messages on social networks, and 41% said they did so through ads on social networks.

When it comes to how engaged social networkers explore and research brands or products, social networks (used by 37% of social networkers surveyed) were second only to search engines (used by 40%). As for engagement, we saw that social networks are catching up with brand websites as a means of staying in touch. Fifty-five percent of those surveyed said they stayed up to date through websites, while 52% said they did so through social media.

As social media platforms close in on search engines and websites as a first port of call for brand discovery and information, it's clear consumers want to engage — and brands must respond.

Brand advocates are also brand builders

The study also shows the important correlations between social engagement behavior and outcomes. People who engaged with a brand on social media on a daily basis were likely to make twice as many purchases from that brand than someone who engages only monthly. However, socially engaged customers' value to brands goes well beyond purchase. By acting as advocates, these consumers help build brands.

By thinking in terms of the four-phase life cycle, brands can more carefully plan how they interact with socially engaged consumers, online and offline, on social media and through other platforms such as search and websites. Think of these engaged consumers as your brand advocates. They want to know more about what you have to offer and will champion, broadcast or amplify on your behalf. In fact, they can significantly increase engagement rates in social media. A brand's advocates account for a significant amount of its earned media: brands with high advocate populations generate up to 264% more earned media impressions per campaign than brands with fewer advocates, according to Wildfire's 2012 study, "How Superbrands Breed Superfans."

These brand advocates are a rapt audience. When you focus on engaging them through social, at all the moments that matter, you'll turn them into your most valuable customers — loyal ones that don't just buy your products again and again, but encourage others to do the same.



Megan Haller

Global Marketing Manager, Wildfire