

# UNTANGLING THE SOCIAL WEB: INSIGHTS FOR USERS, BRANDS AND RETAILERS

PART 5 OF 5: THE EFFECTIVENESS OF PROFESSIONAL SOCIAL NETWORKING

APRIL 2012



# INTRODUCTION

Social networking is no longer defined by arbitrary status updates posted by Millennials. It has incredible scope and power that demand attention from users, brands and retailers. It is the most popular online activity worldwide and has altered the way we connect, share and build relationships with people and communities around the globe.

Social networking sites currently reach 82% of the world's online population, representing 1.2 billion users.<sup>1</sup> It has given power to the masses, creating overnight sensations via YouTube® and altering shopping behaviors with foursquare®, and has even changed the presidential campaign process through the use of Twitter® and Facebook®.

The digital landscape has experienced tremendous growth, innovation and technological advancements over the past several years. Five years ago, email was predominately sent from a computer, the iPhone® was a brand-new product, “Twitter’ was a sound, the ‘cloud’ was in the sky [and] ‘4G’ was the name of a parking space.”<sup>2</sup> The online world is moving rapidly, and brands and retailers need to understand the social networking landscape, its users, how it impacts their role and presence in the market and how they can affect the space.

To bring greater clarity to social networking and how it pertains to the larger retail and grocery industry, the Coca-Cola Retailing Research Council (CCRRC) of North America has partnered with The Integer Group® to provide a five-part series on the current state of social networking:

- PART 1:** *Assessing the Social Networking Landscape*
- PART 2:** *Identifying the Allure of Social Networking: Traits, Behaviors and Motivators*
- PART 3:** *Social Networking Personas: A Look at Consumer and Shopper Mind-Sets*
- PART 4:** *The Value of Social Networking for Brands and Retailers*
- PART 5:** *The Effectiveness of Professional Social Networking*

Throughout this series, we aim to provide the entire retail community with the foundational knowledge to decode the complexities of the social web and seed inspiration for how companies can set a path for change.

**ABOUT PART 5:** THIS IS THE FINAL PART OF THE SERIES. IT WILL PROVIDE FOUNDATIONAL KNOWLEDGE ON PROFESSIONAL SOCIAL NETWORKING, ITS BENEFITS AND BRAND AND RETAILER IMPLICATIONS FOR HOW TO WORK WITH THE SPACE AND ENGAGE WITH ITS USERS.

1. Comscore®. (2011). It's a Social World: Top 10 Need-to-Knows About Social Networking and Where It's Headed
2. Thomas Friedman. (2011, DECEMBER 7). Thomas Friedman on “How America Fell Behind.” Retrieved from <http://www.npr.org/2011/09/06/140214150/thomas-friedman-on-how-america-fell-behind>

# THE EFFECTIVENESS OF PROFESSIONAL SOCIAL NETWORKING

Like social networking, professional social networking has always been a part of our culture. Merchants exchanged information to know where to source the best materials, salespeople collected business cards to keep track of sales leads and employees would hand a friend's paper resume to HR.

Technology and timing are taking networking to a whole new level. Internet-enabled social networking enables merchants, employees and others to manage business contacts, find new ones and even land a job using a social networking site. In an age when workers change jobs twice as often as in the past and in a time when a weak economy makes job-hunting more difficult, social networking is becoming increasingly important for all aspects of professional networking.

Companies, too, are finding the reach, flexibility and cost-effectiveness of social networking an important and increasingly essential tool for recruiting, retaining and screening potential employees. In fact, a significant percentage of companies find important information on social networks that helps them verify claims made on resumes or learn important insights into applicants' pasts.

At its simplest, professional social networking is a subsegment of social networking, defined as the act of connecting, communicating or interacting with others using social media tools. Professional social networking differs in that these interactions are for professional purposes (e.g., networking, recruiting, promoting a business, etc.) rather than just social purposes. If social networking is like high school in the formation of groups and communities, then professional social networking is analogous to anything from asking a friend to study together for the SATs to consulting with the guidance counselor about colleges.

In essence, the act of professional social networking can take place on any social media platform from LinkedIn® to Facebook or Twitter. Though most LinkedIn members are part of the sales or IT sector, professional social networking has expanded beyond these sites and the white-collar community. Local retailers and individuals can post job openings on Facebook or Twitter and alert their network of openings for positions like servers or cashiers.

Technology and timing have taken professional networking to a new level—enabling people to manage business contacts, find new ones and even land a job using a social networking site.



When it comes to recruiting, a significant percentage of companies find important information on social networks that helps them verify claims made on resumes or learn important insights into applicants' pasts.



As a result, professional social networkers are becoming a more diverse group regarding industry and occupation even as there are fundamental commonalities that professional social networkers share.

As outlined in Part 3 of this series, professional social networkers are like the bookworms and class presidents of high school.

They are smart and make their academics a passion, getting involved in professional groups outside the classroom. Although they are active across the entire social web, sites like LinkedIn, Xing and Socialcast® are the main meeting ground for these individuals. These sites have become the guidance counselors of the professional social networking landscape, creating communities where individual professionals and companies can interact as well as a space for Sharers, Creators and Bonders to dabble, depending on their professional needs.

### Xing

**FOUNDED:** 2003

**USERS TO DATE:** 12 million global

**ABOUT:** Xing is an online network for business contacts that also works to facilitate expert groups and assist members in organizing networking events so as to help users advance their careers. The site is prevalent in German-speaking countries.

**SOURCE:** Company Website

### Socialcast

**FOUNDED:** 2005

**ABOUT:** Socialcast develops and deploys social software to help medium and large companies socialize and centralize their communications between people, applications and data. Socialcast aims to humanize collaboration inside a company.

**SOURCE:** Company Website

LinkedIn has carved out space in the social networking arena as the largest professional social network to date, with approximately 135 million registered users in more than 200 countries.<sup>3</sup> Its mission is to “connect the world’s professionals to make them more productive and successful.”<sup>4</sup> LinkedIn offers traditional networking functionality and has expanded and evolved into being a solutions provider for businesses. As of the third quarter of 2011, LinkedIn derives about 50% of its revenue from “hiring solutions,” which includes its recruiting services, job-posting services and several subscription services.<sup>5</sup> Similarly, Socialcast offers premium analytic features, and Xing offers career tools for a fee. These platforms demonstrate the value of professional social networking, and their success is changing the way both individuals and companies network.

135 MILLION

registered users in more than 200 countries help make LinkedIn the largest professional social network to date.<sup>3</sup>

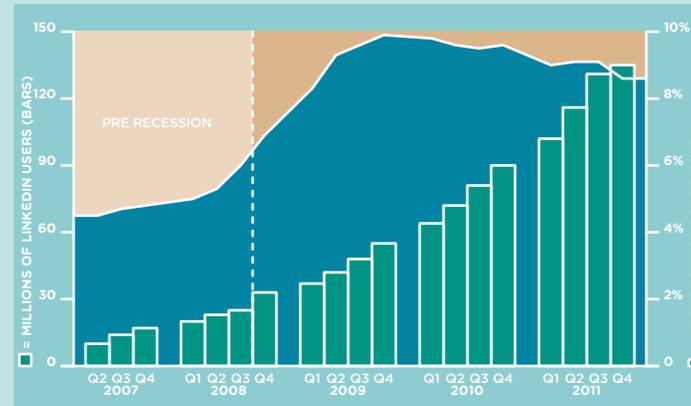
3. LinkedIn. (2011, THIRD QUARTER). Press Center Company Overview, About Us. Retrieved from <http://press.linkedin.com/about>
4. LinkedIn. (2011, MAY 11). Code of Business Conduct. Retrieved from <http://investors.linkedin.com/governance.cfm>
5. Comscore®. (2011). It's a Social World: Top 10 Need-to-Knows About Social Networking and Where It's Headed

# THE VALUE OF PROFESSIONAL SOCIAL NETWORKING

Professional social networking is a powerful force because humans are fundamentally motivated to help each other (and themselves). Professional development and advancement is a priority for many of today's professionals, but for most, this requires more than one employer. The average worker today has 10.8 employers in their lifetime, compared to four in the 1960s.<sup>6</sup> Changing jobs is more common, and individuals are increasingly looking to professional social networks to help advance their careers.

In addition, professional social networking has become an increasingly valuable resource in recent years due to the recession. By the end of 2008, LinkedIn had accrued over 32 million users after five years online. Since the recession, the company has gained nearly 100 million additional users in roughly three years.<sup>7,8</sup> Furthermore, today's environment shows that two professionals join LinkedIn every second and an estimated 63% of companies have hired employees using social media.<sup>8,9</sup>

LinkedIn Use Rises With Unemployment<sup>10</sup>



*With the recession came tremendous changes in Americans' professional lives and how we as a nation approached professional networking. Social networks like LinkedIn opened new avenues for those seeking positions.*

Though professional networking is a fundamental human behavior and the recession helped kick-start its mainstream use, sites like LinkedIn are likely to continue to grow and gain traction because of three primary benefits:

**REACH, REAL-TIME FLEXIBILITY and COST-EFFECTIVENESS.**

6. Jobvite® Inc. (2010). 2010 Social Recruiting Survey Results
7. LinkedIn. (2008, DECEMBER 11). LinkedIn Names Dipchand Nishar as Vice President of Products. Retrieved from <http://press.linkedin.com/106/linkedin-names-dipchand-nishar-vice-president-products>
8. Comscore\*. (2011). It's a Social World: Top 10 Need-to-Knows About Social Networking and Where It's Headed
9. Jobvite Inc. (2010). 2010 Social Recruiting Survey Results
10. U.S. Bureau of Labor Statistics. Unemployment Rate Seasonally Adjusted, LinkedIn Inc.

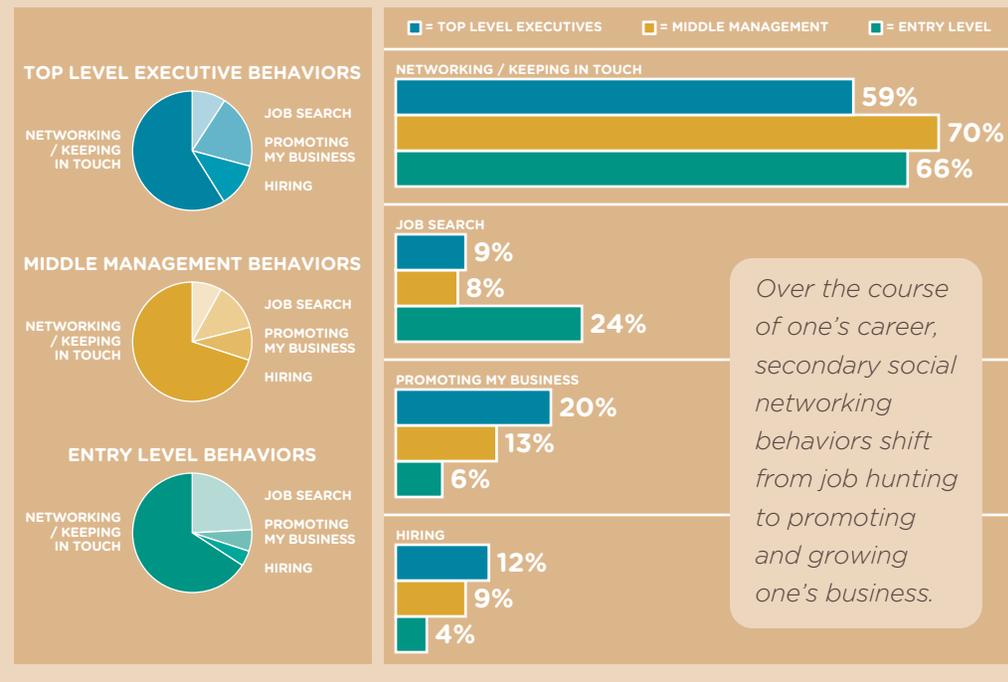
## 1. Reach

In the past, professional networking limited individuals and companies to connections made in person. Now that professional networking can be done on social media, the connection possibilities are vast and the process is easier and more centralized. One can connect with old friends and mere acquaintances, gain industry insight from strangers or even find a new job. Connections reign supreme in the professional social networking landscape, and networking and keeping in touch are the primary reasons users participate on sites like LinkedIn.

There is strength in numbers, and this vast network is beneficial to businesses ranging from large corporations to local mom-and-pop retailers. It allows companies of all sizes to quickly access a large, global audience; build a reputation; develop business leads; find talent; and have a voice in the greater industry. With access to such a large audience, even the smallest business can have a large voice.

### Professional Social Networking Behaviors Stem From Connections<sup>11</sup>

*Professional social networking can be used for many things, but as social primates, we use it mostly to connect.*



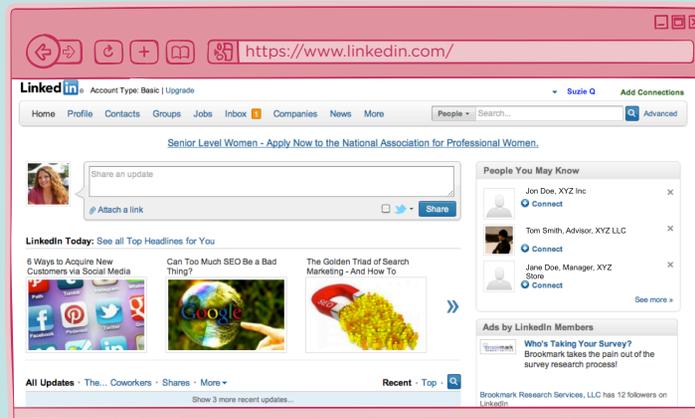
11. Pamela Vaughan. (2011, SEPTEMBER 1). 12 Awesome LinkedIn Infographics. Message Posted <http://blog.hubspot.com/blog/tabid/6307/bid/23879/12-Awesome-LinkedIn-Infographics-in-2011.aspx>

## 2. Real-Time Flexibility

In addition to providing tremendous reach, social networks also permit real-time flexibility in that users can communicate with their entire network, update their resumes and be alerted to current news or events in just a couple clicks. In fact, some find professional social networks to be a good source of current information because a user can tap in to expert groups and receive industry/network updates like those from LinkedIn. Even an estimated 65% of journalists report using information on LinkedIn as research material.<sup>12</sup>

This real-time flexibility also gives users and businesses more control over their online reputations. Users, both individuals and businesses, are able to generate their own professional image and manage their content. It has also proven to be fruitful for those looking to hire and be hired. Businesses large and small can conduct more targeted searches, screen candidates and get real-time responses and insight.

### Valuable Real-Time Updates



*The social web allows professional social networkers to read up-to-the-minute information and respond even more quickly.*

Source: linkedin.com

65%

of journalists report using information on LinkedIn as research material.<sup>12</sup>

12. Pamela Vaughan. (2011, SEPTEMBER 1). 12 Awesome LinkedIn Infographics. Message Posted <http://blog.hubspot.com/blog/tabid/6307/bid/23879/12-Awesome-LinkedIn-Infographics-in-2011.aspx>

### 3. Cost-Effectiveness

Though many companies pay for advertising or recruiting services on professional networking sites, for the majority of users, networks are a free platform to promote themselves, their business, their knowledge and events. It is a professional soapbox for many and has become a valued platform and resource for individuals and companies alike. Particularly when it comes to hiring, professionals in the industry like the President from TBWA\® Australia know that professional social networking can “deliver amazing ROI when it comes to finding talent and save you a lot vs. using recruiters.” In fact, a study done by Jobvite reports that nearly 55% of companies plan to spend more on social media for recruiting while about 32% of respondents plan to cut spending on (typically more expensive) third-party recruiting and search firms.<sup>13</sup>

Professional social networking has seen success because it works with the fundamental human nature to connect, and delivers tremendous reach, real-time flexibility and cost-effectiveness. Sites like LinkedIn continue to evolve, and professional social networking appears to not be slowing.

**Social Media Leads All Other Recruiting Categories for Increased Investment<sup>13</sup>**



*Recruiters expect to invest more in social recruiting because it extends their reach and provides them with the flexibility to connect and create experiences for candidates.*

<sup>13</sup> Jobvite Inc. (2011). 2011 Social Recruiting Survey Results.

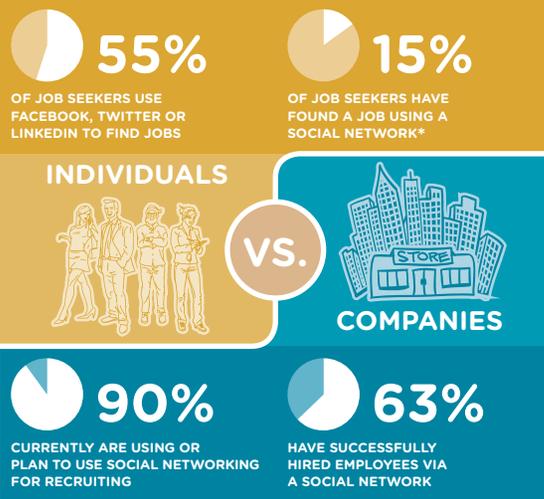
# PROFESSIONAL SOCIAL NETWORKING AND THE HIRING PROCESS

The hiring process is one space in particular that has benefitted from professional social networking's reach, cost-efficiencies and real-time flexibility. Both individuals and companies have seen many successes using the network during the hiring process.

Today, LinkedIn is the predominant site for recruiting, with about 85% of companies reporting they use LinkedIn vs. 55% on Facebook and 46% on Twitter.<sup>15</sup> Nonetheless, professional networking and recruiting are happening in a variety of places and Facebook, in particular, is formalizing its role.



## Professional Social Networking Leads to Successful Social Recruiting<sup>14</sup>



\*78% ACCREDIT EMPLOYMENT TO FACEBOOK VS. 40% ACCREDITING LINKEDIN

In October 2011, Facebook formalized a partnership with the U.S. Labor Department. This partnership will produce a Facebook page that will aggregate a variety of existing, but often little-known, job-search services available through the U.S. Labor Department.<sup>16</sup>

14. Jobvite Inc. (2011). 2011 Social Job Seeker Survey

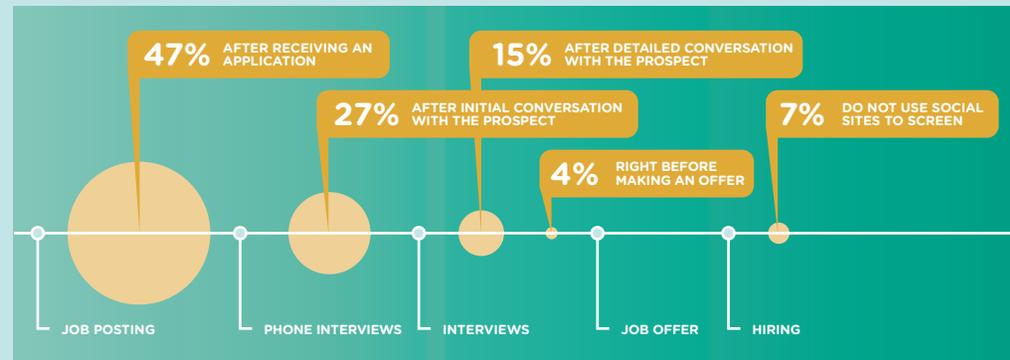
15. Jobvite Inc. (2010). 2010 Social Recruiting Survey Results

16. *LA Times*. (2011, OCTOBER 20). 2010 Facebook partners with Labor Department to help job-seekers. Retrieved from <http://latimesblogs.latimes.com/technology/2011/10/facebook-labor-department-job-seekers.html>

The space is helping individuals tap in to new resources and companies find new hires, and is helping companies flag and conduct further research on potential candidates during the screening process. Facebook is the predominant screening tool, with over three quarters of companies saying they use the site to screen candidates vs. 53% using Twitter and 48% using LinkedIn.<sup>17</sup> Just as with the hiring process, use of these social sites for screening is variable, though nearly 50% of companies report using social sites to screen after receiving an application.

Social networking provides a range of information on potential hires and has proven to yield comparable-quality hires vs. those found through corporate career sites and produces higher-quality candidates than third-party recruiters and campus recruiting.<sup>18</sup>

### Use of Social Sites During the Hiring Process<sup>17</sup>



*Once recruits are found, social networking is primarily used for screening vs. later in the process, when traditional interview formats are more important and telling.*

This depth and range of information has helped recruiters get to know their candidates outside the professional setting and identify potential red flags. A third of companies report rejecting candidates based on information found online.<sup>19</sup> More specifically, an estimated 13% of companies report rejecting candidates because they found out they lied about their qualifications, 7% because of sharing confidential info about a former employer and 11% because they posted a negative comment about a previous employer.<sup>20</sup>

17. Joshua Walden. (2011, NOVEMBER 2). How Recruiters Use Social Media to Screen Candidates. Message Posted <http://careerenlightenment.com/social-media-job-seeking-tips/how-recruiters-use-social-media-to-screen-candidates-infographic>

18. Jobvite Inc. (2011). 2011 Social Recruiting Survey Results

19. Pamela Vaughan. (2011, SEPTEMBER 1). 12 Awesome LinkedIn Infographics. Message Posted <http://blog.hubspot.com/blog/tabid/6307/bid/23879/12-Awesome-LinkedIn-Infographics-in-2011.aspx>

20. Jobvite Inc. (2011). 2011 Social Job Seeker Survey



# PROJECT METHODOLOGY

For this project, we used a combination of primary and secondary research to build a fact base to analyze the landscape of social networking as it pertains to its current state, how it affects both the shopper and consumer mind-set and its relation to physical and digital retailers.

We conducted a thorough review of secondary resources to build a knowledge base and guide our primary research. Secondary resources included subscription-based resources such as Iconoculture®, Experian® Simmons, Warc® and eMarketer, as well as publicly available information from industry associations, publications, studies, blogs and platform providers.

To fully understand this rapidly evolving space and its relation to consumers and shoppers, we leveraged a variety of primary research, including expert interviews, a quantitative consumer study and a qualitative shopper study.

## Expert Interviews

In addition to leveraging social media, digital and media experts within the Integer network, we conducted interviews with seven industry participants

to gather real-time insights regarding the project objectives. Participants included consultants, internal brand community managers and external digital strategists/agencies.

## Quantitative Consumer and Shopper Research

Integer, in conjunction with iModerate research technologies®, conducted a quantitative survey with 308 frequent social networkers and intercepted 40 respondents to participate in one-on-one live conversations via the iModerate proprietary instant-messenger platform to gain deeper insight regarding habits and practices online.

## Qualitative Shopper Research

Integer, in conjunction with Qualvu, completed a qualitative survey with 24 frequent social networkers. Participants answered several questions regarding their social networking usage and habits and provided video footage of their “shopping journeys” to illustrate their social media behaviors and motivations throughout (Pre-Tail®, Retail, Post-Tail®).

## About the Shopper Journey

We used the Integer Shopper Continuum® to frame the shopper journey and help us understand and articulate the role of communication and marketing actions during three distinct phases of shopping behavior: Pre-Tail®, Retail and Post-Tail®.

- **THE PRE-TAIL® PHASE** includes all the things people do when preparing to shop and select a retailer, including how they respond to all things brands or retailers do to influence behavior.
- **THE RETAIL PHASE** is all activities that take place in a real or virtual retail environment. This includes the behavior of the shopper and the actions of the retailer and brand on the shelves (real or virtual).
- **THE POST-TAIL® PHASE** encompasses what happens after purchase. It includes things retailers and brands can do to reinforce and celebrate the purchase and encourage shoppers to repeat their behavior again and again.

## About the Coca-Cola Retailing Research Council of North America

The Coca-Cola Retailing Research Council of North America ([www.cccrrc.org](http://www.cccrrc.org)) conducts studies on issues that help retailers respond to the changing marketplace. The unique value of these studies rests with the fact that retailers define the objective and the scope of each project and “own” the process through the release of the study and dissemination to the broader retail community.

## Members of the Coca-Cola Retailing Research Council of North America:

- David Ball, Ball's Food Stores Inc.
- Jonathan Berger, The Consumer Goods Forum
- Chris Coborn, Coborn's Inc.
- Mike Donnelly, The Kroger Co.
- Randy Edeker, Hy-Vee, Inc.
- Cathy Green Burns, Food Lion LLC
- Jerry Golub, Price Chopper Supermarkets
- Mark Irby, Publix Super Markets
- Jay Lawrence, MAL Enterprises, Inc.
- John Lucot, Giant Eagle, Inc.
- Tim Mason, Tesco U.S.
- Jason Potter, Sobeys
- Leslie Sarasin, Food Marketing Institute
- Carlos Smith, Bodega Latina Corporation
- Greg Sullivan, Walmart Stores, Inc.
- J.K. Symancyk, Meijer Inc.
- Todd Vasos, Dollar General Corporation
- Lauri Youngquist, Knowlan's Super Markets, Inc.

## About The Integer Group - @IntegerGroup

The Integer Group ([www.integer.com](http://www.integer.com)) is one of the world's largest retail, promotional and shopper marketing agencies and a key member of the TBWA\ Marketing Services portfolio. The Integer Group resides At the Intersection of Branding and Selling® and creates strategic marketing solutions for clients in categories that include beverage, packaged goods, telecommunications, fast food, home and shelter and power sports. Join Integer in a conversation on shopping culture and brand strategy at [www.shopperculture.com](http://www.shopperculture.com) or on Twitter @shopperculture.

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