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**MEDIA RELEASE**

## Study: Engage consumers using social media

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It isn't enough for today's companies to pay lip service to social media when developing successful marketing strategies, according to Simon Fraser University researchers. Instead, firms need to focus more on increasing two-way engagement through social media channels. This means garnering consumer participation beyond the monetary level, by creating opportunities for them to spend time with a brand or product.

Entitled *The New WTP - Willingness to Participate*, the research article is slated for spring publication in the management journal *Business Horizons*. It was authored by SFU Business associate professor Michael Parent, along with PhD students Kirk Plangger and Anjali Bal. The authors argue that while there is risk inherent in ceding control of a brand to social media engagement, the upside for firms and their bottom line is vastly greater.

"This is a call, in a sense, for revolutionary brand management – a leap of faith that companies have to make," said Parent, who has conducted extensive academic research in the areas of e-marketing and technology adoption by organizations. "The message here is don't try to sell consumers, but try to engage with them in authentic conversations about your brand."

Parent and his co-authors note that companies have historically engaged in push-based marketing to create a high willingness on the part of consumers to pay a premium price for a product. In a social media enabled world, however, they argue this willingness is better reflected as a "willingness to participate" – through active involvement with brands or products on social media channels such as Facebook, YouTube, Twitter, and online communities.

Parent cites the recent social media campaign by airliner KLM – otherwise known as "KLM Surprise." Passengers who checked in via Foursquare before their journey, or who tweeted about waiting to board a KLM flight, were randomly surprised with personalized gifts at the airport by an airline representative. The campaign garnered more than one million impressions via social media channels, while creating a deeper level of engagement on the part of its customers.

"Engaged consumers are willing to give much more than money," according to the article. "They are willing to give the most valuable commodity of all: time. In doing so, they take actions that extend and leverage a company's brand."

– 30 –

**CASE STUDIES**

To test their model, the researchers conducted a number of case studies looking for evidence of escalating participation on

the part of consumers, and commensurate brand success.

### **Threadless T-Shirts**

Founded in late 2000, the Chicago-based company has revenues of more than \$25 million on sales of roughly two million T-shirts per year. What distinguishes Threadless from its competitors is that it makes extensive use of its more than 500,000 online community members to design, comment on, vote, and buy their T-shirts. As a result, the company enjoys gross margins around 30 percent – far in excess of its competitors. The company’s use of its community, according to the article, “is by far and away one of the most comprehensive examples we have seen of ongoing and enduring consumer engagement.”

### **Need for Speed – Electronic Arts**

With the latest incarnation of the Need for Speed video game, Electronic Arts turned to social media for the first time – hiring a social media team to produce content for Twitter, blogs, Facebook and YouTube. Social media specialists also engaged in online discussions with users and seeded online discussion threads to provoke reactions. By converting a number of their fans and followers into active creators and conversationalists, the Need for Speed team was able to increase loyalty to the game and the emotional attachment of belonging to a gaming community. They were also able to decrease some of their marketing and publicity costs by having members of this community announce events and participate in them as well.

### **Carlsberg Beer**

Carlsberg Beer embarked on a three-month tour across the UK in early 2010 to promote the FIFA World Cup in general, and secondarily, its beer. The goal was to inexorably associate itself with soccer in general, and with the forthcoming World Cup tournament in particular. However, Carlsberg also used social media to spread its message. They created a Twitter account and used a more personal tone to engage fans, not only tweeting, but re-tweeting fan posts. They also launched a highly engaging Facebook page, and an interactive smartphone app. The campaign extended the influence of the Carlsberg brand beyond itself by generating activity within the fan community and by tying themselves to the popularity of the world’s most-watched sport.

### **M-PESA**

A branchless, mobile telephone micropayment and funds transfer system, M-PESA allows microfinance lenders and borrowers to easily send and receive funds at more competitive interest rates. As mobile phone penetration is high in Africa, M-PESA uses the existing network of airtime resellers to allow customers to use their mobile phone accounts to deposit money, make withdrawals, receive money, or transfer money to another party. The researchers hold M-PESA up as a prime example of the new willingness to participate because it created a community engaged in conversations and transactions that would have been hitherto impossible before social media and mobile devices.

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