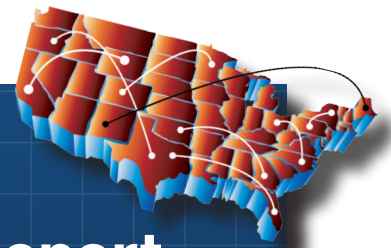


**State of
Social**

**Customer
Service**

2012





NM Incite's 2012

State of Social Customer Service Report

With the explosion of social media prompting a dramatic change in how people interact with each other and brands, customers are turning to social media for customer service, whether you want them to or not. This report looks at how consumer behavior on social media is impacting customer service and marketing efforts for global brands.

With the birth of social media, brands have lost the power they once had over consumers. Today, customers hold the reins. They are feeling more and more empowered to share their brand experiences and opinions online, stripping brands of the privilege of a one-sided conversation. With extensive networks of families, friends and influencers, what people share on social networking platforms has incredible reach,

impacting the purchase intent of your existing and potential customer base. This means that social care, customer service via social media, has become an immediate imperative for today's global brands. Customers choose when and where they voice their questions, issues and complaints, blurring the line between Marketing and Customer Service. Brands need to accept this evolution and ensure they are ready to react on all channels.

Key Findings

- 47% of all social media users have used social care, with usage as high as 59% among 18-24 year olds; usage spans all ages and genders
- 71% of those who experience positive social care (i.e., a quick and effective brand response) are likely to recommend that brand to others, compared to just 19% of customers that do not receive any response
- Nearly 1 in 3 social media users prefer to reach out to a brand for customer service through a social channel compared to the phone

What is Social Care?

Social care is a system for companies to regularly provide customer service through social media platforms. Companies listen at the brand and category levels for customer questions, issues, needs and concerns, and address them through the social channels where existing and prospective customers express themselves.

If a company has a 1-800 number for customer service, social care applies to them. Higher customer satisfaction is immediately tied to the customer's ability to influence peers across their social graph, with implications for a company's branding, sales and marketing efforts.

Social care's influence is high among online users

More than half of social media users under the age of 45 engage in social care

With 80% of online users in the U.S. using social networks, the pool of customers on social media is expansive. Couple that with an average, across all ages, of

47%

of social media users engaging in social care, and you have a huge group of potential customers seeking service online in real time (Figure 1).

Social Care: The Raw Truth

Customers don't care if you have a Twitter handle for customer service. If they want to complain on your Facebook page or company blog, they expect you to find it and respond on that channel. If you aren't equipped to do this, consider that...

A SINGLE NEGATIVE CUSTOMER EXPERIENCE POSTED IN PUBLIC CAN WIPE OUT THE EFFECT OF UP TO FIVE POSITIVE CUSTOMER MESSAGES.¹

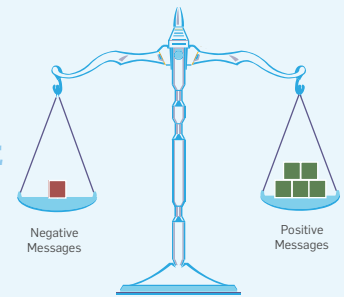
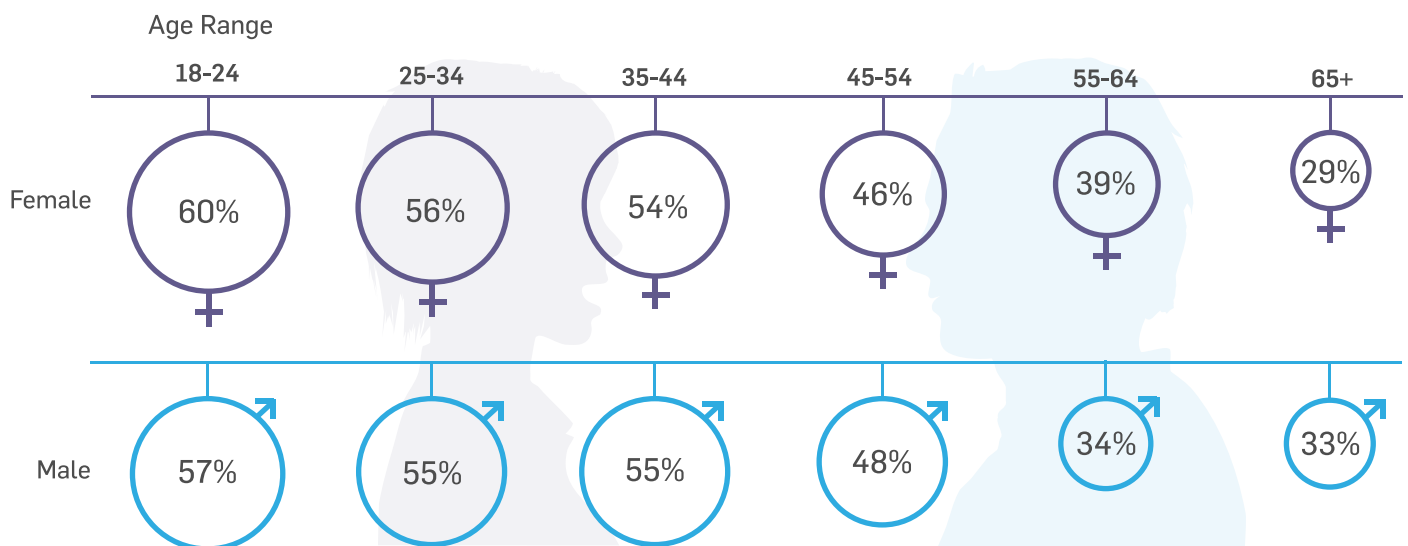


FIGURE 1: PERCENT OF SOCIAL MEDIA USERS THAT ENGAGE IN SOCIAL CARE BY AGE GROUP AND GENDER



Social Care's Influence:

- 47% of all social media users have used social care, with usage as high as 59% among 18-24 year olds
- Even among the oldest social media users, nearly one-third (30%) have used social care
- Social care use is consistently high across gender, income and education levels

51% of social care users actively engage with brands several times per month, with 9% engaging on a daily basis

Social care is moving to the main stage of customer service. While on average 47% of social media users engage in social care, you can expect that nearly 1 in 10 of those individuals use social media for customer service on a daily basis (Figure 2).

Of all consumers tapping social media for customer service inquiries, only 36% report having their issue solved quickly and effectively. Fourteen percent (14%) report the company engaging quickly but not solving their issue, and 10% report

never receiving a response at all (Figure 3). It is important to respond quickly and effectively; companies that optimize for social care have the potential to cut costs internally while increasing customer retention and loyalty.

Today's consumers show a growing preference for using social media for customer service. Among 18-24 year olds, 37% prefer customer service through social media rather than the phone (Figure 4).

FIGURE 2: FREQUENCY OF SOCIAL CARE USE
% of social care users

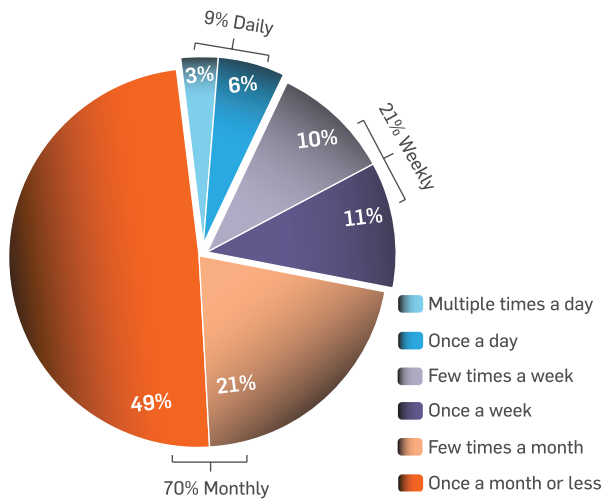
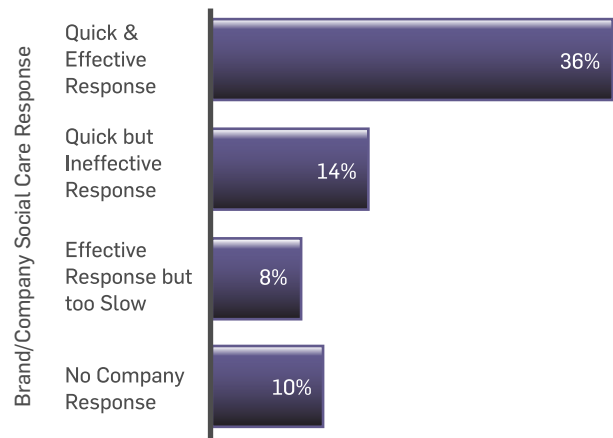


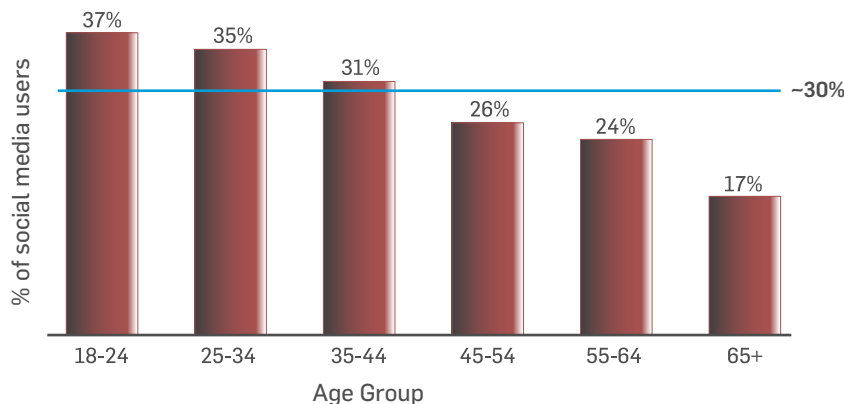
FIGURE 3: OUTCOME OF MOST RECENT SOCIAL CARE EXPERIENCE
% of social care users



Percent does not total 100 because 20% of respondents did not recall their last experience and 13% responded none of the above.

~1 IN 3 USERS PREFER SOCIAL CARE OVER CONTACTING A COMPANY BY PHONE

FIGURE 4: PREFERENCE FOR SOCIAL CARE OVER PHONE CUSTOMER SERVICE BY AGE GROUP



Positive experiences equate to a higher rate of customer recommendations

Consumers who encounter positive social care experiences are nearly three times more likely to recommend a brand to others

Effective social care gives brands a big advantage. Customers who walk away with a positive experience are three times more likely to recommend that brand (Figure 5). Factoring in the number of friends and family that see the outcome of a social care interaction, and the immediate accessibility the customer has to tweet or post about the positive experience, the potential reach of an effectively executed response can be momentous.

Seventy-one percent (71%) of those experiencing great social care are likely to recommend a brand based on their most recent experience, compared to 17% of customers that have a somewhat negative experience.

Seventy percent (70%) of social care users are likely to use social care again if served satisfactorily, accelerating the influence and engagement in social care among consumers. If a company responds quickly but does not solve the issue, only 41% are apt to try social care again (Figure 6).

So how quickly does a company need to respond? The majority of Twitter and Facebook users, 83% and 71% respectively, expect a response from a brand within the same day of posting. More than 50% of Twitter social care users expect a response within two hours of posting.²

70% OF SOCIAL CARE USERS SATISFIED WITH THEIR EXPERIENCE ARE LIKELY TO USE THAT FORM OF CUSTOMER SERVICE AGAIN. OF CUSTOMERS WHO HAVE AN UNSATISFACTORY EXPERIENCE, ONLY 41% ARE APT TO TRY SOCIAL CARE AGAIN.

FIGURE 5: LIKELIHOOD USER WOULD RECOMMEND BRAND TO OTHERS BASED ON MOST RECENT SOCIAL CARE EXPERIENCE

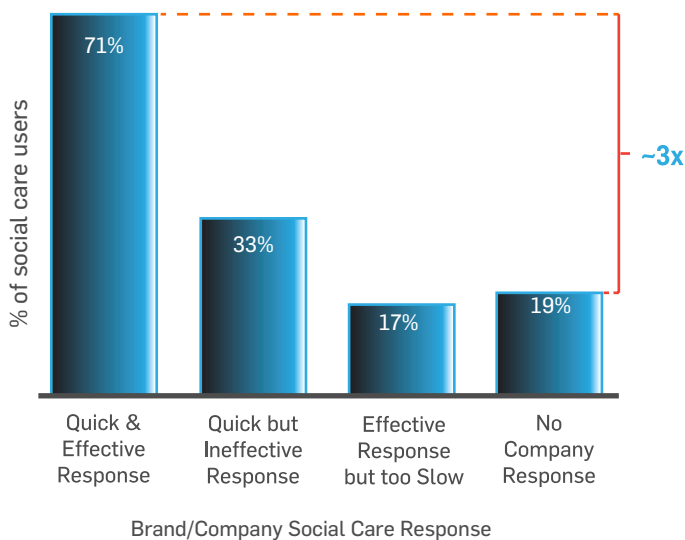
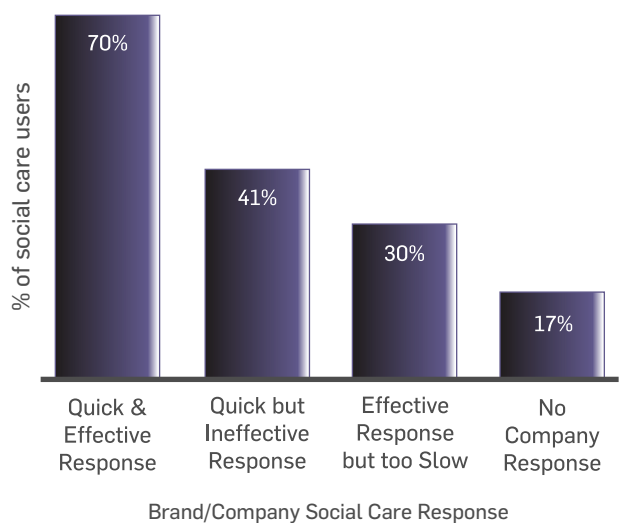


FIGURE 6: LIKELIHOOD USER WOULD USE SOCIAL CARE AGAIN BASED ON MOST RECENT SOCIAL CARE EXPERIENCE



Customers want social care on Facebook & Twitter

Facebook is the most coveted social media platform for social care among consumers

There is a wide variety of social media platforms that consumers turn to for social care. Among social media users, consumers are most likely to comment on or ask a question about a company's product or service on Facebook, both on the company's page (29%) and on their personal page (28%),

followed by the company's blog (15%) and then by Twitter, both on a personal handle (14%) and a brand handle (13%) (Figure 7). This preference is consistent across age and gender. Individuals aged 18 to 34 have a higher likelihood of posting on Facebook and Twitter than those aged 35+ (Figure 8).

FIGURE 7: CHANNELS SOCIAL MEDIA USERS ARE LIKELY TO USE TO COMMENT ON OR ASK A QUESTION ABOUT A COMPANY'S PRODUCT OR SERVICE

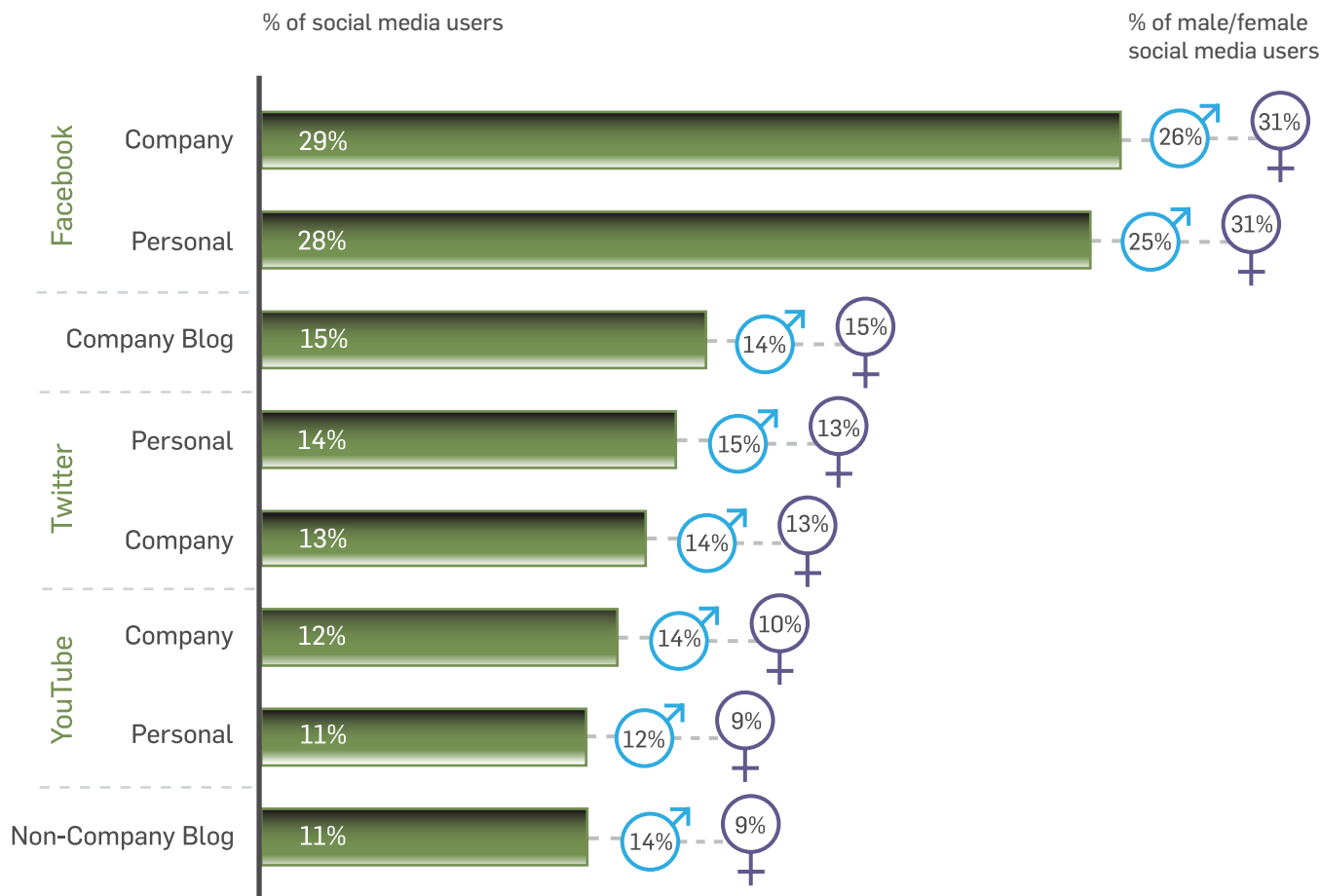
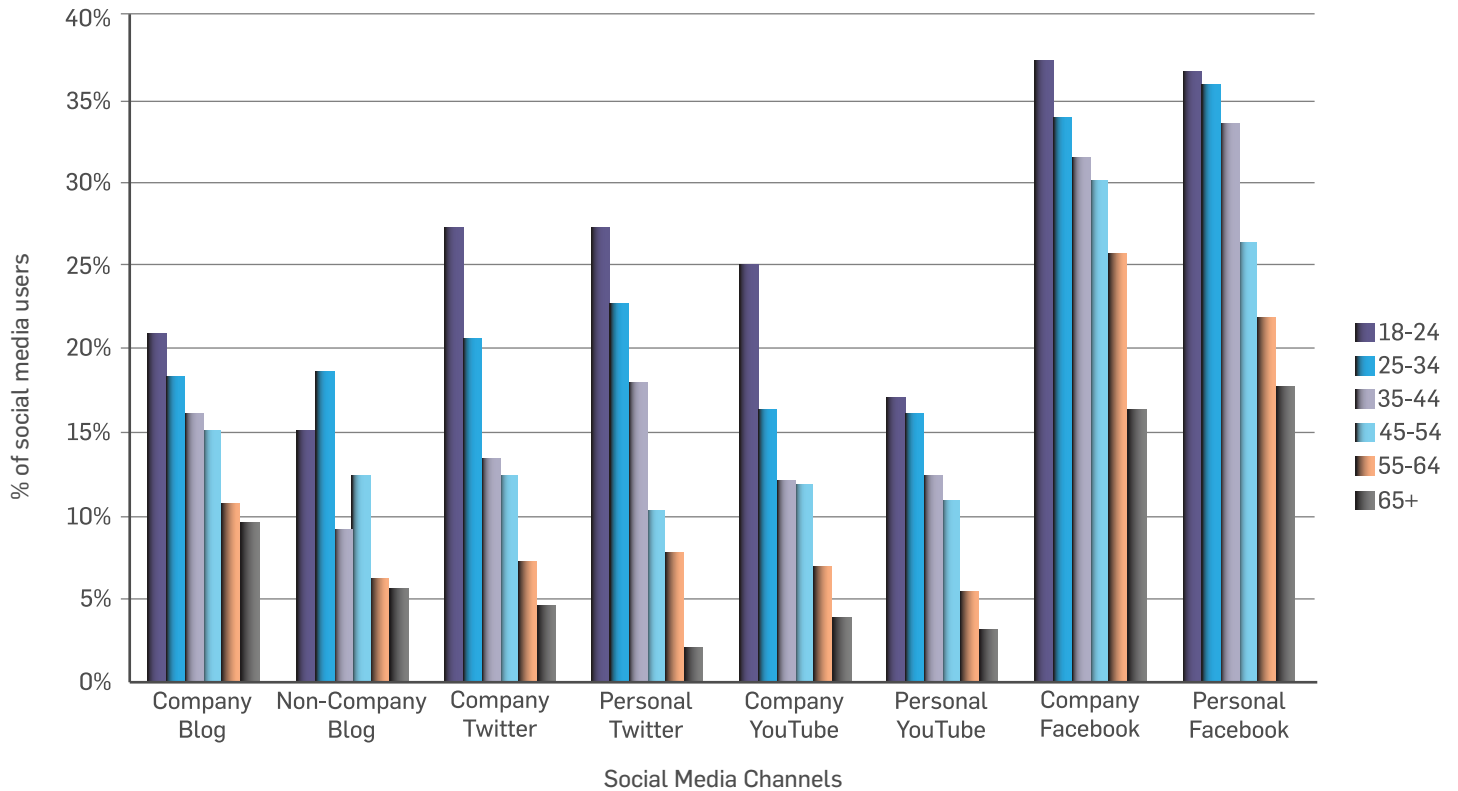


FIGURE 8: CHANNELS SOCIAL MEDIA USERS ARE LIKELY TO USE TO COMMENT ON OR ASK A QUESTION ABOUT A COMPANY'S PRODUCT OR SERVICE BY AGE GROUP



Methodology & Notes: NM Incite Social Care Survey 2012

- Surveyed a representative group of 2000 U.S. social media users over the age of 18 using Nielsen's online panel
- Conducted in July 2012
- Data is weighted to enable representative comparison across age and gender

¹M. Corstjens, A Umblijs. The Power of Evil. Forthcoming, December 2012. Journal of Advertising Research.

² Oracle Global Survey, Q4 2011, n=3111

About NM Incite

Global Fortune 1000 marketers rely on NM Incite solutions to discover emerging, industry-specific consumer insights and build relevant, differentiated and emotionally engaging brands.

NM Incite is a joint venture between Nielsen and McKinsey & Company, bringing to bear deep expertise in measurement science and management consulting. As one of the largest global leaders in applying social media to solve marketing problems, NM Incite operates in over 30 markets, including the United States, Canada, United Kingdom, Germany, China, India, Japan and Australia.



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