

# Social Media **Focus**

2012 Survey Results

by **roundpeg**<sup>sm</sup>

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# SMALL BUSINESS FOCUS

## 2012 SOCIAL MEDIA STUDY

### INTRODUCTION

Two years ago, social media was beginning to explode as a marketing tool for small business owners. We began to see how effective it could be if used correctly, but most of our information was anecdotal. We began to look for more studies on how small companies were using social media—and their results.

While many surveys have looked into how consumers and large companies used social media, few examined the use of social media by small companies. It was that lack of data which drove us to conduct several surveys in mid-2010 and again in 2011.

In the world of social media, a year is a long time, and the social landscape has changed dramatically since our last survey. In early 2012, we knew it was time to see what had changed, what had stayed the same and where small businesses are heading with their social media program.

In this year's study, small businesses are defined as companies with 1-100 employees. It is important to note we did not attempt to measure the number of small businesses using social media, but rather how social business users are employing the tools.

This study was conducted online from January 1 – March 15, 2012. Links to the survey were shared on Twitter, Facebook, LinkedIn, Google+, Meetup and via email. It was also publicized on a number of marketing and social media websites in addition to [www.roundpeg.biz](http://www.roundpeg.biz).

We received 464 responses, with more than half coming from LinkedIn. At first, we were concerned the disproportionate response would skew the data. As we delved into the responses, we discovered the LinkedIn respondents participated in a number of other social media platforms. They seemed to respond to the LinkedIn request because the message didn't get lost in the stream. They were just more likely to see and respond to the request that came through LinkedIn, regardless of what other social networks they used. Where bias may have occurred due to LinkedIn's overwhelming response rate, we have noted it.

### **What's new this year?**

This year, the survey pool was large enough to examine how company size impacted choices and behaviors in social media.

Pinterest exploded on the scene in early 2012 and is just beginning to make its presence known. We expect it will have a much bigger impact next year.

This year, there are more questions about how companies are spending their time, what they hope to accomplish and how they are measuring the ROI of their social media program.

In previous years we focused much of the report on gender and age differences. This year we shifted the focus to company size and industry, highlighting only dramatic differences between men and women or specific age groups.

The comment section included two new questions:

- What would you tell someone just starting out?
- What will you change in your program this year?

These comments are shared throughout the report in sections titled **What People Say**.

We hope that you find this study useful. After you have read the study, please share your comments on [our blog](#). We would love to know what you think about the study and how you compare to your fellow small business owners.

If you would like to receive updates and information on additional studies, please sign up [here](#).

### **Request Updates**

## SOCIAL MEDIA RESULTS

Why all the interest in social media? Is it a powerful part of the marketing equation or a complete waste of time? This year we asked a number of questions to get to the bottom line: Is social media generating a positive influence on sales? The data seems to indicate social media is having a positive impact on the lead generation process.

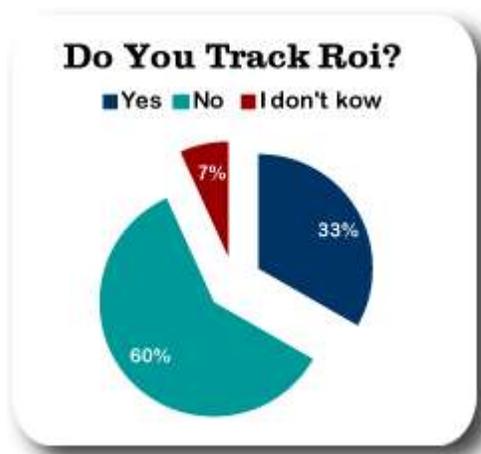


While 28% of the companies in the study were not measuring any type of results, among those who were, we see social media contributing to both web traffic and sales results.

Almost half of the companies in the study indicated at least 10% of their web traffic comes from social media activities. While traffic is good, the bottom line is conversion. 23% of companies indicated at least 10% of their sales were generated from social media.

In traditional marketing, not every prospect becomes a customer. The same is true for social media, so we are not surprised that the sales success percentage is lower than the traffic performance.

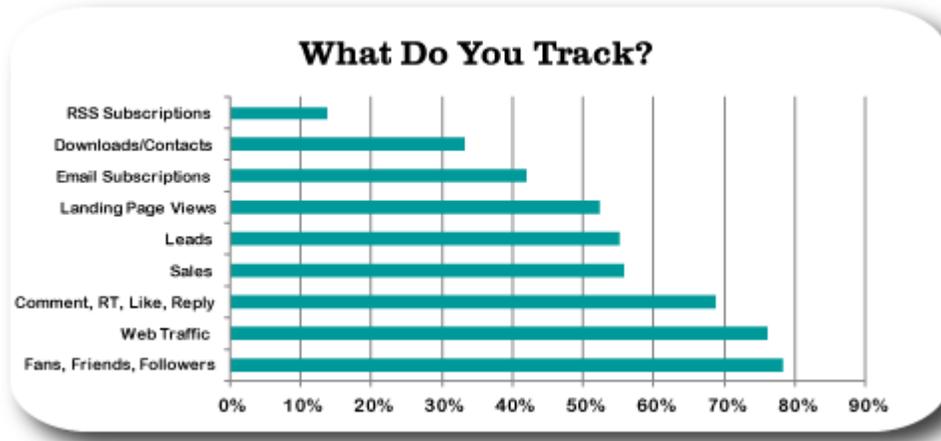
### Few Companies Track ROI



While many business owners indicated a loose set of tracking metrics, only 33% said they actually tracked the ROI of their social media, comparing the investment they are making in time and resources against the return.

This was one place where gender seemed to dramatically impact responses: **40% of women** indicated they track ROI. In contrast only **31% of men** are keeping an eye on their social media results.

## ROI Metrics



When it comes to

measuring social media success, most people are looking at the big numbers:

78% of respondents track the number of friends and followers on their various accounts, while 76% track web traffic.

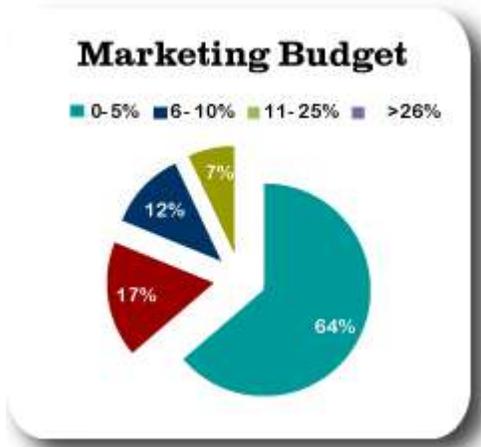
Far fewer companies are tracking more actionable measures, such as email subscriptions (42%), form downloads (33%) or RSS subscriptions (14%).

### What People Say:

- Have a social media plan; do not just do it because everyone else is. Your strategy needs to reflect your company's long-term goals.
- Get out and try things, then monitor results. Repeat the things that work.
- Identify your goals. What do you want to accomplish through your social media program? Once that's identified, develop the program around the goals. And incorporate metrics into the plan, or don't bother!
- Get measurement into the equation EARLY. It really helps to be able to count your wins early in the game. Start by counting fans/friends, email subscribers, and ESPECIALLY web traffic.

## SOCIAL MEDIA ISN'T FREE

### Social Media Budgets



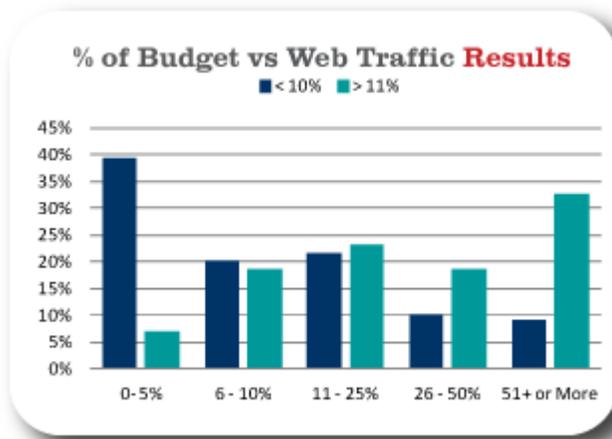
Many companies talk about the benefits of social media, but few are making significant investments in social media programs. 64% of respondents indicated social media represents 0 – 5% of their total marketing budget.

About 16% of the respondents didn't know how much of their budget they were spending. This is not surprising, since many small businesses do not have specific marketing budgets.

Company size does seem to affect investment; one-person organizations are less likely to carve out some of their marketing budget for social media.

### Investment Creates Traffic

We did not see any correlation between budget levels and sales results. With social media, like many marketing activities, it is challenging to draw a direct line correlation to sales.

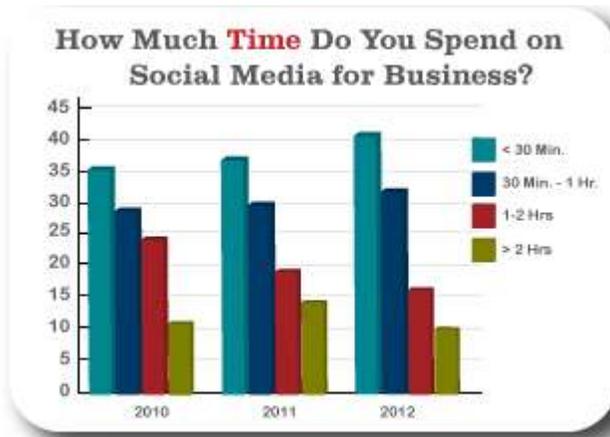


Web traffic, however, is easy to monitor. With tools like Facebook Insights, Hootsuite, Google Analytics and WordPress Stats it is easy to draw a connection from a specific network or status update to a company website.

As a result of the availability of measurement tools, it is easy for companies to determine the level of success they are achieving from social media.

We see a strong indication that companies who invest at least 10% of their marketing budgets in social media are more likely to report a significant percentage of their web traffic being generated by social media activities.

## Time Has a Cost



There is a popular misconception that social media is “free” marketing. It isn’t. Social media takes time, and for small businesses, time is a precious commodity. So how large a time investment are small businesses making and are they doing it wisely?

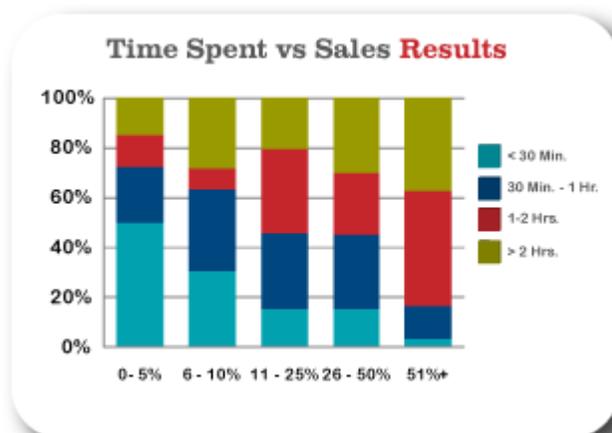
The average amount of time small businesses invest in social media has declined slightly each year. .

This year, only **27%** of the respondents indicated they are spending more than one hour on social media every day versus **33%** in 2011 and **35%** in 2010. Why the decline?

The comments in our study seem to indicate it is a mix of more productivity tools and a more focused approach to social media. This was fairly consistent regardless of the size of the company.

While gender did not seem to affect responses to this question, age did. Younger participants (35 and under) are likely to spend more time on social networks than older participants. The younger segment averaged 1- 2 hours daily in comparison to the older group which averages 30 – 60 minutes daily.

## Time Invested Pays Off



Not every business which invests time in social media sees results. However, among companies reporting a greater percentage of their sales coming from social media, we do see a greater investment of time.

The majority of companies reporting significant results from social, (26% of sales or more) are investing more time than those with lower sales as a result of social media.

## What People Say:

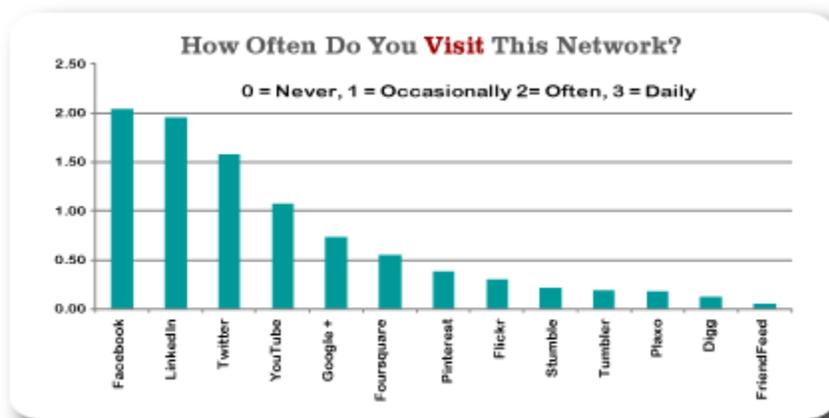
- Social media does not cost a lot of money to maintain, but it does cost a lot of time.
- To improve a company’s social media strategy, you have to be willing to spend more money.

## WHAT'S HOT AND WHAT'S NOT

.When we conducted our first study in 2010, we simply asked where people had profiles, focusing on the most common networks (LinkedIn, Facebook, Twitter and Plaxo, at that time.) In 2011, we grew the question to include more networks.

However, with the number of networks growing constantly, simply asking if a company has a profile is not a strong enough indication of business activity. This year we rephrased the question to see how much time was being spent on each of the various networks.

We asked participants to evaluate how often (0 = Never, 3 = Daily) they used each of the following social networks:



As in years past, Facebook, LinkedIn and Twitter are the dominant networks, with multiple visits each week by a majority of respondents.

YouTube, Google+ and Foursquare are starting to gain momentum, but still lag behind the Big 3 networks. Pinterest was beginning its meteoric rise

in popularity during the data collection phase of this survey; we expect these numbers would now be higher.

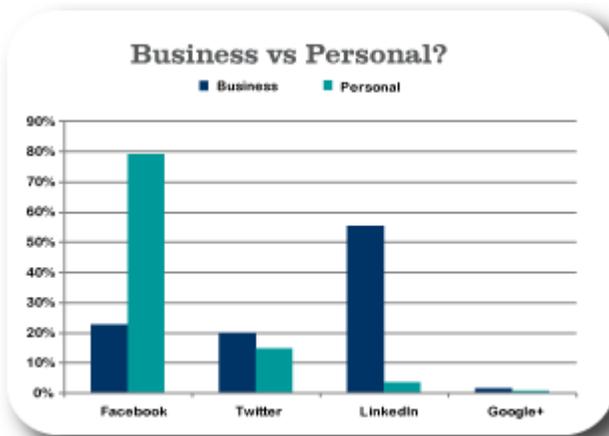
While Plaxo, Digg and FriendFeed were once vibrant and venerable social media communities, they have largely fell out of use by the small business community. In particular, Plaxo has suffered the largest decline in recent years of any social network sampled for.

### What People Say:

- Sometimes it is more effective to spend more time on a smaller amount of networks.
- To start off, go with the "big three": Facebook, LinkedIn and Twitter. Then possibly branch out to other sites like YouTube.
- Get on Yelp immediately! Use Facebook to share stories and Twitter to connect and share ideas. Google+ is not there yet and LinkedIn is great for finding who you need to know out there.

## BUSINESS AND PLEASURE

### Where do you spend your time?



In years past we asked participants to identify their primary network. We have seen a growing indication that people are separating their business and personal activities online.

To measure the separation, we asked participants to identify what they considered their primary network for both business and personal use.

As you might expect with more than 900 million users, Facebook ranks highest for personal use, while LinkedIn clearly

dominates business applications.

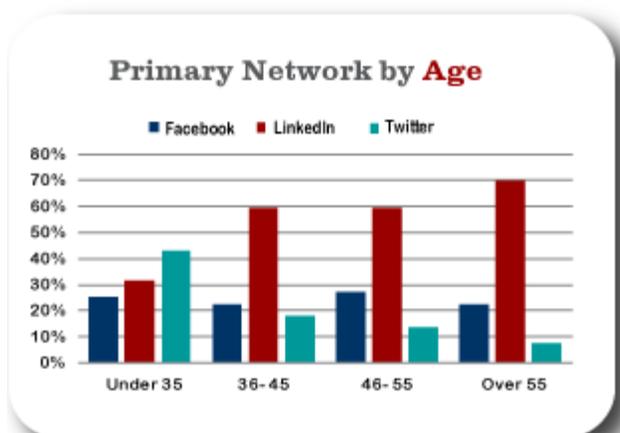
While gender did not affect the choice of primary networks, age, company size and industry seem to have significant influence.

### Age and Network Choice

Younger business professionals are significantly more likely to turn to Twitter as their primary business network.

Twitter is the first choice among participants aged 35 and younger. More than **40%** of this age group indicated Twitter is their primary business

network. The use of Twitter falls off dramatically as we look at older segments of the study.



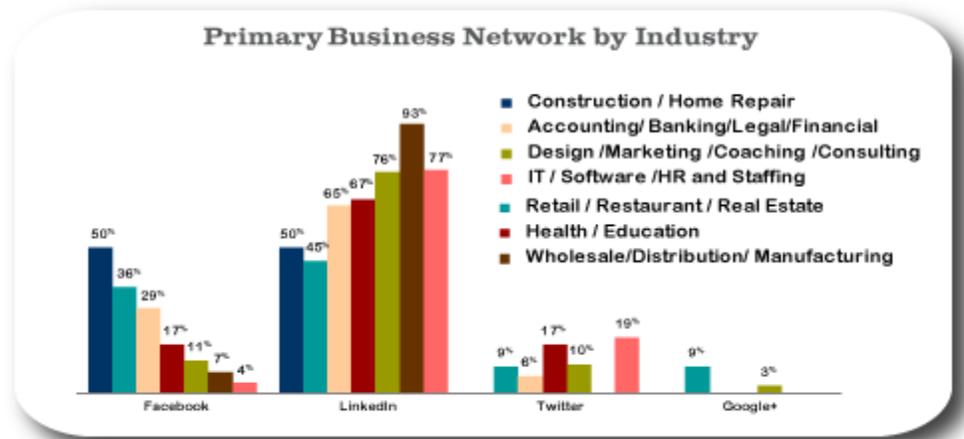
In contrast, the use of Facebook for business is fairly consistent in all age groups, hovering between **22% and 27%** of each demographic.

LinkedIn, the strongest business network overall, grows even stronger with older participants, representing **60% to 70%** of each age group.

## Industry and Primary Network

As we drill down into the data, we see companies are choosing their primary network based on their industry.

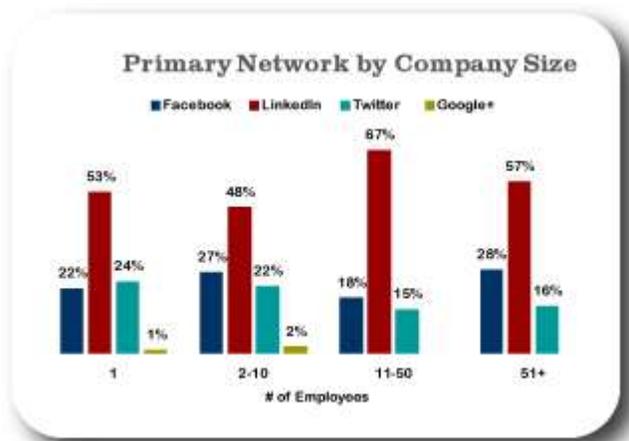
Although this is a fairly small sample, the data clearly shows certain types of businesses migrating to specific networks.



We expected LinkedIn would dominate in business-to-business categories, but were surprised in the response among consumer-focused categories like retail, real estate and restaurants.

45% of these strongly consumer-oriented businesses were not building their social media strategy around the more interactive and social networks Facebook and Twitter, turning instead to LinkedIn as their primary business-building tool.

## Company Size and Primary Network

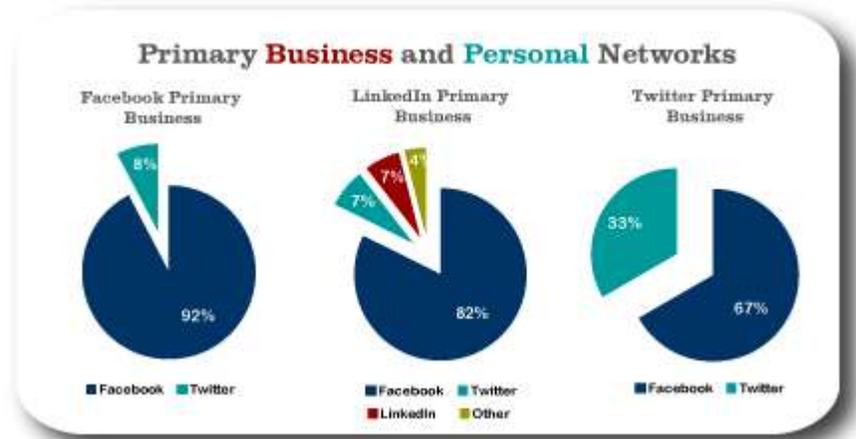


Does the size of a company impact the network choice?

While LinkedIn dominates across the board, larger companies seem to turn to it even more often than small companies.

## The Relationship Between Business and Pleasure

Is there a correlation between the choice of a primary business network and primary social network? Our research seems to indicate there is.



### Facebook for Business

92% of the respondents who indicated Facebook was their primary business network indicated it was their primary social network as well.

### Twitter for Business

In contrast, Twitter users are not necessarily as loyal as Facebook users. While they recognize the business benefits of Twitter, 33% of the respondents switch to Facebook when it comes to keeping up with friends and family members.

### LinkedIn for Business

Companies which rely on LinkedIn for their business connections are less predictable when it comes to their personal interactions. While Facebook dominates, 18% of respondents indicated Twitter, LinkedIn or other networks were their primary personal platforms.

### What People Say:

- This year, we scaled back our efforts to grow our Facebook page outside of current relationships. We don't have a brand that people will "like" unless they've used us
- We plan to convert from personal to business and start LinkedIn and Google+ accounts

## WHAT ARE BUSINESSES DOING ONLINE?

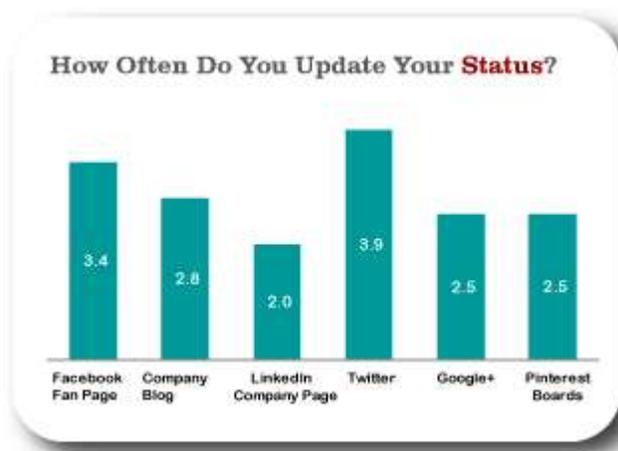
So what are business owners doing with their time online? This year, we asked questions about status updates and specific online activities.

### How Often Do You Update...

First, we asked how often you update your business page on each network.

1 = Monthly, 2 = Several times a month, 3 = Weekly,

4 = Multiple times each week, 5 = Daily, 6 = Multiple times a day



Twitter is the most time consuming of the social networks. Average users update their status at least several times a week and the most active users are likely to update their status several times a day. The rapid-fire nature of the community supports that level of activity.

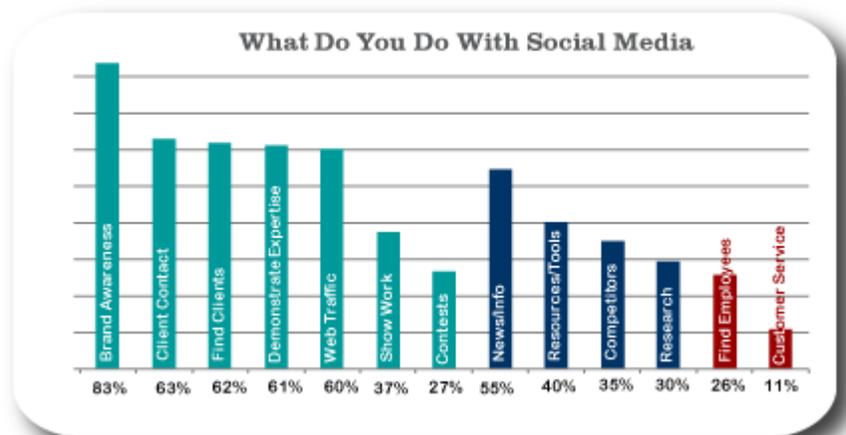
On average, Facebook is a close second in terms of post frequency, but few users are updating their status more than once a day.

Blogs, Google+ and Pinterest all see activity almost every week.

While many businesses indicate LinkedIn is their primary business network, the average user is only making status updates a few times each month, perhaps indicating use of other LinkedIn features besides status updates.

### Specific Objectives

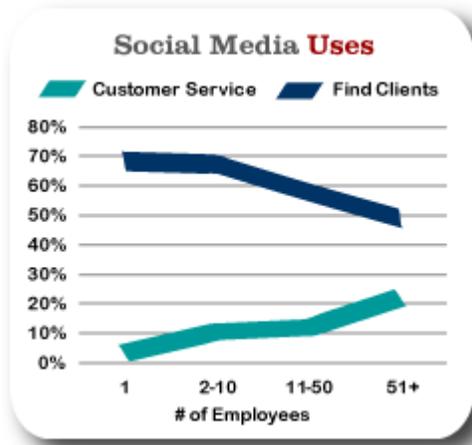
Beyond knowing which networks businesses rely on, the next question is *how* are they using these networks?



Brand awareness has consistently been the most common answer, followed by other marketing.

Few companies are leveraging social media to supplement operations, such as resolving customer service issues or recruiting employees.

### Impact of Size



As we analyzed the data, in most cases company size had little impact on how likely a company was to use social media for a particular purpose.

There were two interesting exceptions. Smaller companies were less likely to use social media for operational functions, such as resolving customer service issues,

.In contrast, smaller firms were more likely to depend on social media to find clients and resources than their larger counterparts.

### What People Say:

- You have to be aggressive in asking for business. Don't just expect people to come to you for your product because you provide content.
- We are expanding our YouTube channel this year, redesigning our website to have more social elements, looking at channels beyond LinkedIn, Twitter and FB. Pinterest anyone? Who knows what next week or month will bring.

### Impact of Gender

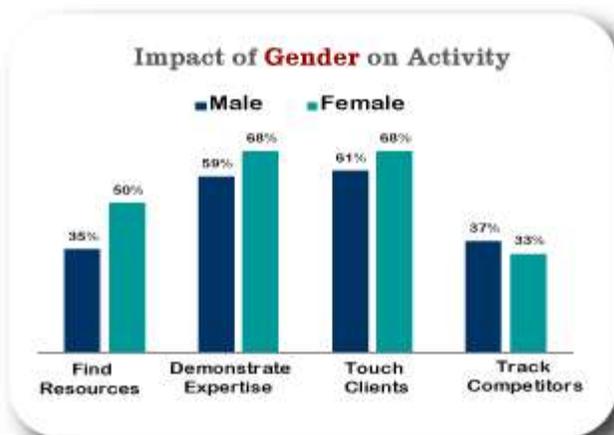
For the most part, men and women reported similar online behavior.

However, there were a few exceptions.

50% of women reported using social networks to find tools and resources. In contrast, only 35% of men turn to their networks for this type of information.

Women were also more likely to use social networks to demonstrate expertise and stay in touch with clients.

When it comes to tracking their competitors, men surpassed women 37% to 33%.



## CONTENT CREATION

Creating a profile on each network is easy. Creating a steady stream of interesting and engaging content isn't. So who is providing direction and who is doing the heavy lifting when it comes to content generation?



### Business Owners Manage the Program

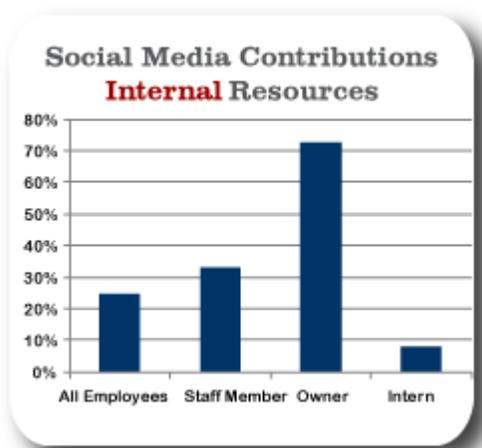
For this section, we took one person companies out of the analysis, since they do not have multiple employees to choose from to create or manage content.

In companies with 2 or more employees, social media management was fairly evenly divided between owner and employees. Only a small portion of the respondents (7%) are using external agencies to manage their programs.

### What People Say:

- Know what you're doing, and don't pawn it off to some intern.
- Be careful who is doing the posting and make sure they understand both the positive and negative impact of the job.
- Social Media takes a lot of time. Having one trusted person to maintain and commit time to your social Media platforms is what I would recommend

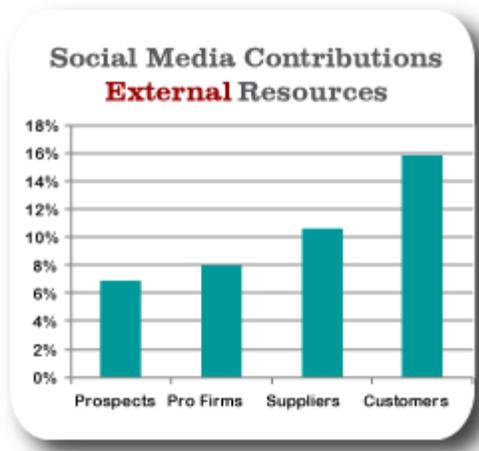
### Who Else is Involved: Internal Resources



We are seeing companies spreading the work to a larger team. **33%** of the companies indicated they have a dedicated staff member generating content. Another **24%** encourage all their employees to participate in the social media program.

The number of companies relying on interns for social media continues to decline. In 2011, about **30%** of the companies in the study relied on interns for social media support. This year, less than **10%** of companies reported a reliance on interns to create social content.

### Who Else is Involved: External Resources

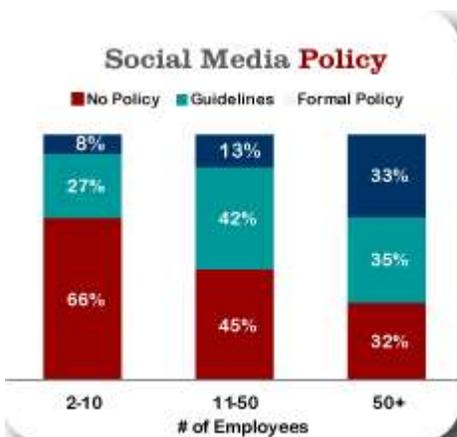


Across the board, media remains primarily an internal function with less than 15% of companies leveraging customers, prospects or vendors as content generators.

Only a very small number are turning to outside consulting or management firms for assistance with their social media.

### No Social Media Policy

It is obvious from the results that there are opportunities for business growth for companies making the leap into social media.



However, there are concerns from business leaders in companies of all sizes about how their employees will represent the company online.

Despite concerns, the majority of small businesses do not have a formal social media policy. While many have general guidelines, few have a formal written policy.

Larger companies are more likely to have a policy, but even among the largest companies in our study, more than one-third have no social media policy at all.

### WHAT PEOPLE SAY:

- Don't just start participating in social media with no training.
- Write a policy in regard to social media and have an understanding as to who participates in social media and its purpose for your specific company/business

## CONCLUSION

We hope that you find this study useful. After you have read the study, please share your comments on [our blog](#). We would love to know what you think about the study and how you compare to your fellow small business owners.

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