

A Social Recovery



A global survey of business use of social networks

June 2011



Management Summary

- Business use of social networking continues to grow as a means of winning new business. 7% more companies have found new clients through business social networks compared to Q2 2010 (up from 40% in July 2010).
- These companies are also more commercially successful. A higher proportion of them report increased revenues and profits compared to those that do not use social networks to acquire new business.
- Globally, 5% more companies using social networks to win new business recorded increased profits, and 6% more achieved increased revenues, compared to those who do not prospect through social networks.
- A year ago only 27% of companies actively devoted marketing budget to social networking, but now over two fifths say they do (34%).
- Social networking is also commanding greater budgetary attention from firms; 39% are devoting up to 20% of marketing budget to this activity.
- A majority of businesses (52%) use social networks to interact with and to inform existing customers, virtually unchanged since 2010.
- Most businesses (74%) agree that social networking is an essential activity for success, however, 61% believe that single channel social media campaigns will not be successful if other media are not involved.

Social Networking spreads its wings

Social networking rapidly and pervasively has become a part of our personal lives. With Facebook declaring more than 500 million active users, more than 2.5 million websites linked to the renowned social network¹, and even had a Hollywood film made about its founder, it is undeniable that the social networking phenomena has taken a hold.

But social networking extends far beyond Facebook and across the globe the social networking space is competitively contended by platforms like the Chinese Renren, formerly Xiaonei, now counting 160 million active users² and Orkut which dominates in Brazil and India boasts 100 million users. In spite of geographical variations in popularity of one specific network over another, social networking's common thread is rapid growth. Another feature that social networking shares the world over is the interest shown by businesses in not merely using these platforms as media on which to passively post banner advertising, but as a channel with which to interact with potential and existing customers. Twitter can already boast 175 million users and 95 million tweets a day. Since social plug-ins launched in April 2010, an average of 10,000 new websites integrate with Facebook every day. In February 2010 1.6 million Facebook pages belonged to local businesses highlighting how pervasive the phenomenon is.³ In France one in four social networking users is reported to like or be a fan of a brand and this rises to one in three users in the UK.⁴

In the USA social networks have now overtaken even search engines as the most visited websites and over half of adults visit a social networking site every day.⁵ Facebook reports that there are now 250 million users who access the network through their mobile phones.⁶ In its 2010 Social Networking report, Experian Simmons found that 68% of USA users had shown support for a product, service or company by becoming 'fans' or 'friends' of a page or group and 57% had 'liked' a product, service, company or group."

Social Networking spreads its wings

As well as business use of personal social networking sites to promote services to consumers, there is also a growing appetite for professional social networks such as LinkedIn, Viadeo, Ryze or Xing. Latest data from LinkedIn shows the network has reached 101 million users mainly from North America (47%), Europe (23%) and Asia (14%).⁸ France based Viadeo, now accounts for 35 million professional profiles. And Xing, based in Germany, increased its number of users by a solid 20% in 2010,⁹ although its half a million Chinese members are experiencing access problems.

With social networking occupying an ever greater part of consumer and business attention, reports are also indicating that marketers are spending more time using social media professionally. 58% of marketers are reported to be using these networks for six hours or more each week and 34% are devoting 11 hours or more to this activity. In addition to this, evolving experience in the social media arena goes hand in hand with greater attention and time devoted to the channel with 63% of people with over three years experience spending more than 10 hours a week on social media activity.¹⁰

¹ Facebook, Statistics, April 2011

² Bloomberg, China networking site Renren to plan \$500 million IPO, 20th February 2011; International digital marketing, Social Media:

³ Facebook challenges Google in search, 16th March 2011

⁴ Twitter, Twitter stats, April 2011; Facebook, Statistics, April 2011; Insidefacebook.com New Facebook Statistics Show Big Increase in Content Sharing, Local Business Pages, 15th February 2010

⁵ Bazaarvoice, CMOs on social marketing, 2011

⁶ Experian Hitwise, The 2011 Digital Marketer bench mark report, April 2011

⁷ Facebook, Statistics, April 2011

⁸ Experian Simmons, The 2010 Social Networking Report.

Work practices evolution

Although much attention has been devoted to personal use of social media and the relationship between brands and consumers on these platforms, there is little information available to describe the use business people make of professional social networks.

As the working world evolves to adapt to more supple, subtle, web-connected ways of doing business, changes have affected both the mentality of workers, who are able to reach out to professionals in their networks for advice and employment opportunities, and the reality of workspace practices that are becoming more flexible in terms of time and location.

As a pioneer in the changing use of work environment and a keen observer of business trends around the world, workspace provider Regus tapped into its million-strong contact database to provide a state-of-the-nation picture of the reality of business social networking practices globally. This survey of over 17,000 senior managers and business owners in 80 countries aims to provide greater insight into the mainly anecdotal understanding of business social networking.

Growing role of professional networking

Reflecting the rapidly ascending parabola of social media, this professional social networking research found that as many as 47% of firms globally are successfully using social networking to find new business, 7% more than a year ago. China and India are leaders in this activity with fully 65% of Chinese firms and 61% of Indian firms declaring that they successfully use social media to acquire new customers.

The Netherlands (57%) and Mexico (55%) follow shortly behind. The USA (43%), France (43%), UK (41%), Australia (40%) and Canada (40%) all remain polarised around the 40% mark indicating that although social media is becoming a more common business acquisition tool it is still not quite a majority activity.

Belgium (34%) and Japan (23%) are found at the other end of the spectrum with sub-par use of social networking to fuel new business acquisition. Particularly in Japan, where social network Mixi, with around 14.5 million active users, is more popular, social networking is of a different nature focusing more on personal blogging and instant updates. Professional social networking is a less culturally relevant concept and yet to make inroads.¹¹

44% of businesses globally also believe that more new customers are reaching out to them through social networks. China (65%) and India (58%) are yet again at the forefront of this trend followed by the Netherlands (55%) in Europe. Japan (21%) and Canada (36%) are less optimistic on this front suggesting efforts in otherwise successful Canada are mainly due to aggressive social networking action rather than passive receipt of enquiries.

⁸ LinkedIn, demographics and statistics 2011

⁹ Xing, A fantastic year for Xing, 1st March 2011; Xing, Xing not available in China, 1st April 2011

¹⁰ 2011 Social Media Marketing Industry Report, Social Media Examiner

Growing role of professional networking

We successfully use social networks to find new customers

| | 2011 | 2010 |
|----------------|------|------|
| China | 65% | 44% |
| India | 61% | 52% |
| ND | 57% | 48% |
| Mexico | 55% | 50% |
| Spain | 53% | 50% |
| DE | 52% | 41% |
| SA | 51% | 43% |
| Global Average | 47% | 40% |
| USA | 43% | 35% |
| France | 43% | 33% |
| UK | 41% | 33% |
| Australia | 40% | 41% |
| Canada | 40% | 34% |
| BE | 34% | 27% |
| Japan | 23% | 30% |

¹¹ Bloomberg, Facebook may not be dominant in Japan, Zynga says, 7th February 2011

Social Benefits

The most positive and significant indication of the importance that social networking has achieved in businesses is the finding that a higher proportion of businesses successfully using social media to acquire new business are experiencing a rising profits (+5%) and increasing revenues (+6%), compared to their counterparts who do not use social networks for new business acquisition.

44% of businesses believe that more customers are coming to them through social networks than previously

This positive correlation between social media pro-activity in prospecting and improved business performance was particularly noticeable in Western economies such as the UK, the USA, Canada and the Netherlands. In the Netherlands the differential between social network users and non-users was +21% for revenue rises and +17% for increasing profits. Canada also reveals a striking performance gap - +18% reporting rising revenues and +19% rising profits. In the UK 17% more companies using social networking for new business recorded an increase in revenues compared to non-users; and 15% more declared they had experienced a rise in profits. Finally in the USA 11% more active social networkers were profitable and recorded higher revenues than companies who did not.

Surprisingly, in socially active China slightly fewer companies using social media for acquisition were profitable (2%) than those not venturing into social networking, perhaps indicating that social networking in China is mainly national and therefore less apt to reflect and boost the international aspirations and activities of Chinese business. In addition, the extremely positive performance of Chinese business is likely to mask any variations resulting from social networking.¹²

44% of businesses globally believe that more customers are coming to them through social networking than previously. This is particularly true of China (65%) and India (58%) where a dynamic and aggressively growing economy is fuelling take up of new technology and demand, but it is also true in the Netherlands (55%). In Mexico, where one out of three social network users is a fan of a company and on average 4.11 hours a day are spent by every user surfing the web 50% of companies reported that they had seen an increasing number of customers reach out to them through social networks.¹³

Japan and Canada are less optimistic, with only 21% of the former and 36% of the latter declaring that customers had come to them through social networking. In the case of Canada this suggests that while business is ready to pro-actively seek out customers the recovering economy is not yet so buoyant for demand to drive customers to seek out providers via the relatively novel channel of social networks.

¹² Regus, Gearing for Growth, April 2011

¹³ TTV Media News, Social Networking makes impact on advertising in Mexico, 29th April 2011

Social Benefits

Experienced revenue increase in the past year

| | Companies NOT using social networks to acquire new business | Companies using social networks to acquire new business |
|----------------|---|---|
| Australia | 50% | 57% |
| Belgium | 61% | 65% |
| Canada | 45% | 63% |
| China | 79% | 69% |
| Germany | 64% | 65% |
| France | 48% | 50% |
| Global Average | 48% | 53% |
| India | 64% | 69% |
| Japan | 21% | 36% |
| Mexico | 40% | 36% |
| Netherlands | 40% | 61% |
| South Africa | 56% | 46% |
| Spain | 32% | 33% |
| UK | 31% | 48% |
| USA | 39% | 50% |

Experienced profit increase in the past year

| | Companies NOT using social networks to acquire new business | Companies using social networks to acquire new business |
|----------------|---|---|
| Australia | 42% | 52% |
| Belgium | 60% | 49% |
| Canada | 36% | 55% |
| China | 64% | 62% |
| Germany | 53% | 56% |
| France | 32% | 31% |
| Global Average | 39% | 44% |
| India | 56% | 63% |
| Japan | 21% | 30% |
| Mexico | 31% | 22% |
| Netherlands | 33% | 50% |
| South Africa | 36% | 38% |
| Spain | 18% | 19% |
| UK | 25% | 40% |
| USA | 32% | 43% |

Staying connected

While it is true that the vast majority of personal social network members use their accounts to keep in touch with family and friends, sharing photos and invitations to events as well as personal information such as 'likes' and 'status updates', business social networks allow professionals and companies to share with their clients and staff the latest news, initiatives, company results and history or individual CVs. Many networks offer the opportunity to join similar interest groups and post discussion.

The most common use of social media is to keep customers up to date

Given the personal use made of social networking and the applications available to the business public it is not surprising that the natural development for business use of social networks should be to keep in contact with customers and clients. These are usually existing contacts, or individuals who are happy to become connected to a brand they have a relationship with and by following a feed, joining a group or liking a page they are kept up to date with the latest information from product recalls, to news, to latest press articles or even events and promotions.

Our research supports anecdotal evidence that the most common use of social media is to keep customers up to date (52%) – showing little change to our 2010 findings (51%). Significant variations are revealed on a country-by-country basis with China overwhelmingly more active on this front (79%), and Japan (37%) and Belgium (34%) trailing behind. Around half of businesses in most Western economies are active on this front: 48% of UK businesses, 50% of USA firms and 54% of Spanish companies.

Firms in Germany and the Netherlands (61%) stand out in Europe for their effort on this front while France lags behind at 41%. Fully 60% of Mexican companies devote effort to keeping in contact with existing customers on social media platforms.

Bumping up budgets

Compared to a year ago when 27% of companies globally devoted budget to social networking activities in order to keep customers up to date, this year over a third of companies (34%) devote marketing budget to this activity. In particular Chinese (63%) and Indian (45%) companies lead in this activity, but 38% of South African and Dutch companies also declare they devote budget to social networking with existing customers.

34% of companies now devote budget to social networking

In France only 19% of companies set budget aside for this activity although 28% of companies declare they are increasingly planning to devote a portion of marketing budget to social networking.

A survey by Yougov and Avenade highlights how 20% of consumers vent their dissatisfaction with a company through the social media channel,¹⁴ highlighting that although marketing is generally the department devoting budget to social networking activities, business use of professional networks goes well beyond the single department and spans customer service, sales and recruitment. In its 2010 Social Recruitment Survey, recruiting software platform Jobvite found that 73% of companies in the USA were using social media to hire new staff and 9% were planning to start doing so.¹⁵

Confirmation that social networking has achieved full status of marketing tool and is no longer seen simply as a nice-to-have is given by the finding that 35% of companies plan to devote a greater portion of marketing budget to managing their company's social media presence and activity. Yet this has to be viewed in proportion. Fewer than a third of companies in the UK (30%), the Netherlands (31%), Australia (32%) and France (28%) are dedicating an increasing official part of budget allocation to social networking. In the Netherlands, which is otherwise very active on the social networking front this may be an indication that a balance within the marketing mix has been reached. More than two fifths of South African companies on the other hand (42%) declare that this activity is benefiting from a greater proportion of budget.

Although globally 34% of companies devote no budget at all to social networking, 39% have set aside up to 20% of their marketing budget for this activity. This is an important indication that social networking has acquired a significant, if minority, portion of marketing spend.

¹⁴ Avenade, Only one in twenty consumers believe businesses have improved customer service since the start of the recession, March 11th 2011

¹⁵ Jobvite, Social Recruitment Survey 2010

Bumping up budgets

In Japan fully 53% of businesses have not devoted any part of budget to social networking confirming that for cultural considerations this activity has yet to become significant from a business perspective in the country. However, 41% of businesses in the UK and South Africa also have no portion of marketing budget devote to this activity which elsewhere they recognise to be important to their business. 33% of firms in these countries however declare they devote between up to 20% of marketing budget to this activity indicating that a dangerous gap in social media skills and online presence is already starting to form between early adopters and laggards.

On the other hand, in Germany 44% of businesses devote up to 20% of their marketing budget to social networking, more than Canada (43%) and Mexico (38%), but fewer than India (49%) and China (57%). In Spain and the USA 38% of companies also devote a proportion of marketing budget up to 20% to social networking.

With an eye for the media mix

Further testimony to the stronger status that social networking is acquiring in the marketing mix is the fact that 74% of businesses agree that it is an essential activity for success, supporting the declaration, by Erik Qualman author of *Socialnomics*, that: “The ROI of social media is that your business will still exist in 5 years”.

61% believe single channel social media campaigns will not be successful

Fully 83% of Indian companies and 82% of Mexican companies believe that social networking is essential to the success of a business. Four fifths (80%) of firms in the Netherlands and Spain, where internet users have reached 27 million representing 55% of the population, also cannot envisage success in the future without harnessing this media as part of the marketing mix.¹⁶ The UK (66%) is the country where the lowest number of respondents shared this view along with Japan (67%) and Canada (67%).

According to latest ONS data over 31 million UK citizens, representing 60% of the population access the internet every day and half the population is on Facebook, suggesting that the lack of regard which UK businesses have for social networking could cost them business in the future. Canada also reports high social networking use with 15.1 million users expected to be able to report at least monthly access to a social network in 2010.¹⁸

Nevertheless, 61% of respondents believe that single channel social media campaigns will not be successful if other media are not involved confirming research into the development of the modern consumer into a truly multichannel shopper.¹⁹ Other research reports also support the view that in the B2B arena, to be successful, campaigns must draw on a full set of media ranging from the more traditional to the digital.²⁰

Although China is shown by this report and perceived to be a pioneering country in its wholehearted take up of business social networking, this is also the country where companies were most likely to agree that single channel social media campaigns are likely to be unsuccessful. South African and Canadian (69%) respondents are particularly aware of the need to integrate their marketing and not become a one-channel brand, while in Spain (47%) and the Netherlands (56%) reliance on social networking is felt to be pushing out the need to also employ traditional media in the marketing mix.

¹⁶ Eureka, Spain reaches 27 million internet users, 8th February 2011

¹⁷ Corporate eye, Half of UK population is on Facebook, 17th March 2011; ONS, December 2010 data

¹⁸ Social Network Watch, Canadians say yes to social media, 29th November 2010

¹⁹ GI Insight, Channel hopping and multiplatform shopping, December 2010

²⁰ Pitney Bowes, The challenge of channel choice, 2010

Conclusion

The world economy is morphing, affected by the economic recovery, the development of the developing world countries into global economic power, the growth of more flexible working practices and increasing reliance and interest in social media in the business world. This is having a profound effect on business and workplace practices.

Although many in business may be broadly aware that the skills required to connect to customers and prospects are constantly evolving, little statistical evidence has been collected to measure the extent of the business social networking phenomenon. Such is the speed of development that keeping a good blog is now no longer a pleasant addition but a core skill and savvy use of Twitter or Foursquare, for example, can be real differentiators for a business that is active in the social networking arena.

While it is not a surprise to see social networking is becoming a more rooted business tool, its take-up is evidently affected by national customs and cultural sensibilities. On the one hand we see dynamic, entrepreneurial economies in the developing world launching into aggressive campaigns to build connections, while on the other more hierarchical or reserved societies are still struggling to align personal use of social networking with its professional potential.

Nevertheless, we see that globally the phenomenon is taking hold with more companies declaring that they are able to successfully harness social media to acquire new customers. Although social networks are still more commonly used to interact with and inform existing customers it is positive to note that acquisition activity is also booming. Alongside growing take up we also see that benefits are being bestowed on those companies that choose to invest in the channel with more successful social networkers reporting improved economic performance. Finally, advocates of the channel are starting to be able to show the real results that can be achieved and prove the value of this marketing activity.

Country highlights

| Country | We actively use business social networks to interact with, and inform, our customers | We actively devote marketing budget to social networking to reach our customers | We are devoting an increasing proportion of our marketing budget to business social networks |
|----------------|--|---|--|
| Global Average | 52% | 34% | 35% |
| UK | 48% | 33% | 30% |
| USA | 50% | 37% | 35% |
| France | 41% | 19% | 28% |
| DE | 61% | 35% | 33% |
| India | 64% | 45% | 45% |
| China | 79% | 63% | 66% |
| BE | 34% | 14% | 24% |
| ND | 61% | 38% | 31% |
| Spain | 54% | 35% | 38% |
| SA | 55% | 38% | 42% |
| Japan | 37% | 20% | 19% |
| Australia | 48% | 35% | 32% |
| Canada | 43% | 32% | 33% |
| Mexico | 60% | 28% | 34% |

| Country | Marketing must now use social networks, to be successful | Companies who only use social networking and online campaigns, and who ignore traditional media/techniques, will find that their campaigns do not work |
|----------------|--|--|
| Global Average | 74% | 61% |
| UK | 66% | 61% |
| USA | 69% | 64% |
| France | 77% | 67% |
| DE | 72% | 68% |
| India | 83% | 66% |
| China | 76% | 72% |
| BE | 75% | 63% |
| ND | 80% | 56% |
| Spain | 80% | 47% |
| SA | 74% | 69% |
| Japan | 67% | 39% |
| Australia | 68% | 61% |
| Canada | 67% | 69% |
| Mexico | 82% | 58% |

About Regus

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Methodology

Over 17,000 business respondents from the Regus global contacts database were interviewed during February 2011. The Regus global contacts database of over 1 million business-people worldwide, is highly representative of senior managers and owners in businesses across the globe. Respondents were asked about their use of business social networks, along with budget allocation to this activity and their performance in the previous year. The survey was managed and administered by the independent organisation, Marketing UK.

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