

IBM Institute for Business Value

# The business of social business – Automotive industry

*What works and how it's done*



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## Overview

Social business represents a significant transformational opportunity for automotive organizations. Many companies, after initial forays into external social media, are now realizing the value of applying social approaches, internally as well as externally. Social business can create valued customer experiences, increase workforce productivity and effectiveness and accelerate innovation. But many companies still wrestle with the organizational and cultural challenges posed by these new ways of work. An IBM Institute for Business Value study, based on responses from more than 1,100 individuals, including interviews with more than 30 automotive executives from around the world, reveals how companies can use social approaches to create meaningful business value.

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The question surrounding social media for the automotive organization is not whether you are doing it, but whether you are doing enough. Getting likes on Facebook or having your pearls of wisdom retweeted are all well and good, but are these strategies driving revenue, attracting talent and bridging the collaboration gaps in your organization? Is your use of social media allowing your organization to engage with the right customers, improve their online experience and tap into their latest insights and ideas? Does your social approach provide your customer-facing representatives with the ability to search the globe for expertise or apply learnings?

The answers to these questions are essential as social approaches become the new norm. Today, roughly half the world's population is online. Almost all of these Internet users are mobile. And their use of social media tools to shop, spend, and share insights is increasing. Facebook, for example, has reached more than 1 billion active accounts; LinkedIn is used in almost every country in the world; more than 100 million people Tweet regularly.<sup>1</sup>

Companies at the forefront of social are doing more than developing a presence on major platforms. They are taking their external social tools and technologies and embedding them into core business processes and capabilities. They are using social approaches not only to communicate better with their customers, but also to share knowledge with their suppliers, business partners and, perhaps most important, their employees. In short, they are rapidly progressing to a larger, more substantive transformation in how they work called social business.



We define social business as embedding “social” tools, media, and practices into the ongoing activities of the organization. Social business enables individuals to connect and share information and insights more effectively with others, both inside and outside the organization. Social business tools facilitate engagement in extensive discussions with employees, customers, business partners and other stakeholders and allow resource, skills and knowledge sharing to drive business outcomes.

However, despite the intention to rapidly ramp up their social business efforts, many automotive companies recognize the potential challenges of such a transformation. For example, in our survey and from our interviews, we found that most automotive organizations currently are ill equipped to fully reap the benefits of social business. Sixty-eight percent said they were both unprepared for the necessary cultural changes social business requires and are unsure about the impact of social business over the next three years. And 64 percent have limited understanding of the business value they expect to obtain from a social strategy.

No doubt, automotive executives are concerned because social business represents a different way of thinking about employees, customers and how work is accomplished, as well as the potential risks of increased organizational openness and transparency. However, at the same time, they recognize the necessity of pursuing a comprehensive social strategy, with 57 percent indicating they will increase their social business investment over the next three years.

To most effectively apply these investments, our survey and interviews revealed three major areas in which automotive organizations should focus resources (see Figure 1):

- Create valued customer experiences
- Drive workforce productivity and effectiveness
- Accelerate innovation from inside and outside the organization.

**Figure 1**  
*Applying social business across the organization*



## Creating valued customer experiences

As today’s consumers become ever more technology enabled, failure to communicate with them through the media they prefer can create an engagement gap difficult to overcome. As a result, automotive organizations are playing closer attention to how they listen to and engage with customers to create valued experiences. Further, customer communities are increasingly playing an important role in how organizations interact with their customers. And, finally, in addition to traditional promotion and brand management efforts, organizations are finding it necessary to increasingly use social approaches to drive sales and service.

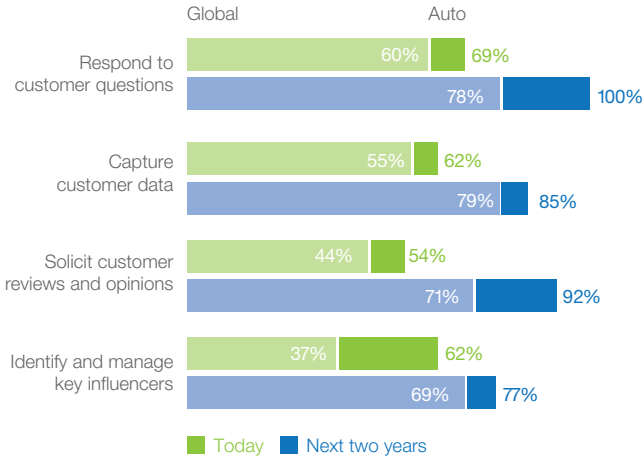
Leading automotive companies are addressing these issues by:

- Applying new approaches for understanding and acting upon what customers are saying across a variety of channels
- Developing community-management skills and processes that go beyond traditional customer relationship management efforts
- Providing consistent experiences across customer touch points.

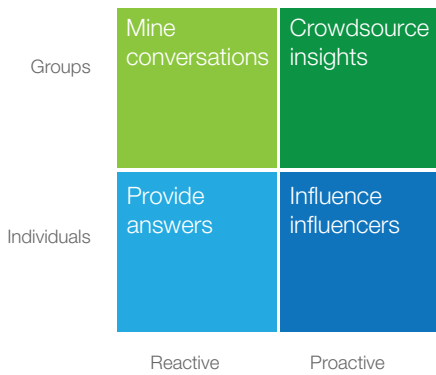
For example, automotive companies recognize the value of interacting with customers in social spaces, outpacing every other industry in our survey. Sixty-nine percent of automotive organizations are using social environments to answer customer inquiries, compared to 60 percent for all industries. And an amazing 100 percent are planning to do so in the next two years, compared to 78 percent of all others (see Figure 2.)

**Figure 2**  
*Applying social business across the organization*

**Uses for social business**



**Applying social approaches to engage customers**



Source: Institute for Business Value; Business of Social Business Study, Q8.2a. For which activities is your organization using social business approaches today, and what is it planning to do within the next two years? Global (n = 599) Automotive (n = 13)

Moving forward, automotive companies can take specific actions to create valued customer experiences (see Figure 3).

**Figure 3.** *Create valued customer experiences: A actions to move forward*

	Basics	Leading edge	Future state
<b>Engage with individuals and groups</b>	Develop organization-wide, cross-functional approach to listening and responding to customers	Integrate insights from customer conversations with purchase and usage data to innovate and personalize offerings	Design customized “storefronts” that are aggregated from different retailers using social information
<b>Build communities</b>	Pay attention to existing customer communities sponsored by outsiders	Initiate, host and nurture customer communities to build engagement and learn from customers	Incorporate communities into core organizational processes e.g., sales, support, product innovation
<b>Shift towards sales and service</b>	Identify the areas of the value chain where customers are looking to interact via social channels	Develop a social media strategy that integrates relevant components of marketing, sales and service	Fuse the external company brand with the internal corporate culture to create a consistent customer experience at all touch points

Source: Institute for Business Value

**Driving workforce productivity and effectiveness**

Social approaches are enhancing process and project performance by increasing the transparency and velocity of information and knowledge. Automotive organizations are using social capabilities to find and build expertise. In addition, social approaches are enabling employees to collaborate outside organizational boundaries (customers, partners, suppliers, alternative labor sources).

Applying social business strategies and tactics within the organization and its surrounding value chain can play an important role in increasing the transparency and visibility of knowledge, finding and building expertise, and collaborating outside the organization.

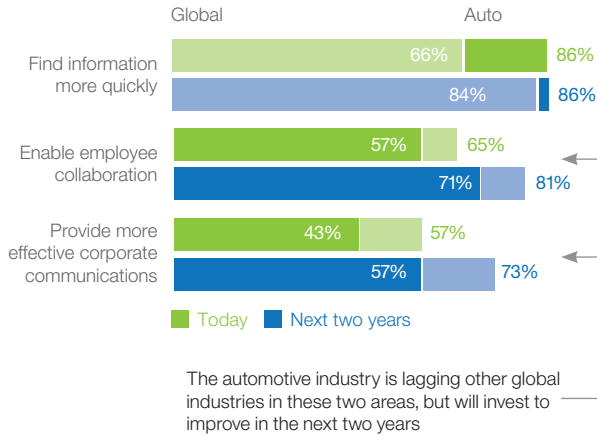
Leading automotive organizations are facilitating these actions by:

- Embedding social behaviors, processes and tools into existing work practices
- Incorporating social capabilities into informal learning efforts as well as formal courses
- Collaborating with others in their ecosystems through common platforms, guidelines and expectations.

For example, automotive organizations are using inwardly focusing social business capabilities to drive greater employee collaboration and dissemination of information. And while they are lagging behind others in several categories, a significant majority plans to invest in these areas over the next two years (see Figure 4).

**Figure 4.** Internal social business capabilities can drive greater employee collaboration and dissemination of information

**Uses for social business**



Source: Institute for Business Value; Business of Social Business Study, Q8.4a. For which activities is your organization using social business approaches today, and what is it planning to do within the next two years? Automotive (n = 7)

Automotive organizations can employ multiple tactics to help drive workforce productivity and effectiveness (see Figure 5).

**Figure 5.** Drive workforce productivity and effectiveness: Actions to move forward

	Basics	Leading edge	Future state
Engage with individuals and groups	Create an infrastructure that allows employees to set up collaborative spaces and individual profiles	Integrate collaborative tools in day-to-day work activities, projects and processes	Mine social interactions to identify influence leaders and understand future trends
Find and build expertise	Apply social tools to important learning initiatives	Incorporate gaming capabilities and simulations into relevant work and learning streams	Deliver insights derived from social data to individuals at the point of need
Coordinate beyond boundaries	Use social techniques to identify areas of improvement from suppliers and intermediaries	Apply crowdsourcing techniques to augment the organization's processes and skills	Incorporate social data to augment cross organizational processes and activities

Source: Institute for Business Value

**Accelerating innovation**

Incorporating social capabilities into the innovation process is another highly important factor. Companies report that social tools are making it easier to acquire new ideas from almost anyone who touches their organization. Management and employees must be prepared to take advantage of new ideas, regardless of their source of origin.

Additionally, we found that internal communities are using social tools to fuel organic innovations. They are also using social approaches to execute more structured innovation efforts that require senior management commitment to dedicate resources and follow up on insights gained from those events.

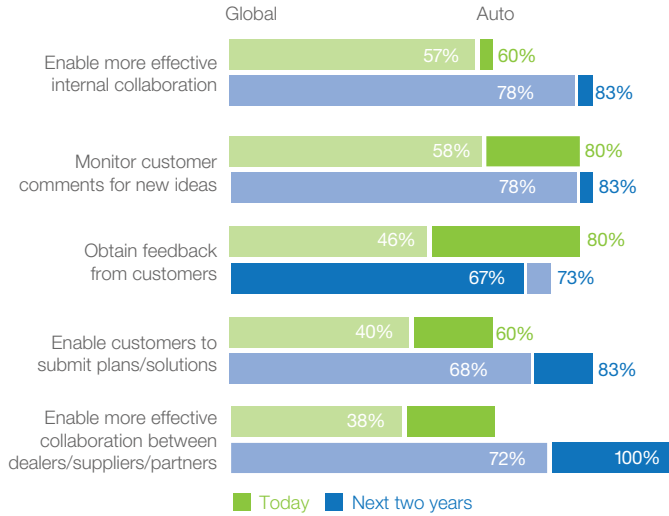
Leading organizations are accomplishing these objectives by:

- Taking advantage of new ideas, regardless of their source of origin
- Fostering strategic internal communities to allow innovation to bubble up from different parts of the organization
- Demonstrating clear commitment from senior leaders to follow up on insights created from these structured efforts.

For example, auto companies will continue to use social approaches to help solicit ideas from internal sources, partners/suppliers, and customers (see Figure 6).

**Figure 6.** Auto companies will continue to use social approaches to help solicit ideas from internal sources, partners/suppliers, and customers

**Uses for social business**



Source: Institute for Business Value, Business of Social Business Study; 1Q8.3a. For which activities is your organization using social business approaches today, and what is it planning to do within the next two years? Automotive (n = 6)

To accelerate innovation, automotive companies can capture new ideas, use internal communities and enable more structured innovation (see Figure 7).

**Figure 7.** Accelerate innovation: Actions to move forward

	Basics	Leading edge	Future state
<b>Captures new ideas from anyone</b>	Identify specific opportunities where new ideas could add value to the business	Develop processes for collecting internal and external innovations on an ongoing basis	Mine social interactions to identify future innovation needs and trends
<b>Use internal communities to innovate</b>	Build platform where internal communities can come together to share insights	Provide resources to moderate communities with the greatest strategic value	Identify potential community involvement based on social contributions
<b>Enable more structured innovation</b>	Conduct ideation events involving employees from across the business	Extend innovation events to the larger stakeholder population	Embed innovation events and social data into the ongoing product development process

Source: Institute for Business Value

**Are you ready for social business?**  
**Questions to answer**

- “What approaches is my organization using to listen to and engage with customers?”
- “How do my marketing, sales and customer service functions coordinate around social initiatives?”
- “What areas of opportunity exist within our organization to improve collaboration through social initiatives?”
- “How could we use social approaches to better connect with key stakeholders outside the organization?”
- “How can improved generation of ideas have the most impact across our organization?”
- “How could we better involve individuals outside the organization in our innovation efforts?”

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## Key contacts

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IBM has a long history of helping industry after industry capitalize on complex systems and transform businesses. As a global manufacturer ourselves, we understand the issues that automotive companies face. Our automotive industry solution portfolio for product and complex system development, advanced mobility, manufacturing productivity and service excellence has been developed and continuously refined through implementations with clients around the world, ranging from secure chip assurance to top-level business consulting. IBM has partnered with the automotive industry for many years, helping transform its organizations and create new business opportunities while satisfying customer expectations – the biggest and most important driver of change in the automotive industry.

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## Reference

- 1 Data based on various press releases from each social media outlet in 2011 and 2012.





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