



# Introduction to social media: what is it all about?

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This Compact is about social media, a buzzword nowadays. Both companies and individuals are reaching out to social media and are using it on a daily basis. Social media is being used in many ways and the usage is increasing. But what is social media exactly? In this article we include an interview with one of our colleagues from the USA, John Hair. John is KPMG LLP's national lead in risk and compliance in the area of social media. Prior to working at KPMG, he spent fifteen years working in Europe delivering technology solutions to address complex issues such as the consolidation of operations and increased regulatory control. This article highlights a definition of social media, what the trends and developments are and what the impact is on customers and companies. Furthermore, differences in usage of social media between different sectors are explained. Last but not least, we include how KPMG is using social media.



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## John Hair on social media

### *What is social media?*

When we look at social media, we define it as: *“Online media tools and channels that foster communication and conversation, not only delivering content but also allowing interaction and participation in the development of the content being discussed.”* This presents organizations with a new and relatively low-cost mechanism to learn more about their marketplace in a number of innovative ways.

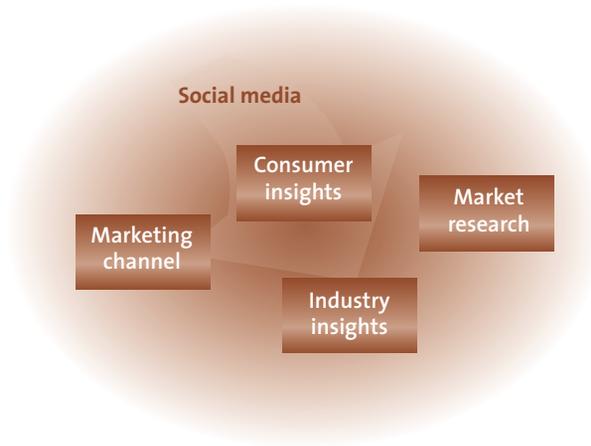
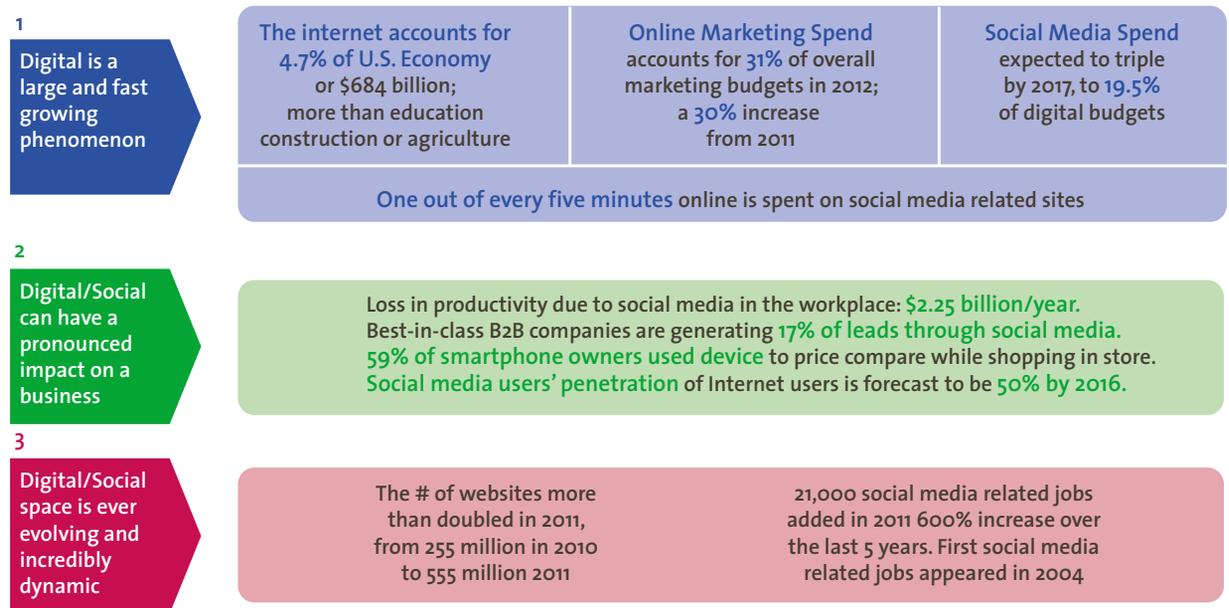


Figure 1. Disclosure of information via social media.

We like to stress the interactivity of the media as a way to distinguish these tools from traditional web publications in that true social media allows the marketplace to respond to a message and engage in dialogue with a company and others who may have an interest in the topic being presented. It is this dialogue that presents our clients with both opportunity and risk. With the risk being that the response from the “other side” is both unpredictable and uncontrollable.

It is important for our clients to carefully consider the reliability and conformance to data governance requirements when choosing from available channels such as Facebook or Twitter or when establishing their own special-purpose channel such as a company blog that accepts comments.

Social media is often viewed as limited to Facebook, Twitter and the like. But what about other sites where people interact? Think also of the reviews consumers place on websites such as Amazon.com or restaurant review sites. Is IMDB social media? Many games such as World of Warcraft also make use of extensive person-to-person engagement and networking. Suffice it to say that one characteristic that is important in social media is “sharing”, in the broadest sense, with a large anonymous audience (Twitter). More restrictive use exists, such as sharing with a large or small personal audience (Facebook friends). More often than not the information/content is generated by individuals, intended for individuals. Whole communities exist on Reddit.com or Digg.com where people engage with each other and generate content on different topics. So generation of personal content (even if only the opinion on a product) by individuals or a community and sharing are central concepts to social media.



Source: CNNMoney, Forrester, Nielson, eMarketer, Pingdom, The Pulse of America Survey, Mashable, The MOSS Group, Aberdeen Group, Pew Internet & American Life, KPMG analysis

Figure 2. Some statistics on the Internet and social media.

### *What are the trends/developments in social media?*

The adoption of social media across the marketplace is undeniable. What used to be an audience of predominantly younger consumers is now populated across age and income strata. It is fast becoming a “must have” for organizations that interact with consumers and is increasingly a factor in recruitment of new employees and the most highly sought new entrants to the workplace from the millennial generation. There is also an increasing need for organizations to present their ancillary cultural side (such as philanthropic work, sustainability programs or shareholder educational discussions) via social channels.

Figures 2 and 3 give some statistics on social media use.

### *What will be/is the impact on consumers?*

Without a doubt, the consumer of today and continuing on into the future will be more educated and demanding with regard to information available over social media channels. You need only look at the impact of social media on customer service operations in the United States to see that consumers are equally likely to tweet or post on Facebook with regard to their comments on a company’s products and services.

I’ll offer up a recent personal experience as an example. Unfortunately, my luggage was lost on a recent trip. However, I was able to connect with the airline and monitor their efforts to retrieve my bag via Twitter as you see on the next page.

What I found most interesting was that a few hours after I received word of my bag’s location via a direct Twitter message, I received an automated telephone message saying that they still hadn’t located the bag. This is a good example of how the impressive use of social media for customer service in some companies may actually be outperforming the more traditional systems in place.

### *What will be/is the impact on companies?*

Companies are now compelled to offer a communications link via social media in order to attract and retain customers. Therefore, these communication lines are becoming much more a part of the mainstream marketing and communications practices. This, unfortunately, means that a professional approach to management of these operations must be adopted in order for the organization to remain in control and especially those organizations that operate in regulated environments such as financial services and healthcare. Regulatory agencies worldwide are increasingly reviewing social media communications and penalizing

## 20 Social Media Statistics

These figures reveal the huge black hole that our time disappears into when we visit Facebook, Twitter or YouTube or other social media sites.

1. One in every nine people on Earth is on Facebook ( This number is calculated by dividing the planets 6.94 billion people by Facebook’s 750 million users)
2. People spend 700 billion minutes per month on Facebook
3. Each Facebook user spends on average 15 hours and 33 minutes a month on the site
4. More than 250 million people access Facebook through their mobile devices
5. More than 2.5 million websites have integrated with Facebook
6. 30 billion pieces of content is shared on Facebook each month
7. 300,000 users helped translate Facebook into 70 languages
8. People on Facebook install 20 million “Apps” every day
9. YouTube has 490 million unique users who visit every month (as of February 2011)
10. YouTube generates 92 billion page views per month (These YouTube stats don’t include videos viewed on phones and embedded in websites)
11. Users on YouTube spend a total of 2.9 billion hours per month (326,294 years)
12. Wikipedia hosts 17 million articles
13. Wikipedia authors total over 91,000 contributors
14. People upload 3,000 images to Flickr (the photo sharing social media site) every minute
15. Flickr hosts over 5 billion images
16. 190 million average Tweets per day occur on Twitter (May 2011)
17. Twitter is handling 1.6 billion queries per day
18. Twitter is adding nearly 500,000 users a day
19. Google+ has more than 25 million users
20. Google+ was the fastest social network to reach 10 million users at 16 days (Twitter took 780 days and Facebook 852 days)

Figure 3. Twenty social media statistics ([Bull11]).

organizations that are not reflecting proper compliance guidelines in their use of these channels.

### *Do differences exist in usage of social media across the segments (such as retail, food, industry, financial services, government, consultancy, IT)?*

Clearly, the unique market value and product offerings a company has will impact upon the strategic use of social media. Therefore, each company is going to have to determine the unique messaging they want to broadcast via social channels and determine how this best aligns to company mission and culture. There is, of course, a critical need for companies to maintain compliance to regulatory guidelines in this area as well, which can be difficult to do with the frequent “lag” between industry adoption of social media and a position from regulatory agencies. Frequently, companies must use their best judgment and anticipate where the regulatory guidelines will further develop as they construct their programs. In addition, they must remain vigilant to the impact changes in this area can have on existing programs and remain prepared to make changes to messaging structures and use of channels if the rules of engagement change.

We are seeing some form of social media adoption in almost every industry. I can’t think of an area that isn’t adopting or being impacted by social media in some respect.

### *Is a switch recognizable from email communication to social media?*

Absolutely. It is clear that the consumers of tomorrow will not be as reliant upon email as today’s buyers and business professionals are. We frequently make the prediction in our market presentations that KPMG itself may have to train incoming associates in how to use email systems within the near future due to the fact that people currently

# *We are in an excellent position to apply legacy knowledge to a rapidly evolving area like social media*

of university age and younger are no longer using email and instead communicate more frequently using blog applications like Twitter, Facebook and Tumblr (here in the United States).

For instance, Atos (a \$13 billion company that operates in 42 countries) last year announced planning to stop using office email for internal communication ([BBC11], [Jenn11]).

*KPMG itself is not yet that organized compared to some of our competitors. Is there a specific reason for this?*

I believe the conservative nature of KPMG as an organization has meant that we waited a bit to see if the “social media revolution” discussed over the last five years was really going to deliver on the promises coming out of emerging services like Facebook. Clearly, the time has come and you are now seeing a real adoption of social media within traditional service offerings such as Customer Strategy and Growth, Enterprise Risk Management and People and Change here in the US firm.

My own personal opinion is that the competition has yet to really focus on social media risk and governance to the extent that KPMG has and this gives us a significant competitive advantage in the marketplace. With 140 years

of assisting top tier clients in the area of risk management through traditional services like audit and risk consulting, we are in an excellent position to apply that legacy knowledge to a rapidly evolving area like social media. We see this every day with our well-established audit offerings in the US marketplace and our reputation as trusted advisors in areas of risk and compliance services is going to serve us quite well as this market grows.

*How do you see the future of social media?*

I was recently asked to predict where social media will be in five to ten years time and my answer was “I have absolutely no idea”. What I can predict is that the change will keep coming at our clients and the pace will not slow down. Therefore, it is of critical importance that they begin to form governance programs that keep an eye on this area and insure that they have the processes in place to rapidly implement new channels in a manner that complements company strategy and avoids risk areas such as reputational damage or regulatory infractions. So, for the near future, our best advice is to implement strong strategic frameworks to evaluate new social media channels and have a governance forum in place that can quickly assess these evolving tools in the areas of legal, HR and technological risk alongside the need to adopt them for communications and marketing purposes.

## References

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