

At a recent catch-up, former Telstra boss Ziggy Switkowski confided that he now makes only two or three phone calls a day, with the bulk of his communication done by text message and email.

As an admittedly late adopter when it comes to technology, I was quite surprised by this. And I found it a little disturbing because I always prefer to speak to someone, rather than send messages. It's so easy to misinterpret what people are saying in text. Also, my trade has taught me that you can learn so much more by speaking to someone, whether to flesh out a point or just to touch base. And I appreciate it, when having a drink or lunch with a contact, if they don't constantly refer to their smartphone.

Of course, the wider business world is doing its best to embrace online opportunities. Y&R Group digital director Matt Farrugia says that for more than a decade now online technology has played a key role in helping his creative team deliver clients' messages. Online ad spending in Australia reached \$3.2 billion in the 2011-12 financial year and is expected to surpass free-to-air television spending in the next year or two.

Over at Bunnings, managing director John Gillam knows that digital strategies are not just for clocking up online sales, but are also aimed at bringing customers into the stores.

Nevertheless, a recent report by the McKinsey Global Institute highlights just how vast a contribution social media technologies could make to mainstream businesses. Four years ago, email was the most popular consumer use of the internet; now more people use social network sites than email accounts. Over the past four years, the number of unique monthly email visitors has fallen from 69 per cent of the global online population to 64 per cent, with the decline mostly among users under the age of 35. Over the same period, the share of monthly online visitors engaged in instant messaging has dropped from 47 per cent to 31 per cent.

One McKinsey chart notes that it took radio 38 years to reach 50 million users, but that television reached the milestone in 13 years, the iPod in four



SOCIAL UPHEAVAL

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THE CORPORATE SECTOR.**

years, the internet in three years, Facebook in one year and Twitter in nine months.

No wonder the consulting firm figures social technologies could add up to \$1.3 trillion in annual value globally across four commercial sectors – consumer packaged goods, consumer financial services, professional services and advanced manufacturing. And McKinsey says a “considerable fraction” of that added value would be captured by consumers in the form of “lower prices, higher quality products, offerings better suited to their needs and improved customer service”.

Social technology is that which allows people to interact to create, enhance and exchange content. It provides distributed rights to create,

add or modify communications and enables distributed access to content.

Where all this can become a little confronting is when the consultants start to explain how social media is so valuable when it invades people's leisure time. They call it the “cognitive surplus” – using leisure time to create content and collaborate, rather than consume. All of a sudden you start to understand why companies are pushing social technology.

This is mainly positive. Some estimates put management time spent reading and writing emails at between five and 20 hours a week, of which only 15 per cent is useful. According to McKinsey, greater use of social technologies within the workplace could cut total email use by “interaction workers” by 25 per cent and

free up as much as 8 per cent of the work week for more productive activities. Similarly, information-seeking time could be cut by 35 per cent, freeing up another 6 per cent of the work week.

Because consumers trust word of mouth more than advertising, it's no wonder the ad industry likes social networking so much. Coca-Cola has almost 50 million “likes” on its Facebook page.

However, the Australian industry was recently confronted by a ruling from the Advertising Standards Board that makes companies responsible for comments posted on their Facebook pages. While many consumer goods companies already monitor their sites to ensure there is no damaging material, the board has intruded to make it compulsory, rather than simply common sense.

While it drew howls of protest, the ruling merely underlined the value of social media in advertising. The ability to get immediate customer feedback and share ideas is an obvious boost to productivity. It all comes down to engaging and interacting in ways previously not available, with the emphasis on mass messaging and voiceless interaction.

The very real benefits are potentially huge, but it shouldn't be at the expense of personal contact. **LD**

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